



**NEW RICHMOND EXEMPTED
VILLAGE SCHOOL DISTRICT**

Basic Financial Statements

Year Ended June 30, 2013

With Independent Auditors' Report



Dave Yost • Auditor of State

Board of Education
New Richmond Exempted Village School District
212 Market Street
New Richmond, Ohio 45157

We have reviewed the *Independent Auditors' Report* of the New Richmond Exempted Village School District, Clermont County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 11, 2014

This page intentionally left blank.

TABLE OF CONTENTS

Independent Auditors' Report..... 1-3

Management's Discussion and Analysis 4-10

Basic Financial Statements:

 Government-wide Financial Statements

 Statement of Net Position 11

 Statement of Activities..... 12

 Fund Financial Statements:

 Balance Sheet – Governmental Funds 13-14

 Statement of Revenues, Expenditures, and Changes in Fund

 Balances – Governmental Funds..... 15-16

 Statement of Net Position – Proprietary Funds..... 17

 Statement of Revenues, Expenses and Changes in

 Net Position – Proprietary Funds 18

 Statement of Cash Flows – Proprietary Funds 19

 Statement of Net Position – Fiduciary Funds..... 20

 Statement of Changes in Net Position – Fiduciary Funds 21

 Notes to Basic Financial Statements 22-46

Required Supplementary Information:

 Schedule of Revenues, Expenditures, and Changes in Fund Balance–

 Budget and Actual (Non-GAAP Budgetary Basis) – General Fund 47

 Notes to Required Supplementary Information..... 48

Additional Information:

 Schedule of Expenditures of Federal Awards 49

Report on Internal Control Over Financial Reporting and on Compliance and Other

Matters Based on an Audit of Financial Statements Performed in Accordance with

Government Auditing Standards 50-51

Report on Compliance for Each Major Federal Program and

Report on Internal Control Over Compliance..... 52-53

Schedule of Findings and Questioned Costs 54

Independent Accountants' Report on Applying Agreed-Upon Procedures..... 55

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

To the Board of Education
New Richmond Exempted Village School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Richmond Exempted Village School District (the School District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

one east fourth street, ste. 1200
cincinnati, oh 45202

www.cshco.com
p. 513.241.3111
f. 513.241.1212

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Richmond Exempted Village School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 4 through 10 and 47 through 48, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 20, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the New Richmond Exempted Village School District ("the School District") for the year ended June 30, 2013. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2013 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by approximately \$41.1 million. Of this amount, \$21.3 million may be used to meet the government's ongoing obligations to citizens and creditors.
- ✓ In total, net position increased by approximately \$2.4 million.
- ✓ The School District had \$27.6 million in expenses related to governmental activities; \$3.1 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of approximately \$26.9 million made up primarily of property taxes and State Foundation payments was used to provide for these programs.
- ✓ The General Fund balance increased by approximately \$2.2 million to \$21.1 million at June 30, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the School District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The business-type activities of the School District include food services and other enterprise operations.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The School District accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. Some funds are required to be established by State law. In addition, the School District may also establish funds to show that it is meeting legal requirements for using grants or other money.

Proprietary funds. The School District utilizes enterprise funds, which report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same information as the government-wide financial statements, only in more detail.

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

Notes to the basic financial statements. The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

Other information. In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information for the budget of the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net position at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2013 and 2012:

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|------------------------------|--------------------------------|-------------------|---------------------------------|----------------|-------------------|-------------------|
| | <u>FY2013</u> | <u>FY2012</u> | <u>FY2013</u> | <u>FY2012</u> | <u>FY2013</u> | <u>FY2012</u> |
| Current and other assets | \$ 37,906,444 | 35,824,428 | 276,243 | 347,035 | 38,182,687 | 36,171,463 |
| Capital assets | 19,520,272 | 19,952,666 | 65,378 | 77,791 | 19,585,650 | 20,030,457 |
| Total assets | <u>57,426,716</u> | <u>55,777,094</u> | <u>341,621</u> | <u>424,826</u> | <u>57,768,337</u> | <u>56,201,920</u> |
| Long-term liabilities | 2,812,524 | 2,939,029 | 38,499 | 37,454 | 2,851,023 | 2,976,483 |
| Other liabilities | 13,730,856 | 14,482,842 | 92,960 | 58,358 | 13,823,816 | 14,541,200 |
| Total liabilities | <u>16,543,380</u> | <u>17,421,871</u> | <u>131,459</u> | <u>95,812</u> | <u>16,674,839</u> | <u>17,517,683</u> |
| Net position: | | | | | | |
| Investment in capital assets | 19,520,272 | 19,952,666 | 65,378 | 77,791 | 19,585,650 | 20,030,457 |
| Restricted: | | | | | | |
| Other purposes | 225,132 | 147,142 | - | - | 225,132 | 147,142 |
| Unrestricted | 21,137,932 | 18,255,415 | 144,784 | 251,223 | 21,282,716 | 18,506,638 |
| Total net position | \$ <u>40,883,336</u> | <u>38,355,223</u> | <u>210,162</u> | <u>329,014</u> | <u>41,093,498</u> | <u>38,684,237</u> |

Total assets increased by approximately \$1.6 million, or 2.8%. The significant increase took place in cash and investments, which increased by approximately \$1.8 million due to positive operating results. This increase was offset by approximately \$445,000 decrease in capital assets, as depreciation expense exceeded current year additions.

Total liabilities decreased by approximately \$843,000, or 4.8%. The significant decrease took place in unearned revenue since there was more property tax collections with the County Auditor available to be advanced at June 30, 2013 compared to at June 30, 2012.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

B. Governmental and Business-type Activities

The following table presents a condensed summary of the School District's activities for the years ended June 30, 2013 and 2012:

