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**NEW RICHMOND EXEMPTED  
VILLAGE SCHOOL DISTRICT**

Basic Financial Statements

Year Ended June 30, 2014

With Independent Auditors' Report





# Dave Yost • Auditor of State

Board of Education  
New Richmond Exempted Village School District  
212 Market St., 2nd Floor  
New Richmond, OH 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, 2013 through June 30, 2014. 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

January 29, 2015

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## **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, 2014, 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.

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## **Opinions**

In our opinion, the financial statements referred to above 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, 2014, 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.

## **Emphasis of Matter**

As discussed in Note 17 to the financial statements, during the year ended June 30, 2014, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require 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 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 12, 2014 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 12, 2014



## 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, 2014. 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 2014 are listed below:

- ✓ The assets of the School District exceeded its liabilities and deferred inflows of resources at year-end by approximately \$40.8 million. Of this amount, \$19.5 million may be used to meet the government's ongoing obligations to citizens and creditors.
- ✓ In total, net position decreased by approximately \$342,000.
- ✓ The School District had \$28.6 million in expenses related to governmental activities; \$3.8 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of approximately \$24.6 million made up primarily of property taxes and State Foundation payments was used to provide for these programs.
- ✓ The General Fund balance decreased by approximately \$726,000 to \$20.4 million at June 30, 2014.

### 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, liabilities, and deferred inflows of resources, with the difference between the three 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).

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**Unaudited**

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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.

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**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, 2014 and 2013:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY2014</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2013</u>
Current and other assets	\$ 37,648,023	37,906,444	155,855	276,243	37,803,878	38,182,687
Capital assets	20,936,059	19,520,272	56,695	65,378	20,992,754	19,585,650
Total assets	<u>58,584,082</u>	<u>57,426,716</u>	<u>212,550</u>	<u>341,621</u>	<u>58,796,632</u>	<u>57,768,337</u>
Long-term liabilities	2,719,040	2,812,524	35,306	38,499	2,754,346	2,851,023
Other liabilities	3,091,716	3,057,190	80,898	92,960	3,172,614	3,150,150
Total liabilities	<u>5,810,756</u>	<u>5,869,714</u>	<u>116,204</u>	<u>131,459</u>	<u>5,926,960</u>	<u>6,001,173</u>
Deferred inflows of resources	<u>12,117,858</u>	<u>10,673,666</u>	-	-	<u>12,117,858</u>	<u>10,673,666</u>
Net position:						
Investment in capital assets	20,936,059	19,520,272	56,695	65,378	20,992,754	19,585,650
Restricted:						
Other purposes	308,551	225,132	-	-	308,551	225,132
Unrestricted	<u>19,410,858</u>	<u>21,137,932</u>	<u>39,651</u>	<u>144,784</u>	<u>19,450,509</u>	<u>21,282,716</u>
Total net position	\$ <u>40,655,468</u>	<u>40,883,336</u>	<u>96,346</u>	<u>210,162</u>	<u>40,751,814</u>	<u>41,093,498</u>

Total assets increased by approximately \$1 million, or 1.8%. The significant increase took place in capital assets, which increased by approximately \$1.4 million due to ongoing work on energy conservation projects. Current and other assets decreased due to spending funds on these projects and a \$342,000 decrease in net position.

Total liabilities only decreased by approximately \$74,000, or 1.2%. Deferred inflows of resources, which represent the offset to property taxes receivable that are intended to finance 2015, increased by \$1.4 million due to a decrease in the amount of property tax collections with the County Auditor available to be advanced at June 30, 2014 compared to at June 30, 2013.

The largest portion of the School District's net position (52%) reflects its investment in capital assets. The School District uses these capital assets to provide educational services to its students. Accordingly, these assets are not available for future spending. An additional portion of the School District's net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$19.5 million is unrestricted and may be used to meet the School District's ongoing obligations to its citizens and creditors.