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|------------------------------------|--------------------------------|-------------------|---------------------------------|------------------|-------------------|-------------------|
| | <u>FY2013</u> | <u>FY2012</u> | <u>FY2013</u> | <u>FY2012</u> | <u>FY2013</u> | <u>FY2012</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services and sales | \$ 1,812,739 | 1,451,097 | 355,616 | 404,254 | 2,168,355 | 1,855,351 |
| Operating grants and contributions | <u>1,334,792</u> | <u>1,526,257</u> | <u>567,247</u> | <u>638,515</u> | <u>1,902,039</u> | <u>2,164,772</u> |
| Total program revenues | <u>3,147,531</u> | <u>2,977,354</u> | <u>922,863</u> | <u>1,042,769</u> | <u>4,070,394</u> | <u>4,020,123</u> |
| General revenues: | | | | | | |
| Property taxes | 14,795,221 | 11,052,984 | - | - | 14,795,221 | 11,052,984 |
| Grants and entitlements | 11,858,328 | 12,358,505 | - | - | 11,858,328 | 12,358,505 |
| Investment earnings | 147,373 | 114,883 | - | - | 147,373 | 114,883 |
| Miscellaneous | <u>134,884</u> | <u>101,981</u> | <u>17,518</u> | <u>44,700</u> | <u>152,402</u> | <u>146,681</u> |
| Total general revenues | <u>26,935,806</u> | <u>23,628,353</u> | <u>17,518</u> | <u>44,700</u> | <u>26,953,324</u> | <u>23,673,053</u> |
| Total revenues | <u>30,083,337</u> | <u>26,605,707</u> | <u>940,381</u> | <u>1,087,469</u> | <u>31,023,718</u> | <u>27,693,176</u> |
| Expenses: | | | | | | |
| Instruction | 16,675,759 | 16,703,258 | - | - | 16,675,759 | 16,703,258 |
| Support services: | | | | | | |
| Pupil | 1,059,376 | 1,076,732 | - | - | 1,059,376 | 1,076,732 |
| Instructional staff | 1,208,374 | 1,204,156 | - | - | 1,208,374 | 1,204,156 |
| Board of Education | 101,725 | 83,380 | - | - | 101,725 | 83,380 |
| Administration | 1,743,358 | 1,584,980 | - | - | 1,743,358 | 1,584,980 |
| Fiscal | 887,678 | 776,474 | - | - | 887,678 | 776,474 |
| Operation and maintenance of plant | 3,271,023 | 2,398,288 | - | - | 3,271,023 | 2,398,288 |
| Pupil transportation | 1,663,652 | 1,562,438 | - | - | 1,663,652 | 1,562,438 |
| Central | 371,081 | 360,536 | - | - | 371,081 | 360,536 |
| Non-instructional services | 573,198 | 792,309 | - | - | 573,198 | 792,309 |
| Food services | - | - | 1,036,414 | 1,109,548 | 1,036,414 | 1,109,548 |
| Other enterprise | <u>-</u> | <u>-</u> | <u>22,819</u> | <u>17,196</u> | <u>22,819</u> | <u>17,196</u> |
| Total expenses | <u>27,555,224</u> | <u>26,542,551</u> | <u>1,059,233</u> | <u>1,126,744</u> | <u>28,614,457</u> | <u>27,669,295</u> |
| Change in net position | \$ <u>2,528,113</u> | <u>63,156</u> | <u>(118,852)</u> | <u>(39,275)</u> | <u>2,409,261</u> | <u>23,881</u> |

Of the total governmental activities revenues of \$30,083,337, \$3,147,531 (10%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, 55% (\$14,795,221) comes from property tax levies and 44% (\$11,858,328) is from state funding. The School District's operations are reliant upon its property tax levy and the state's foundation program.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

Total revenue increased by approximately \$3.3 million, or 12%. The majority of the increase took place in property taxes, which increased due to a settlement of a personal property public utility litigation and amounts that were available to be advanced by the County Auditor. This increase was offset by decreases in grants and entitlements, due to phase out of the Senate Bill No. 3 deregulation payment. The School District's expenses increased by approximately \$945,000, or 3%, due to increases in health insurance premiums and other general inflationary increases.

Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 11% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$16,675,759, but program revenue contributed to fund 16% of those costs. Thus, general revenues of \$13,927,838 were used to support of remainder of the instruction costs. The School District's governmental activities net position increased by \$2,528,113 which was considerably higher than the prior year increase of \$63,156, due to the factors discussed above.

Governmental Activities

| | | <u>Total Cost of Services</u> | <u>Program Revenue</u> | <u>Revenues as a % of Total Costs</u> | <u>Net Cost of Services</u> |
|----------------------------|-----------|-----------------------------------|----------------------------|---|---------------------------------|
| Instruction | \$ | 16,675,759 | 2,747,921 | 16% | 13,927,838 |
| Support services | | 10,306,267 | 211,512 | 2% | 10,094,755 |
| Non-instructional services | | <u>573,198</u> | <u>188,098</u> | 33% | <u>385,100</u> |
| Total | \$ | <u>27,555,224</u> | <u>3,147,531</u> | <u>11%</u> | <u>24,407,693</u> |

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

Business-type Activities

Net position of the business-type activities decreased by \$118,852 primarily due to a drop in student participation with more children packing their lunches.

The following table presents the total cost of each of the School District's business segments and the net cost after deducting the revenues generated by each segment. Charges and operating grants paid for 87% of the costs of Food Services.

| Business-Type Activities | | | | | |
|---------------------------------|-----------|-----------------------------------|----------------------------|---|---|
| | | <u>Total Cost of Services</u> | <u>Program Revenue</u> | <u>Revenues as a % of Total Costs</u> | <u>Net Cost (Revenue) of Services</u> |
| Food services | \$ | 1,036,414 | 905,068 | 87% | 131,346 |
| Other enterprise | | <u>22,819</u> | <u>17,795</u> | 78% | <u>5,024</u> |
| Total | \$ | <u>1,059,233</u> | <u>922,863</u> | <u>87%</u> | <u>136,370</u> |

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has one major governmental fund – the General Fund. The assets of this fund were \$34,890,727, or 92%, of the total governmental assets.

General Fund. Fund balance at June 30, 2013 was \$21,146,995, including \$17,908,966 of unassigned balance, which represents 71% of expenditures for fiscal year 2013. The General Fund experienced an increase in fund balance of \$2.2 million, compared to fiscal year 2012's increase of \$68,000. The increase in revenues over the prior year of 14% was due to increases in tax revenue previously discussed, and more than sufficient to cover the 5% increase in expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the School District's original and final budgets and actual results are included in the required supplementary information. There were few changes (1% or less) between the original and final budgets and the final budget and actual results as the School District refined the budget during the fiscal year.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

CAPITAL ASSET ADMINISTRATION

Capital assets. At June 30, 2013, the School District had \$19,585,650 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. The decrease in the School District's investment in capital assets for the current fiscal year of about \$445,000 was due to depreciation expense exceeding capital additions. See Note 5 to the financial statements for more detail.

**Capital Asset at Year-End
(Net of Depreciation)**

| | | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|----------------------------|----|--------------------------------|-------------------|---------------------------------|---------------|-------------------|-------------------|
| | | <u>FY2013</u> | <u>FY2012</u> | <u>FY2013</u> | <u>FY2012</u> | <u>FY2013</u> | <u>FY2012</u> |
| Land | \$ | 490,034 | 490,034 | - | - | 490,034 | 490,034 |
| Construction in progress | | 147,391 | - | - | - | 147,391 | - |
| Land improvements | | 947,006 | 1,113,765 | - | - | 947,006 | 1,113,765 |
| Buildings and improvements | | 16,702,928 | 17,135,230 | - | - | 16,702,928 | 17,135,230 |
| Furniture and equipment | | 747,799 | 780,683 | 65,378 | 77,791 | 813,177 | 858,474 |
| Vehicles | | 485,114 | 432,954 | - | - | 485,114 | 432,954 |
| Total | \$ | <u>19,520,272</u> | <u>19,952,666</u> | <u>65,378</u> | <u>77,791</u> | <u>19,585,650</u> | <u>20,030,457</u> |

ECONOMIC FACTORS

The Beckjord power station located within the School District will close January 1, 2015. With this announcement, the School District anticipates losing an additional \$2 million in revenue when the values of the property are removed from the tax rolls.

The School District continues to address these fiscal challenges by budgeting its annual expenditures within anticipated annual resources, while preserving its reserves of approximately \$19 million.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and 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 questions about this report or need additional financial information, contact the Treasurer's office at the New Richmond Exempted Village School District, 212 Market Street, New Richmond, Ohio 45157.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Position

June 30, 2013

| | <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> | <u>Total</u> |
|---------------------------------------|--|---|-------------------|
| Assets: | | | |
| Equity in pooled cash and investments | \$ 24,408,349 | 262,884 | 24,671,233 |
| Receivables: | | | |
| Taxes | 13,292,865 | - | 13,292,865 |
| Accounts | 39,767 | 1,831 | 41,598 |
| Intergovernmental | 159,378 | - | 159,378 |
| Interest | 4,357 | - | 4,357 |
| Supplies inventory | - | 13,256 | 13,256 |
| Internal balances | 1,728 | (1,728) | - |
| Nondepreciable capital assets | 637,425 | - | 637,425 |
| Depreciable capital assets, net | <u>18,882,847</u> | <u>65,378</u> | <u>18,948,225</u> |
| Total assets | <u>57,426,716</u> | <u>341,621</u> | <u>57,768,337</u> |
| Liabilities: | | | |
| Accounts payable | 404,043 | 12,014 | 416,057 |
| Accrued wages | 2,416,215 | 68,218 | 2,484,433 |
| Intergovernmental payable | 236,932 | 12,728 | 249,660 |
| Unearned revenue | 10,673,666 | - | 10,673,666 |
| Noncurrent liabilities: | | | |
| Due within one year | 281,051 | 2,963 | 284,014 |
| Due within more than one year | <u>2,531,473</u> | <u>35,536</u> | <u>2,567,009</u> |
| Total liabilities | <u>16,543,380</u> | <u>131,459</u> | <u>16,674,839</u> |
| Net Position: | | | |
| Investment in capital assets | 19,520,272 | 65,378 | 19,585,650 |
| Restricted for: | | | |
| Other purposes | 225,132 | - | 225,132 |
| Unrestricted | <u>21,137,932</u> | <u>144,784</u> | <u>21,282,716</u> |
| Total net position | <u>\$ 40,883,336</u> | <u>210,162</u> | <u>41,093,498</u> |

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2013

| | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|--------------------------------------|--|--|-----------------------------|---------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 13,503,599 | 1,624,641 | 809,616 | \$ (11,069,342) | - | (11,069,342) |
| Special education | 3,141,834 | - | 313,664 | (2,828,170) | - | (2,828,170) |
| Adult/continuing | 30,326 | - | - | (30,326) | - | (30,326) |
| Support services: | | | | | | |
| Pupil | 1,059,376 | - | 194,872 | (864,504) | - | (864,504) |
| Instructional staff | 1,208,374 | - | 7,640 | (1,200,734) | - | (1,200,734) |
| Board of Education | 101,725 | - | - | (101,725) | - | (101,725) |
| Administration | 1,743,358 | - | - | (1,743,358) | - | (1,743,358) |
| Fiscal | 887,678 | - | - | (887,678) | - | (887,678) |
| Operation and maintenance of plant | 3,271,023 | - | - | (3,271,023) | - | (3,271,023) |
| Pupil transportation | 1,663,652 | - | - | (1,663,652) | - | (1,663,652) |
| Central | 371,081 | - | 9,000 | (362,081) | - | (362,081) |
| Non-instructional services: | | | | | | |
| Extracurricular activities | 572,421 | 188,098 | - | (384,323) | - | (384,323) |
| Community service | 777 | - | - | (777) | - | (777) |
| Total Governmental Activities | <u>27,555,224</u> | <u>1,812,739</u> | <u>1,334,792</u> | <u>(24,407,693)</u> | <u>-</u> | <u>(24,407,693)</u> |
| Business-Type Activities: | | | | | | |
| Food Service | 1,036,414 | 337,821 | 567,247 | - | (131,346) | (131,346) |
| Uniform School Supplies | 13,304 | 17,795 | - | - | 4,491 | 4,491 |
| Latchkey | 9,515 | - | - | - | (9,515) | (9,515) |
| Total Business-Type Activities | <u>1,059,233</u> | <u>355,616</u> | <u>567,247</u> | <u>-</u> | <u>(136,370)</u> | <u>(136,370)</u> |
| | \$ <u>28,614,457</u> | <u>2,168,355</u> | <u>1,902,039</u> | <u>(24,407,693)</u> | <u>(136,370)</u> | <u>(24,544,063)</u> |
| General Revenues: | | | | | | |
| Property taxes, levied for general purposes | | | | 14,795,221 | - | 14,795,221 |
| Grants and entitlements not restricted to specific programs | | | | 11,858,328 | - | 11,858,328 |
| Investment earnings | | | | 147,373 | - | 147,373 |
| Miscellaneous | | | | 134,884 | 17,518 | 152,402 |
| Total general revenues | | | | <u>26,935,806</u> | <u>17,518</u> | <u>26,953,324</u> |
| Change in net position | | | | 2,528,113 | (118,852) | 2,409,261 |
| Net position beginning of year | | | | <u>38,355,223</u> | <u>329,014</u> | <u>38,684,237</u> |
| Net position end of year | | | | \$ <u>40,883,336</u> | <u>210,162</u> | <u>41,093,498</u> |