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**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, 2014 and 2013:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY2014</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2013</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services and sales	\$ 2,296,682	1,812,739	365,412	355,616	2,662,094	2,168,355
Operating grants and contributions	<u>1,531,628</u>	<u>1,334,792</u>	<u>592,779</u>	<u>567,247</u>	<u>2,124,407</u>	<u>1,902,039</u>
Total program revenues	<u>3,828,310</u>	<u>3,147,531</u>	<u>958,191</u>	<u>922,863</u>	<u>4,786,501</u>	<u>4,070,394</u>
General revenues:						
Property taxes	12,195,379	14,795,221	-	-	12,195,379	14,795,221
Grants and entitlements	11,920,266	11,858,328	-	-	11,920,266	11,858,328
Investment earnings	303,537	147,373	-	-	303,537	147,373
Miscellaneous	<u>142,734</u>	<u>134,884</u>	<u>22,573</u>	<u>17,518</u>	<u>165,307</u>	<u>152,402</u>
Total general revenues	<u>24,561,916</u>	<u>26,935,806</u>	<u>22,573</u>	<u>17,518</u>	<u>24,584,489</u>	<u>26,953,324</u>
<b>Total revenues</b>	<u>28,390,226</u>	<u>30,083,337</u>	<u>980,764</u>	<u>940,381</u>	<u>29,370,990</u>	<u>31,023,718</u>
<b>Expenses:</b>						
Instruction	18,425,034	16,675,759	-	-	18,425,034	16,675,759
Support services:						
Pupil	1,247,741	1,059,376	-	-	1,247,741	1,059,376
Instructional staff	120,992	1,208,374	-	-	120,992	1,208,374
Board of Education	104,469	101,725	-	-	104,469	101,725
Administration	1,722,933	1,743,358	-	-	1,722,933	1,743,358
Fiscal	938,887	887,678	-	-	938,887	887,678
Operation and maintenance of plant	3,454,312	3,271,023	-	-	3,454,312	3,271,023
Pupil transportation	1,593,733	1,663,652	-	-	1,593,733	1,663,652
Central	364,521	371,081	-	-	364,521	371,081
Non-instructional services	645,472	573,198	-	-	645,472	573,198
Food services	-	-	1,011,951	1,036,414	1,011,951	1,036,414
Other enterprise	-	-	<u>82,629</u>	<u>22,819</u>	<u>82,629</u>	<u>22,819</u>
<b>Total expenses</b>	<u>28,618,094</u>	<u>27,555,224</u>	<u>1,094,580</u>	<u>1,059,233</u>	<u>29,712,674</u>	<u>28,614,457</u>
<b>Change in net position</b>	\$ <u>(227,868)</u>	<u>2,528,113</u>	<u>(113,816)</u>	<u>(118,852)</u>	<u>(341,684)</u>	<u>2,409,261</u>

Of the total governmental activities revenues of \$28,390,226, \$3,828,310 (13%) 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, 50% (\$12,195,379) comes from property tax levies and 49% (\$11,920,266) 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**  
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Total revenue decreased by approximately \$1.7 million, or 5%. The decrease took place in property taxes, which decreased due to a decrease amounts that were available to be advanced by the County Auditor; \$1.2 million as of June 30, 2014 compared \$2.5 million as of June 30, 2013. The School District's expenses increased by approximately \$1.1 million, or 4%, due to increases in health insurance premiums and other general inflationary increases. State account coding requirements led to the reclassification of certain expenses from the support staff instructional staff function to the instruction function.

***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 13% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$18,425,034, but program revenue contributed to fund 19% of those costs. Thus, general revenues of \$14,928,514 were used to support of remainder of the instruction costs.

**Governmental Activities**

		<b><u>Total Cost of Services</u></b>	<b><u>Program Revenue</u></b>	<b>Revenues as a % of <u>Total Costs</u></b>	<b><u>Net Cost of Services</u></b>
Instruction	\$	18,425,034	3,496,520	19%	14,928,514
Support services		9,547,588	61,865	1%	9,485,723
Non-instructional services		<u>645,472</u>	<u>269,925</u>	42%	<u>375,547</u>
<b>Total</b>	<b>\$</b>	<b><u>28,618,094</u></b>	<b><u>3,828,310</u></b>	<b><u>13%</u></b>	<b><u>24,789,784</u></b>

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***Business-type Activities***

Net position of the business-type activities decreased by \$113,816, which is comparable to the decrease of \$118,852 experienced in the prior year. The increase in expenses was primarily due to allocating more overhead costs to the preschool program.

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 94% of the costs of Food Services.