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2013

| | General | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------------------|--------------------------------|
| Assets: | | | |
| Equity in pooled cash and investments | \$ 21,485,807 | 2,922,542 | 24,408,349 |
| Receivables: | | | |
| Taxes | 13,292,865 | - | 13,292,865 |
| Accounts | 39,767 | - | 39,767 |
| Accrued interest | 4,357 | - | 4,357 |
| Intergovernmental | - | 159,378 | 159,378 |
| Interfund receivable | 67,931 | - | 67,931 |
| Total assets | <u>34,890,727</u> | <u>3,081,920</u> | <u>37,972,647</u> |
| Liabilities: | | | |
| Accounts payable | 254,955 | 149,088 | 404,043 |
| Accrued wages and benefits | 2,341,126 | 75,089 | 2,416,215 |
| Intergovernmental payable | 236,932 | - | 236,932 |
| Interfund payable | - | 66,203 | 66,203 |
| Compensated absences payable | 79,227 | - | 79,227 |
| Deferred revenue | 10,831,492 | 101,180 | 10,932,672 |
| Total liabilities | <u>13,743,732</u> | <u>391,560</u> | <u>14,135,292</u> |
| Fund Balances: | | | |
| Restricted | - | 123,952 | 123,952 |
| Committed | 11,505 | - | 11,505 |
| Assigned | 3,226,524 | 2,643,569 | 5,870,093 |
| Unassigned (deficit) | 17,908,966 | (77,161) | 17,831,805 |
| Total fund balances | <u>21,146,995</u> | <u>2,690,360</u> | <u>23,837,355</u> |
| Total liabilities and fund balances | \$ <u>34,890,727</u> | <u>3,081,920</u> | <u>37,972,647</u> |

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013

| | |
|---|-----------------------------|
| Total Governmental Fund Balances | \$ 23,837,355 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 19,520,272 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds. | 259,006 |
| Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. | <u>(2,733,297)</u> |
| Net Position of Governmental Activities | \$ <u>40,883,336</u> |

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2013

| | General | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------------------|--------------------------------|
| Revenues: | | | |
| Taxes | \$ 15,063,718 | - | 15,063,718 |
| Tuition and fees | 1,624,641 | - | 1,624,641 |
| Interest | 161,857 | - | 161,857 |
| Intergovernmental | 11,858,328 | 1,233,612 | 13,091,940 |
| Other local revenues | <u>127,370</u> | <u>195,612</u> | <u>322,982</u> |
| Total revenues | <u>28,835,914</u> | <u>1,429,224</u> | <u>30,265,138</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 12,137,013 | 817,705 | 12,954,718 |
| Special education | 2,826,576 | 313,664 | 3,140,240 |
| Adult/continuing | 30,326 | - | 30,326 |
| Support services: | | | |
| Pupil | 864,504 | 194,872 | 1,059,376 |
| Instructional staff | 1,196,949 | 7,487 | 1,204,436 |
| Board of Education | 101,725 | - | 101,725 |
| Administration | 1,667,699 | - | 1,667,699 |
| Fiscal | 883,285 | - | 883,285 |
| Operation and maintenance of plant | 3,198,629 | - | 3,198,629 |
| Pupil transportation | 1,662,506 | - | 1,662,506 |
| Central | 361,356 | 9,000 | 370,356 |
| Non-instructional services: | | | |
| Extracurricular activities | 342,673 | 186,847 | 529,520 |
| Community service | 777 | - | 777 |
| Capital outlay | <u>110,366</u> | <u>306,167</u> | <u>416,533</u> |
| Total expenditures | <u>25,384,384</u> | <u>1,835,742</u> | <u>27,220,126</u> |
| Excess of revenues over (under) expenditures | <u>3,451,530</u> | <u>(406,518)</u> | <u>3,045,012</u> |
| Other financing sources (uses): | | | |
| Transfers in | - | 1,247,596 | 1,247,596 |
| Transfers out | <u>(1,247,596)</u> | <u>-</u> | <u>(1,247,596)</u> |
| Total other financing sources (uses): | <u>(1,247,596)</u> | <u>1,247,596</u> | <u>-</u> |
| Change in fund balance | 2,203,934 | 841,078 | 3,045,012 |
| Fund balance, beginning of year | <u>18,943,061</u> | <u>1,849,282</u> | <u>20,792,343</u> |
| Fund balance, end of year | <u>\$ 21,146,995</u> | <u>2,690,360</u> | <u>23,837,355</u> |

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2013

| | |
|--|--------------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 3,045,012 |
| Amounts reported for governmental activities in the statement of activities are different because | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | |
| Capital outlay | 971,347 |
| Depreciation expense | (1,403,741) |
| Some expenses reported in the statement of activities do not require the use current financial resources and therefore are not reported as expenditures in governmental funds. | |
| | 97,296 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| | <u>(181,801)</u> |
| Change in Net Position of Governmental Activities | \$ <u>2,528,113</u> |

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Position

Proprietary Funds

June 30, 2013

| | <u>Nonmajor Enterprise Funds</u> |
|---------------------------------------|--|
| Assets: | |
| Current assets: | |
| Equity in pooled cash and investments | \$ 262,884 |
| Receivables: | |
| Accounts | 1,831 |
| Supplies inventory | <u>13,256</u> |
| Total current assets | <u>277,971</u> |
| Noncurrent assets: | |
| Capital assets, net | <u>65,378</u> |
| Total assets | <u>343,349</u> |
| Liabilities: | |
| Current liabilities: | |
| Accounts payable | 12,014 |
| Accrued wages | 68,218 |
| Intergovernmental payable | 12,728 |
| Interfund payable | 1,728 |
| Compensated absences payable | <u>2,963</u> |
| Total current liabilities | <u>97,651</u> |
| Noncurrent liabilities: | |
| Compensated absences payable | <u>35,536</u> |
| Total liabilities | <u>133,187</u> |
| Net Position: | |
| Investment in capital assets | 65,378 |
| Unrestricted | <u>144,784</u> |
| Total net position | \$ <u>210,162</u> |

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year Ended June 30, 2013

| | <u>Nonmajor Enterprise Funds</u> |
|------------------------------------|--|
| Operating revenues: | |
| Charges for services | \$ 355,616 |
| Other operating revenues | <u>17,518</u> |
| Total operating revenues | <u>373,134</u> |
| Operating expenses: | |
| Salaries and wages | 364,942 |
| Fringe benefits | 184,257 |
| Contractual services | 63,844 |
| Materials and supplies | 432,982 |
| Depreciation | 12,413 |
| Other expenses | <u>795</u> |
| Total operating expenses | <u>1,059,233</u> |
| Operating loss | (686,099) |
| Nonoperating revenues: | |
| Federal and state grants | 567,100 |
| Interest income | <u>147</u> |
| Total nonoperating revenues | <u>567,247</u> |
| Change in net position | (118,852) |
| Net position, beginning of year | <u>329,014</u> |
| Net position, end of year | \$ <u><u>210,162</u></u> |

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2013

| | Nonmajor Enterprise Funds |
|--|---------------------------------|
| Cash flows from operating activities: | |
| Cash received from customers | \$ 353,785 |
| Cash received from other operating sources | 17,518 |
| Cash payments for personal services | (520,325) |
| Cash payments for contract services | (63,844) |
| Cash payments for supplies and materials | (382,322) |
| Cash payments for other expenses | <u>(795)</u> |
| Net cash used by operating activities | <u>(595,983)</u> |
| Cash flows from noncapital financing activities: | |
| Interfund loan (repayment) | 1,728 |
| Cash received from federal and state grants | <u>526,963</u> |
| Net cash provided by noncapital financing activities | <u>528,691</u> |
| Cash flows from investing activities: | |
| Investment income | <u>147</u> |
| Net change in cash and cash equivalents | (67,145) |
| Cash and cash equivalents at beginning of year | <u>330,029</u> |
| Cash and cash equivalents at end of year | \$ <u><u>262,884</u></u> |
| Reconciliation of operating loss to net cash used by operating activities: | |
| Operating loss | (686,099) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation | 12,413 |
| Donated commodities used | 40,137 |
| Changes in assets and liabilities: | |
| Accounts receivable | (1,831) |
| Accounts payable | 6,773 |
| Supplies inventory | 3,750 |
| Accrued wages and benefits | 28,733 |
| Intergovernmental payable | (904) |
| Compensated absences payable | <u>1,045</u> |
| Net cash used by operating activities | \$ <u><u>(595,983)</u></u> |

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Position

Fiduciary Funds

June 30, 2013

| | | Private Purpose Trusts | Agency Funds |
|---------------------------------------|----|------------------------------|----------------------|
| ASSETS | | | |
| Equity in pooled cash and investments | \$ | <u>51,152</u> | <u>77,387</u> |
| Total assets | | <u><u>51,152</u></u> | <u><u>77,387</u></u> |
| LIABILITIES | | | |
| Due to student groups | | <u>-</u> | <u>77,387</u> |
| Total liabilities | | <u>-</u> | <u><u>77,387</u></u> |
| NET POSITION | | | |
| Held in trust | \$ | <u><u>51,152</u></u> | |

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Changes in Net Position

Fiduciary Funds

Year Ended June 30, 2013

| | | <u>Private- Purpose Trusts</u> |
|--|----|--|
| Additions: | | |
| Contributions | \$ | 11,527 |
| Interest | | <u>48</u> |
| Total additions | | <u>11,575</u> |
| Deductions: | | |
| Community gifts, awards and scholarships | | <u>20,919</u> |
| Total deductions | | <u>20,919</u> |
| Change in net position | | (9,344) |
| Net position, beginning of year | | <u>60,496</u> |
| Net position, end of year | \$ | <u><u>51,152</u></u> |

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the New Richmond Exempted Village School District (the "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 more significant of the School District's accounting policies are described below.

A. Reporting Entity

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District.

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities. 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.

The School District is associated with four organizations, two of which are defined as jointly governed organizations and two as insurance purchasing pools. These organizations include Hamilton/Clermont Cooperative Association, the U.S. Grant Joint Vocational School District, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, and the Clermont County Health Trust. These organizations are presented in Notes 12 and 13.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

B. Basis of Presentation

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental and proprietary financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

All proprietary and private-purpose trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total assets.

Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. **Fund Accounting**

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into the categories governmental, proprietary, and fiduciary.

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

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

Proprietary funds are used to account for the School District's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. The School District has no major proprietary funds.

Fiduciary Funds report on net position and changes in net position. The School District's fiduciary funds consist of private-purpose trust funds and agency funds. The School District's only private-purpose trust fund accounts for scholarship programs for students. These assets are not available for the School District's use. Agency funds, which are used to account for student activities, are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

D. Basis of Accounting

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

The modified accrual basis of accounting is used by the governmental funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants.

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 except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, proprietary funds and fiduciary funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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.

Non-exchange transactions, in which the School District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes were levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

Deferred Revenue Deferred revenues arise when potential revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2013 which are intended to finance fiscal year 2014 operations have been 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.

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in central bank accounts. Monies for all funds are maintained in these accounts or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements. During fiscal year 2013, the School District's investments were limited to US Agency securities, US money markets, and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2013.

The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments, with certain exceptions, be recorded at their fair value and that changes in the fair value be reported in the operating statement. The School District recorded investments held at June 30, 2013 at fair value.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to agency funds, certain trust funds, and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance.

For purposes of the statement of cash flows and for presentation on the balance sheet, the proprietary funds' portion of equity in pooled cash and investments is considered to be liquid because the proprietary funds' portion of the pool can be accessed without prior notice or penalty.

F. Inventory

Inventories of proprietary funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of purchased food and supplies held for resale and are expensed when used.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$1,500 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair values as of the date received.

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.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

| | |
|---|-------------|
| Buildings | 50 years |
| Land improvements | 20 years |
| Building improvements | 20-30 years |
| Equipment and furniture other than vehicles | 5-20 years |
| Vehicles | 8 years |

H. Interfund Balances

On fund financials, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/payable." These amounts are eliminated in the governmental activities column of the statement of net position.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

I. 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.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources with the exception of compensated absences as noted above.

K. Fund Balances

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The “not in a spendable form” criterion includes items that are not expected to be converted to cash. The School District did not have any nonspendable fund balances at year end.