<b>Business-Type Activities</b>					
		<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	\$	1,011,951	948,740	94%	63,211
Other enterprise		<u>82,629</u>	<u>9,451</u>	11%	<u>73,178</u>
<b>Total</b>	<b>\$</b>	<b><u>1,094,580</u></b>	<b><u>958,191</u></b>	<b><u>88%</u></b>	<b><u>136,389</u></b>

**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 \$35,854,118, or 95%, of the total governmental assets.

**General Fund.** Fund balance at June 30, 2014 was \$20,421,310, including \$19,428,426 of unassigned balance, which represents 73% of expenditures for fiscal year 2014. The General Fund experienced a decrease in fund balance of \$726,000, compared to fiscal year 2013's increase of \$2.2 million. The decrease in revenues over the prior year of 7% was due to decreases in property taxes available for advance previously discussed.

**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. The revenue estimates were increased by 7% between the original and final budgets due to conservative estimates and changes made to the state foundation funding under the new biennial budget. There were few changes (1% or less) between the final budget and actual results as the School District refined the budget during the fiscal year.

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**CAPITAL ASSET ADMINISTRATION**

**Capital assets.** At June 30, 2014, the School District had \$20,992,754 invested in a broad range of capital assets, including land, buildings, equipment, vehicles and construction in progress. The net increase of about \$1.4 million in the School District's investment in capital assets for the current fiscal year was primarily due to work performed on energy conservation projects, among other additions, net of disposals and depreciation. 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>FY2014</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2013</u>
Land	\$ 490,034	490,034	-	-	490,034	490,034
Construction in progress	1,564,536	147,391	-	-	1,564,536	147,391
Land improvements	735,760	947,006	-	-	735,760	947,006
Buildings and improvements	16,675,821	16,702,928	-	-	16,675,821	16,702,928
Furniture and equipment	898,070	747,799	56,695	65,378	954,765	813,177
Vehicles	571,838	485,114	-	-	571,838	485,114
Total	\$ <u>20,936,059</u>	<u>19,520,272</u>	<u>56,695</u>	<u>65,378</u>	<u>20,992,754</u>	<u>19,585,650</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, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 23,977,871	142,846	24,120,717
Receivables:			
Taxes	13,515,998	-	13,515,998
Intergovernmental	141,088	-	141,088
Interest	13,066	-	13,066
Supplies inventory	-	13,009	13,009
Nondepreciable capital assets	2,054,570	-	2,054,570
Depreciable capital assets, net	<u>18,881,489</u>	<u>56,695</u>	<u>18,938,184</u>
<b>Total assets</b>	<u>58,584,082</u>	<u>212,550</u>	<u>58,796,632</u>
<b>Liabilities:</b>			
Accounts payable	419,756	5,759	425,515
Accrued wages	2,365,634	63,758	2,429,392
Intergovernmental payable	306,326	11,381	317,707
Noncurrent liabilities:			
Due within one year	401,993	3,330	405,323
Due within more than one year	<u>2,317,047</u>	<u>31,976</u>	<u>2,349,023</u>
<b>Total liabilities</b>	<u>5,810,756</u>	<u>116,204</u>	<u>5,926,960</u>
<b>Deferred Inflows of Resources:</b>			
Property taxes levied for next fiscal year	<u>12,117,858</u>	<u>-</u>	<u>12,117,858</u>
<b>Net Position:</b>			
Investment in capital assets	20,936,059	56,695	20,992,754
Restricted for:			
Other purposes	308,551	-	308,551
Unrestricted	<u>19,410,858</u>	<u>39,651</u>	<u>19,450,509</u>
<b>Total net position</b>	<u>\$ 40,655,468</u>	<u>96,346</u>	<u>40,751,814</u>

See accompanying notes to the basic financial statements.



# NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

## Statement of Activities

Year Ended June 30, 2014

	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
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 14,642,355	2,026,757	939,392	\$ (11,676,206)	-	(11,676,206)
Special education	3,743,682	-	530,371	(3,213,311)	-	(3,213,311)
Adult/continuing	38,997	-	-	(38,997)	-	(38,997)
Support services:						
Pupil	1,247,741	-	-	(1,247,741)	-	(1,247,741)
Instructional staff	120,992	-	29,448	(91,544)	-	(91,544)
Board of Education	104,469	-	-	(104,469)	-	(104,469)
Administration	1,722,933	-	-	(1,722,933)	-	(1,722,933)
Fiscal	938,887	-	-	(938,887)	-	(938,887)
Operation and maintenance of plant	3,454,312	-	-	(3,454,312)	-	(3,454,312)
Pupil transportation	1,593,733	-	23,417	(1,570,316)	-	(1,570,316)
Central	364,521	-	9,000	(355,521)	-	(355,521)
Non-instructional services:						
Extracurricular activities	633,045	269,925	-	(363,120)	-	(363,120)
Community service	12,427	-	-	(12,427)	-	(12,427)
Total Governmental Activities	<u>28,618,094</u>	<u>2,296,682</u>	<u>1,531,628</u>	<u>(24,789,784)</u>	<u>-</u>	<u>(24,789,784)</u>
<b>Business-Type Activities:</b>						
Food Service	1,011,951	355,961	592,779	-	(63,211)	(63,211)
Uniform School Supplies	13,168	8,551	-	-	(4,617)	(4,617)
Latchkey	69,461	900	-	-	(68,561)	(68,561)
Total Business-Type Activities	<u>1,094,580</u>	<u>365,412</u>	<u>592,779</u>	<u>-</u>	<u>(136,389)</u>	<u>(136,389)</u>
	\$ <u>29,712,674</u>	<u>2,662,094</u>	<u>2,124,407</u>	<u>(24,789,784)</u>	<u>(136,389)</u>	<u>(24,926,173)</u>
<b>General Revenues:</b>						
Property taxes, levied for general purposes				12,195,379	-	12,195,379
Grants and entitlements not restricted to specific programs				11,920,266	-	11,920,266
Investment earnings				303,537	-	303,537
Miscellaneous				142,734	22,573	165,307
Total general revenues				<u>24,561,916</u>	<u>22,573</u>	<u>24,584,489</u>
Change in net position				(227,868)	(113,816)	(341,684)
Net position beginning of year				40,883,336	210,162	41,093,498
Net position end of year				\$ <u>40,655,468</u>	<u>96,346</u>	<u>40,751,814</u>

See accompanying notes to the basic financial statements.

# NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 22,322,982	1,654,889	23,977,871
Receivables:			
Taxes	13,515,998	-	13,515,998
Accrued interest	13,066	-	13,066
Intergovernmental	-	141,088	141,088
Interfund receivable	2,072	-	2,072
<b>Total assets</b>	<u>35,854,118</u>	<u>1,795,977</u>	<u>37,650,095</u>
<b>Liabilities:</b>			
Accounts payable	300,941	118,815	419,756
Accrued wages and benefits	2,353,180	12,454	2,365,634
Intergovernmental payable	306,326	-	306,326
Interfund payable	-	2,072	2,072
Compensated absences payable	207,393	-	207,393
<b>Total liabilities</b>	<u>3,167,840</u>	<u>133,341</u>	<u>3,301,181</u>
<b>Deferred Inflows of Resources:</b>			
Property taxes levied for next fiscal year	12,117,858	-	12,117,858
Unavailable revenue	147,110	141,088	288,198
<b>Total deferred inflows of resources</b>	<u>12,264,968</u>	<u>141,088</u>	<u>12,406,056</u>
<b>Fund Balances:</b>			
Restricted	-	167,463	167,463
Committed	11,505	-	11,505
Assigned	981,379	1,360,717	2,342,096
Unassigned (deficit)	19,428,426	(6,632)	19,421,794
<b>Total fund balances</b>	<u>20,421,310</u>	<u>1,521,548</u>	<u>21,942,858</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 35,854,118</u>	<u>1,795,977</u>	<u>37,650,095</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2014

<b>Total Governmental Fund Balances</b>	\$ 21,942,858
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.	20,936,059
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	288,198
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,511,647)</u>
Net Position of Governmental Activities	\$ <u>40,655,468</u>

## NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

### Statement of Revenues, Expenditures, and Changes in Fund Balances

#### Governmental Funds

Year Ended June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 12,212,838	-	12,212,838
Tuition and fees	2,026,757	-	2,026,757
Interest	296,794	-	296,794
Intergovernmental	12,095,379	1,316,607	13,411,986
Other local revenues	132,097	284,845	416,942
<b>Total revenues</b>	<u>26,763,865</u>	<u>1,601,452</u>	<u>28,365,317</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	13,760,993	679,324	14,440,317
Special education	3,249,460	492,472	3,741,932
Adult/continuing	38,997	-	38,997
Support services:			
Pupil	1,247,741	-	1,247,741
Instructional staff	96,907	26,461	123,368
Board of Education	104,469	-	104,469
Administration	1,635,840	-	1,635,840
Fiscal	934,241	-	934,241
Operation and maintenance of plant	3,073,316	-	3,073,316
Pupil transportation	1,660,335	9,976	1,670,311
Central	356,949	9,000	365,949
Non-instructional services:			
Extracurricular activities	329,876	258,178	588,054
Community service	426	12,001	12,427
Capital outlay	-	2,282,852	2,282,852
<b>Total expenditures</b>	<u>26,489,550</u>	<u>3,770,264</u>	<u>30,259,814</u>
Excess of revenues over (under) expenditures	<u>274,315</u>	<u>(2,168,812)</u>	<u>(1,894,497)</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	1,000,000	1,000,000
Transfers out	(1,000,000)	-	(1,000,000)
<b>Total other financing sources (uses):</b>	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>-</u>
Change in fund balance	(725,685)	(1,168,812)	(1,894,497)
Fund balance, beginning of year	21,146,995	2,690,360	23,837,355
Fund balance, end of year	\$ <u>20,421,310</u>	<u>1,521,548</u>	<u>21,942,858</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, 2014

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**Net Change in Fund Balances - Total Governmental Funds** \$ (1,894,497)

Amounts reported for governmental activities in the statement 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	2,840,241
Depreciation expense	(1,420,171)

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.	221,650
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Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds.	29,192
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In the statement of activities, only the loss on the sale of capital assets is reported, while only proceeds from the sale of assets are reported in the funds.	<u>(4,283)</u>
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Change in Net Position of Governmental Activities	\$ <u>(227,868)</u>
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# NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

## Statement of Net Position

### Proprietary Funds

June 30, 2014

	<u>Nonmajor Enterprise Funds</u>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and investments	\$ 142,846
Supplies inventory	<u>13,009</u>
Total current assets	<u>155,855</u>
Noncurrent assets:	
Capital assets, net	<u>56,695</u>
<b>Total assets</b>	<u>212,550</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	5,759
Accrued wages	63,758
Intergovernmental payable	11,381
Compensated absences payable	<u>3,330</u>
Total current liabilities	<u>84,228</u>
Noncurrent liabilities:	
Compensated absences payable	<u>31,976</u>
<b>Total liabilities</b>	<u>116,204</u>
<b>Net Position:</b>	
Investment in capital assets	56,695
Unrestricted	<u>39,651</u>
<b>Total net position</b>	<u>\$ 96,346</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, 2014

	<u>Nonmajor Enterprise Funds</u>
<b>Operating revenues:</b>	
Charges for services	\$ 365,412
Other operating revenues	<u>22,573</u>
<b>Total operating revenues</b>	<u>387,985</u>
<b>Operating expenses:</b>	
Salaries and wages	343,747
Fringe benefits	187,891
Contractual services	73,711
Materials and supplies	478,610
Depreciation	10,495
Other expenses	<u>126</u>
<b>Total operating expenses</b>	<u>1,094,580</u>
Operating loss	(706,595)
<b>Nonoperating revenues:</b>	
Federal and state grants	592,738
Interest income	<u>41</u>
<b>Total nonoperating revenues</b>	<u>592,779</u>
Change in net position	(113,816)
Net position, beginning of year	<u>210,162</u>
Net position, end of year	\$ <u><u>96,346</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, 2014