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

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

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

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

L. **Net Position**

Net position represents the difference between assets and liabilities. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

M. **Estimates**

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

2. DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the Treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that the School District has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures":

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. At year-end, \$1,207,944 of the School District's bank balance of \$7,461,325 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

Investments

The School District's investments at June 30, 2013 are as summarized as follows:

| | <u>Fair Value</u> | <u>Average Maturity Years</u> | <u>Concentration of Credit Risk</u> |
|-----------------|----------------------|---------------------------------------|---|
| FNMA | \$ 3,840,349 | 4.53 | 21.6% |
| FHLMC | 635,076 | 4.50 | 3.5% |
| Star Ohio | 13,307,229 | n/a | 74.8% |
| US Money Market | 12,048 | n/a | 0.1% |
| | <u>\$ 17,794,702</u> | | <u>100.0%</u> |

Credit Risk

It is the School District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. The School District's investments in FNMA and FHLMC securities were rated AA+ by Standard & Poor's and Aaa by Moody's. Investments in STAR Ohio were rated AAAm by Standard & Poor's.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a counter party, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment securities are registered in the name of the School District.

Interest Rate Risk

In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

3. 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 distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of the prior January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property taxes revenue received in calendar year 2013 represent collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012 and are collected in calendar year 2013 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Clermont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013 are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes, which became measurable as of June 30, 2013. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2013, was \$2,461,800 in the General Fund.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

The assessed values upon which fiscal year 2013 taxes were collected are:

| | <u>2012 Second- Half Collections</u> | | <u>2013 First- Half Collections</u> | |
|---|--|----------------|---|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/Residential and Other Real Estate | \$ 347,994,070 | 64.87% | 349,287,870 | 64.44% |
| Public Utility | <u>188,476,660</u> | 35.13% | <u>192,764,630</u> | 35.56% |
| Total Assessed Value | \$ <u>536,470,730</u> | 100.00% | <u>542,052,500</u> | 100.00% |
| Tax rate per \$1,000 of assessed valuation | | \$32.00 | | \$32.00 |

4. INTERFUND TRANSACTIONS

Interfund transactions for the year ended June 30, 2013 consisted of the following interfund receivables/payables and transfers in/out:

| | <u>Interfund</u> | | <u>Transfers</u> | |
|---------------------------|-------------------|----------------|------------------|------------------|
| | <u>Receivable</u> | <u>Payable</u> | <u>In</u> | <u>Out</u> |
| General Fund | \$ 67,931 | - | - | 1,247,596 |
| Other Governmental Funds | - | 66,203 | 1,247,596 | - |
| Nonmajor Enterprise Funds | - | <u>1,728</u> | - | - |
| | <u>67,931</u> | <u>67,931</u> | <u>1,247,596</u> | <u>1,247,596</u> |

The interfund loans were made to provide operating capital. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 was as follows:

| | Balance 7/1/12 | Additions | Disposals | Balance 6/30/13 |
|--------------------------------|----------------------|------------------|------------------|--------------------|
| Governmental Activities | | | | |
| Nondepreciable: | | | | |
| Land | \$ 490,034 | - | - | 490,034 |
| Construction in progress | - | 147,391 | - | 147,391 |
| Subtotal | <u>490,034</u> | <u>147,391</u> | <u>-</u> | <u>637,425</u> |
| Depreciable: | | | | |
| Land improvements | 3,401,227 | 46,059 | - | 3,447,286 |
| Buildings and improvements | 36,079,736 | 436,805 | - | 36,516,541 |
| Vehicles | 2,215,017 | 174,265 | (124,468) | 2,264,814 |
| Equipment and furniture | 3,042,934 | 166,827 | (22,034) | 3,187,727 |
| Subtotal | <u>44,738,914</u> | <u>823,956</u> | <u>(146,502)</u> | <u>45,416,368</u> |
| Totals at historical cost | <u>45,228,948</u> | <u>971,347</u> | <u>(146,502)</u> | <u>46,053,793</u> |
| Less accumulated depreciation: | | | | |
| Land improvements | 2,287,462 | 212,818 | - | 2,500,280 |
| Buildings and improvements | 18,944,506 | 869,107 | - | 19,813,613 |
| Vehicles | 1,782,063 | 122,105 | (124,468) | 1,779,700 |
| Equipment and furniture | 2,262,251 | 199,711 | (22,034) | 2,439,928 |
| Total accumulated depreciation | <u>25,276,282</u> | <u>1,403,741</u> | <u>(146,502)</u> | <u>26,533,521</u> |
| Capital assets, net | <u>\$ 19,952,666</u> | <u>(432,394)</u> | <u>-</u> | <u>19,520,272</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|------------------------------------|---------------------|
| Instruction: | |
| Regular | \$ 730,042 |
| Special education | 1,594 |
| Support services: | |
| Instructional staff | 3,938 |
| Administration | 93,291 |
| Fiscal | 9,226 |
| Operation and maintenance of plant | 366,998 |
| Pupil transportation | 151,026 |
| Central | 725 |
| Extracurricular activities | <u>46,901</u> |
| Total depreciation expense | <u>\$ 1,403,741</u> |

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

| | Balance 7/1/12 | Additions | Disposals | Balance 6/30/13 |
|---|-------------------|-----------------|----------------|--------------------|
| <i>Business-type Activities:</i> | | | | |
| Furniture and equipment | \$ 484,818 | - | (3,390) | 481,428 |
| Less accumulated depreciation | <u>407,027</u> | <u>12,413</u> | <u>(3,390)</u> | <u>416,050</u> |
| Capital assets, net | <u>\$ 77,791</u> | <u>(12,413)</u> | <u>-</u> | <u>65,378</u> |

Depreciation expense of \$12,413 was charged to the food services segment.

6. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District maintains comprehensive insurance coverage with private carriers to address these various types of risk. Settled claims have not exceeded commercial coverage in any of the past three years. There has been no significant reduction in the coverage from last year.

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

7. PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by, the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10%. The remaining 0.90% of the 14% employer contribution rate was allocated to the Health Care and Medicare B Funds. The School District's required contributions to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$514,000, \$519,000, and \$559,000, respectively, which equaled the required contributions each year.

State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a state-wide, cost-sharing multiple-employer public employee retirement system for licensed teachers and other faculty members employed by the School District. STRS Ohio provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS Ohio issued a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a bi-weekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchase credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service credit over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan benefits are established under Sections 3307.80 to 3307.89 of the Ohio Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

Under the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursements of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouse and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage of up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to members' beneficiaries.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14%. Contribution rates are established by STRS Ohio, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions to STRS Ohio for fiscal years ended June 30, 2013, 2012, and 2011 were approximately \$1,557,000, \$1,603,000, and \$1,733,000, respectively; 84% has been contributed for fiscal year 2013 and 100% for fiscal years 2012 and 2011. The unpaid contribution for fiscal year 2013 is recorded as a liability within the respective funds.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. The School District's liability is 6.2% of wages paid.

8. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by state statute.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for years ended June 30, 2013, 2012, and 2011. The 14% employer contribution rate is the maximum rate established under Ohio law. The School District's contributions to STRS Ohio allocated to post-employment health care for fiscal years ended June 30, 2013, 2012, and 2011 were approximately \$111,000, \$115,000, and \$124,000, respectively; 84% has been contributed for fiscal year 2013 and 100% for fiscal years 2012 and 2011.

SERS administers two postemployment benefit plans:

Medicare Part B Plan - The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was 0.74%. The School District contributions for fiscal years ended June 30, 2013, 2012, and 2011 were approximately \$27,000, \$28,000, and \$30,000, respectively, which equaled the required contributions for each year.

Health Care Plan - ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health care plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation was 0.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to health care for fiscal years ended June 30, 2013, 2012, and 2011 were approximately \$6,000, \$20,000, and \$57,000, respectively, which equaled the required contributions for each year.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

9. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to maximum of 260 days for teachers, 250 to 360 days for classified staff and administrators. Upon retirement, payment is made for twenty-five percent of the employee's accumulated sick leave up to a maximum of 50 days for all teachers, 55 to 58 days for classified staff, and 90 days for administrators.

10. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2013 were as follows:

| | Principal Outstanding 7/1/12 | Additions | Reductions | Principal Outstanding 6/30/13 | Amounts Due in One Year |
|---|------------------------------------|-----------|------------|-------------------------------------|-------------------------------|
| <i>Governmental Activities:</i> | | | | | |
| Compensated absences | \$ 2,939,029 | 189,218 | (315,723) | 2,812,524 | 281,051 |
| <i>Business-type Activities:</i> | | | | | |
| Compensated absences | \$ 37,454 | 4,954 | (3,909) | 38,499 | 2,963 |

Compensated absences will be paid from the fund from which the employees' salaries are paid.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

11. FUND BALANCES

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

| Fund Balances | General Fund | Other Governmental Funds | Total Governmental Funds |
|------------------------------------|-----------------------------|--------------------------|--------------------------|
| <i>Restricted for</i> | | | |
| Athletics | \$ - | 123,952 | 123,952 |
| <i>Committed to</i> | | | |
| Underground Storage Tanks | 11,505 | - | 11,505 |
| <i>Assigned to</i> | | | |
| Capital Improvements | - | 2,643,569 | 2,643,569 |
| Encumbrances | 1,119,629 | - | 1,119,629 |
| Budget Resource | 2,073,879 | - | 2,073,879 |
| Other Purposes | 33,016 | - | 33,016 |
| <i>Total Assigned</i> | <u>3,226,524</u> | <u>2,643,569</u> | <u>5,870,093</u> |
| <i>Unassigned (Deficit)</i> | <u>17,908,966</u> | <u>(77,161)</u> | <u>17,831,805</u> |
| <i>Total Fund Balance</i> | <u>\$ 21,146,995</u> | <u>2,690,360</u> | <u>23,837,355</u> |

At June 30, 2013, the following funds had a deficit fund balance:

| | |
|---------------------------------|----------|
| Public Preschool Fund | \$ 3,845 |
| Miscellaneous State Grants Fund | 2,072 |
| Title I Fund | 50,546 |
| Improving Teacher Quality Fund | 20,698 |

The deficit fund balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

12. JOINTLY GOVERNED ORGANIZATIONS

The Hamilton/Clermont Cooperative Association

The School District is a participant in a 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 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. Complete financial statements can be obtained for H/CCA at 7615 Harrison Avenue, Cincinnati 45231.

U.S. Grant Joint Vocational School

The U.S. Grant Joint Vocational School, 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 district's elected board. The Board possesses its own budgeting and taxing authority. The Vocational School provides academic preparation and job training which leads to employment and/or further education upon graduation from high school. The School District has no ongoing financial interest in or responsibility for the Vocational School. To obtain financial information, write to U.S. Grant at 3046 State Route 125, Bethel, Ohio 45106.

13. INSURANCE PURCHASING POOLS

The Clermont County Health Trust

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (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 OASBO. The Executive Director of the OASBO, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

14. CONTINGENCIES

Federal and State Funding

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

Litigation

The School District is party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

15. COMMITMENTS

The School District utilizes encumbrance accounting to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The School District's outstanding encumbrance amounts at June 30, 2013 were:

| | | |
|-----------------------------|----|-------------------------|
| General Fund | \$ | 1,369,749 |
| Nonmajor Governmental Funds | | 792,761 |
| Nonmajor Enterprise Funds | | <u>26,059</u> |
| | \$ | <u><u>2,188,569</u></u> |

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

16. REQUIRED SET-ASIDES

The School District is required by State statute to annually set aside in the general fund an amount based on the statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The following cash basis information describes the change in the year-end set aside amounts for capital acquisition. Disclosure of this information is required by State statute.

| | <u>Capital Improvements</u> |
|---|---------------------------------|
| Set-aside reserve balance as of June 30, 2012 | \$ - |
| Current year set-aside requirement | 400,280 |
| Current year qualifying expenditures | <u>(1,245,977)</u> |
| Total | <u><u>(845,697)</u></u> |
| Set-aside reserve balance as of June 30, 2013 | \$ <u><u>-</u></u> |

17. CHANGE IN ACCOUNTING PRINCIPLES

In the current year, the School District implemented (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62 incorporates Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants' (AICPA) accounting and financial reporting guidance issued on or before November 30, 1989 into GASB authoritative literature. GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual (Non-GAAP Budgetary Basis)

General Fund

Year Ended June 30, 2013

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|--|----------------------|-------------------|-------------------|----------------------------------|
| Revenues: | | | | |
| Taxes | \$ 12,740,815 | 13,335,318 | 13,335,318 | - |
| Tuition and fees | 1,237,577 | 1,563,752 | 1,563,752 | - |
| Interest | 239,461 | 160,657 | 175,322 | 14,665 |
| Intergovernmental | 12,444,548 | 11,858,328 | 11,858,328 | - |
| Other local revenues | 74,150 | 93,085 | 93,085 | - |
| Total revenues | <u>26,736,551</u> | <u>27,011,140</u> | <u>27,025,805</u> | <u>14,665</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 12,129,614 | 12,016,854 | 12,010,107 | 6,747 |
| Special education | 3,111,431 | 3,333,845 | 3,333,845 | - |
| Other instruction | 5,169 | 19,678 | 19,678 | - |
| Support services: | | | | |
| Pupil | 1,174,905 | 912,724 | 912,724 | - |
| Instructional staff | 1,150,498 | 1,154,770 | 1,154,770 | - |
| Board of Education | 173,020 | 123,649 | 123,649 | - |
| Administration | 1,587,461 | 1,608,584 | 1,604,944 | 3,640 |
| Fiscal | 901,354 | 890,774 | 890,774 | - |
| Operation and maintenance of plant | 3,681,728 | 3,554,375 | 3,554,375 | - |
| Pupil transportation | 1,516,246 | 1,788,530 | 1,788,530 | - |
| Central | 346,091 | 367,265 | 367,265 | - |
| Non-instructional services: | | | | |
| Extracurricular activities | 314,834 | 311,124 | 311,124 | - |
| Community service | 3,030 | 1,081 | 1,081 | - |
| Capital outlay | - | 110,366 | 110,366 | - |
| Total expenditures | <u>26,095,381</u> | <u>26,193,619</u> | <u>26,183,232</u> | <u>10,387</u> |
| Excess of revenues over expenditures | 641,170 | 817,521 | 842,573 | 25,052 |
| Other financing sources (uses): | | | | |
| Transfers in | 2,754,560 | 3,747,890 | 3,747,890 | - |
| Transfers out | (3,096,598) | (4,246,197) | (4,246,197) | - |
| Advances in | 425,819 | 10,675 | 10,675 | - |
| Advances out | (10,643) | (68,355) | (68,355) | - |
| Total other financing sources (uses): | <u>73,138</u> | <u>(555,987)</u> | <u>(555,987)</u> | <u>-</u> |
| Net change in fund balance | 714,308 | 261,534 | 286,586 | 25,052 |
| Fund balance, beginning of year | 18,473,277 | 18,473,277 | 18,473,277 | |
| Prior year encumbrances appropriated | 1,196,254 | 1,196,254 | 1,196,254 | |
| Fund balance, end of year | \$ <u>20,383,839</u> | <u>19,931,065</u> | <u>19,956,117</u> | |

See accompanying notes to required supplementary information.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to Required Supplementary Information

Year Ended June 30, 2013

Note A 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 budget must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

Certain funds accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

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

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

Encumbrances are treated as expenditures for all funds (budget basis) rather than as expenditures when liquidated (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule:

| | | |
|--|----|--------------------|
| | | <u>General</u> |
| Net change in fund balance - GAAP Basis | \$ | 2,203,934 |
| Increase / (decrease): | | |
| Due to inclusion of Public School Support Fund | | 13,556 |
| Due to revenues | | (1,792,017) |
| Due to expenditures | | 539,254 |
| Due to other sources (uses) | | 691,609 |
| Due to encumbrances | | <u>(1,369,750)</u> |
| Net change in fund balance - Budget Basis | \$ | <u>286,586</u> |

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2013

| <u>Federal Grantor/Program Title</u> | <u>Award Year</u> | <u>Federal CFDA Number</u> | <u>Federal Revenues</u> | <u>Federal Expenditures</u> |
|--|-------------------|----------------------------|-------------------------|-----------------------------|
| <u>U.S. Department of Agriculture:</u> | | | | |
| <i>(Passed through Ohio Department of Education)</i> | | | | |
| Nutrition Cluster: | | | | |
| <i>Non-Cash Assistance (Food Distribution):</i> | | | | |
| National School Lunch Program | 2013 | 10.555 | \$ 38,505 | 38,505 |
| <i>Cash Assistance</i> | | | | |
| School Breakfast Program | 2013 | 10.553 | 109,978 | 109,978 |
| National School Lunch Program | 2013 | 10.555 | 403,853 | 403,853 |
| <i>Cash Assistance Subtotal</i> | | | <u>513,831</u> | <u>513,831</u> |
| Nutrition Cluster Total | | | <u>552,336</u> | <u>552,336</u> |
| Total U.S. Department of Agriculture | | | <u>552,336</u> | <u>552,336</u> |
| <u>U.S. Department of Education:</u> | | | | |
| <i>(Passed through Ohio Department of Education)</i> | | | | |
| Title I Grants to Local Educational Agencies | 2012 | 84.010 | 88,726 | 79,260 |
| Title I Grants to Local Educational Agencies | 2013 | 84.010 | 474,020 | 528,772 |
| | | | <u>562,746</u> | <u>608,032</u> |
| Special Education - Grants to States | 2013 | 84.027 | 508,536 | 508,536 |
| Improving Teacher Quality State Grants | 2012 | 84.367 | 11,479 | 15,153 |
| Improving Teacher Quality State Grants | 2013 | 84.367 | 121,127 | 123,181 |
| | | | <u>132,606</u> | <u>138,334</u> |
| Total U.S. Department of Education | | | <u>1,203,888</u> | <u>1,254,902</u> |
| Total Federal Awards | | | \$ <u>1,756,224</u> | <u>1,807,238</u> |

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE C - NUTRITION CLUSTER

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

To the Board of Education
New Richmond Exempted Village School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Richmond Exempted Village School District ("School District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 20, 2013

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Education
New Richmond Exempted Village School District:

Report on Compliance for Each Major Federal Program

We have audited New Richmond Exempted Village School District's ("School District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2013. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 20, 2013

Section I - Summary of Auditors' Results

Financial Statements

| | |
|--|------------|
| Type of auditors' report issued : | unmodified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | none |
| • Significant deficiency(ies) identified not considered to be material weaknesses? | none |
| Noncompliance material to financial statements noted? | none |

Federal Awards

| | |
|--|------------|
| Internal Control over major programs: | |
| • Material weakness(es) identified? | none |
| • Significant deficiency(ies) identified not considered to be material weaknesses? | none |
| Type of auditors' report issued on compliance for major programs: | unmodified |
| Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133? | none |
| Identification of major programs: | |
| <i>Nutrition Cluster:</i> | |
| <i>CFDA 10.553 – School Breakfast Program</i> | |
| <i>CFDA 10.555 – National School Lunch Program</i> | |
| Dollar threshold to distinguish between Type A and Type B Programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | yes |

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Schedule of Prior Audit Findings

None

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

To the Board of Education
New Richmond Exempted Village School District:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether New Richmond Exempted Village School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on November 29, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education, and the Auditor of State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 20, 2013

This page intentionally left blank.



Dave Yost • Auditor of State

NEW RICHMOND EXEMPTED VILLAGE 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
MARCH 25, 2014**