	<u>Nonmajor Enterprise Funds</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 367,243
Cash received from other operating sources	22,573
Cash payments for personal services	(540,638)
Cash payments for contract services	(72,025)
Cash payments for supplies and materials	(447,651)
Cash payments for other expenses	<u>(126)</u>
Net cash used by operating activities	<u>(670,624)</u>
<b>Cash flows from noncapital financing activities:</b>	
Interfund loan (repayment)	(1,728)
Cash received from federal and state grants	<u>554,085</u>
Net cash provided by noncapital financing activities	<u>552,357</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	<u>(1,812)</u>
<b>Cash flows from investing activities:</b>	
Investment income	<u>41</u>
Net change in cash and cash equivalents	(120,038)
Cash and cash equivalents at beginning of year	<u>262,884</u>
Cash and cash equivalents at end of year	\$ <u>142,846</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	(706,595)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	10,495
Donated commodities used	38,653
Changes in assets and liabilities:	
Accounts receivable	1,831
Accounts payable	(6,255)
Supplies inventory	247
Accrued wages and benefits	(4,460)
Intergovernmental payable	(1,347)
Compensated absences payable	<u>(3,193)</u>
Net cash used by operating activities	\$ <u>(670,624)</u>

See accompanying notes to the basic financial statements.



# NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

## Statement of Net Position

Fiduciary Funds

June 30, 2014

		Private Purpose Trusts	Agency Funds
<b>ASSETS</b>			
Equity in pooled cash and investments	\$	<u>47,926</u>	<u>67,580</u>
Total assets		<u><u>47,926</u></u>	<u><u>67,580</u></u>
<b>LIABILITIES</b>			
Due to student groups		<u>-</u>	<u>67,580</u>
Total liabilities		<u>-</u>	<u><u>67,580</u></u>
<b>NET POSITION</b>			
Held in trust	\$	<u><u>47,926</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, 2014

	<u>Private- Purpose Trusts</u>
<b>Additions:</b>	
Contributions	\$ 12,827
Interest	<u>16</u>
Total additions	<u>12,843</u>
<b>Deductions:</b>	
Community gifts, awards and scholarships	<u>16,069</u>
Total deductions	<u>16,069</u>
Change in net position	(3,226)
Net position, beginning of year	<u>51,152</u>
Net position, end of year	\$ <u><u>47,926</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, 2014**

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**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, 2014

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### 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, current liabilities and deferred inflows of resources 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, 2014

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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, liabilities and deferred inflows of resources 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, 2014

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### 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, 2014

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***Deferred Inflows of Resources.*** In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Receivables for property taxes represent amounts that are measurable as of June 30, 2014, but are intended to finance 2015 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represents receivables that will not be collected within the available period (sixty days after fiscal year-end).

### **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 2014, 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, 2014.

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, 2014 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.

**NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2014**

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**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.

**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.



# NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

## Notes to the Basic Financial Statements

Year Ended June 30, 2014

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### 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.

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.

## NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

### Notes to the Basic Financial Statements

Year Ended June 30, 2014

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**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.

**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, liabilities and deferred inflows of resources. 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.

# NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

## Notes to the Basic Financial Statements

Year Ended June 30, 2014

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### 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.

## 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;

## NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

### Notes to the Basic Financial Statements

Year Ended June 30, 2014

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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;
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, \$1,355,317 of the School District's bank balance of \$9,125,506 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, 2014**

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Investments

The School District's investments at June 30, 2014 are as summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity Years</u>	<u>Concentration of Credit Risk</u>
FNMA	\$ 6,100,170	3.42	39.4%
FHLMC	3,129,361	3.43	20.3%
Star Ohio	6,155,468	n/a	39.8%
US Money Market	82,593	n/a	0.5%
	<u>\$ 15,467,592</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, 2014**

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### **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 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of the prior January 1, 2013, 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 2014 represent collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013 and are collected in calendar year 2014 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, 2014 are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes, which became measurable as of June 30, 2014. 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 inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2014, was \$1,258,200 in the General Fund.

**NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2014**

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

	<u>2013 Second- Half Collections</u>		<u>2014 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 349,287,870	64.44%	350,865,480	63.12%
Public Utility	<u>192,764,630</u>	35.56%	<u>205,012,760</u>	36.88%
Total Assessed Value	\$ <u>542,052,500</u>	100.00%	<u>555,878,240</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, 2014 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	\$ 2,072	-	-	1,000,000
Other Governmental Funds	<u>-</u>	<u>2,072</u>	<u>1,000,000</u>	<u>-</u>
	\$ <u>2,072</u>	<u>2,072</u>	<u>1,000,000</u>	<u>1,000,000</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, 2014**

**5. CAPITAL ASSETS**

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

	Balance 7/1/13	Additions	Disposals	Balance 6/30/14
<b>Governmental Activities</b>				
<b>Nondepreciable:</b>				
Land	\$ 490,034	-	-	490,034
Construction in progress	147,391	1,564,536	(147,391)	1,564,536
Subtotal	<u>637,425</u>	<u>1,564,536</u>	<u>(147,391)</u>	<u>2,054,570</u>
<b>Depreciable:</b>				
Land improvements	3,447,286	4,141	(3,655)	3,447,772
Buildings and improvements	36,516,541	850,106	-	37,366,647
Vehicles	2,264,814	216,929	(31,500)	2,450,243
Equipment and furniture	3,187,727	351,920	(13,002)	3,526,645
Subtotal	<u>45,416,368</u>	<u>1,423,096</u>	<u>(48,157)</u>	<u>46,791,307</u>
Totals at historical cost	<u>46,053,793</u>	<u>2,987,632</u>	<u>(195,548)</u>	<u>48,845,877</u>
Less accumulated depreciation:				
Land improvements	2,500,280	213,982	(2,250)	2,712,012
Buildings and improvements	19,813,613	877,213	-	20,690,826
Vehicles	1,779,700	130,205	(31,500)	1,878,405
Equipment and furniture	2,439,928	198,771	(10,124)	2,628,575
Total accumulated depreciation	<u>26,533,521</u>	<u>1,420,171</u>	<u>(43,874)</u>	<u>27,909,818</u>
Capital assets, net	<u>\$ 19,520,272</u>	<u>1,567,461</u>	<u>(151,674)</u>	<u>20,936,059</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 716,710
Special education	1,750
Support services:	
Instructional staff	2,389
Administration	91,105
Fiscal	9,249
Operation and maintenance of plant	394,906
Pupil transportation	158,510
Central	561
Extracurricular activities	<u>44,991</u>
Total depreciation expense	<u>\$ 1,420,171</u>



**NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2014**

	Balance 7/1/13	Additions	Disposals	Balance 6/30/14
<b><i>Business-type Activities:</i></b>				
Furniture and equipment	\$ 481,428	1,812	(3,840)	479,400
Less accumulated depreciation	416,050	10,495	(3,840)	422,705
Capital assets, net	\$ 65,378	(8,683)	-	56,695

Depreciation expense of \$10,495 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.

## **NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements**

**Year Ended June 30, 2014**

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## **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](http://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, 2014, 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, 2014, 2013, and 2012 were \$527,000, \$514,000, and \$519,000, 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](http://www.strsoh.org).

## **NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements**

**Year Ended June 30, 2014**

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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 31<sup>st</sup> 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, 2014**

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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 11% 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 11% for members and 14% for employers. The School District's required contributions to STRS Ohio for fiscal years ended June 30, 2014, 2013, and 2012 were approximately \$1,583,000, \$1,557,000, and \$1,603,000, respectively; 80% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012. The unpaid contribution for fiscal year 2014 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, 2014

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#### 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, 2014, 2013, and 2012. 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, 2014, 2013, and 2012 were approximately \$113,000, \$111,000, and \$115,000, respectively; 80% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

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 2014 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, 2014

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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 2014, the actuarially required allocation was 0.76%. The School District contributions for fiscal years ended June 30, 2014, 2013, and 2012 were approximately \$29,000, \$27,000, and \$28,000, 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, 2014, the health care allocation was 0.14%. 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 2014, the minimum compensation level was established at \$20,250. 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, 2014, 2013, and 2012 were approximately \$5,000, \$6,000, and \$20,000, 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, 2014**

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**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 2014 were as follows:

	Principal Outstanding 7/1/13	Additions	Reductions	Principal Outstanding 6/30/14	Amounts Due in One Year
<b><i>Governmental Activities:</i></b>					
Compensated absences	\$ 2,812,524	187,567	(281,051)	2,719,040	401,993
<b><i>Business-type Activities:</i></b>					
Compensated absences	\$ 38,499	1,302	(4,495)	35,306	3,330

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, 2014**

**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
<b><i>Restricted for</i></b>			
Athletics	\$ -	143,919	143,919
Preschool Special Education	-	9,962	9,962
Disadvantaged Children	-	6,344	6,344
Teacher Quality	-	167	167
Other Purposes	-	5,039	5,039
Miscellaneous Federal Grants	-	2,032	2,032
<b><i>Total Restricted</i></b>	<b><u>-</u></b>	<b><u>167,463</u></b>	<b><u>167,463</u></b>
<b><i>Committed to</i></b>			
Underground Storage Tanks	<u>11,505</u>	<u>-</u>	<u>11,505</u>
<b><i>Assigned to</i></b>			
Capital Improvements	-	1,360,717	1,360,717
Encumbrances	918,997	-	918,997
Other Purposes	<u>62,382</u>	<u>-</u>	<u>62,382</u>
<b><i>Total Assigned</i></b>	<b><u>981,379</u></b>	<b><u>1,360,717</u></b>	<b><u>2,342,096</u></b>
<b><i>Unassigned (Deficit)</i></b>	<b><u>19,428,426</u></b>	<b><u>(6,632)</u></b>	<b><u>19,421,794</u></b>
<b><i>Total Fund Balance</i></b>	<b>\$ <u>20,421,310</u></b>	<b><u>1,521,548</u></b>	<b><u>21,942,858</u></b>

At June 30, 2014, the following funds had a deficit fund balance:

Public Preschool Fund	\$ 4,560
Miscellaneous State Grants Fund	2,072

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.



## **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, 2014

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### *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, 2014, 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, 2014 were:

General Fund	\$	1,209,773
Nonmajor Governmental Funds		491,506
Nonmajor Enterprise Funds		<u>9,254</u>
	\$	<u><u>1,710,533</u></u>

**NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2014**

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**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, 2013	\$ -
Current year set-aside requirement	401,860
Current year qualifying expenditures	<u>(3,555,074)</u>
Total	<u>(3,153,214)</u>
Set-aside reserve balance as of June 30, 2014	\$ <u>-</u>

**17. CHANGE IN ACCOUNTING PRINCIPLES**

The School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASB Statement No. 65 reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses/expenditures) or inflows of resources (revenues). GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. GASB Statement No. 70 provides consistent reporting and disclosure requirements by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees.

The implementation of GASB Statements No. 66 and No. 70 did not have an effect on the financial statements of the School District. The implementation of GASB Statement No. 65 required the reclassification of deferred revenues to deferred inflows of resources.

## 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, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Taxes	\$ 12,825,721	13,416,438	13,416,438	-
Tuition and fees	1,563,753	1,941,329	1,941,329	-
Interest	100,000	144,678	158,663	13,985
Intergovernmental	11,360,328	12,095,379	12,095,379	-
Other local revenues	93,087	233,820	233,820	-
<b>Total revenues</b>	<u>25,942,889</u>	<u>27,831,644</u>	<u>27,845,629</u>	<u>13,985</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	12,997,482	13,952,043	13,946,467	5,576
Special education	3,480,181	3,410,988	3,385,032	25,956
Other instruction	9,743	42,853	42,853	-
Support services:				
Pupil	1,365,574	1,209,372	1,209,372	-
Instructional staff	1,030,265	234,006	234,006	-
Board of Education	212,418	115,441	115,441	-
Administration	1,669,018	1,648,752	1,648,752	-
Fiscal	611,602	1,021,462	1,031,868	(10,406)
Operation and maintenance of plant	3,699,476	3,505,820	3,505,820	-
Pupil transportation	1,986,182	1,684,456	1,678,456	6,000
Central	372,549	376,711	376,711	-
Non-instructional services:				
Extracurricular activities	322,170	310,775	310,775	-
Community service	3,505	426	426	-
Capital outlay	550,384	-	-	-
<b>Total expenditures</b>	<u>28,310,549</u>	<u>27,513,105</u>	<u>27,485,979</u>	<u>27,126</u>
Excess of revenues over expenditures	(2,367,660)	318,539	359,650	41,111
<b>Other financing sources (uses):</b>				
Transfers in	2,959,494	3,223,841	3,223,841	-
Transfers out	(2,800,000)	(4,223,841)	(4,223,841)	-
Advances in	68,355	68,445	68,445	-
Advances out	-	(2,072)	(2,072)	-
Other uses	-	(69,827)	(69,827)	-
Other sources	-	37,282	37,282	-
<b>Total other financing sources (uses):</b>	<u>227,849</u>	<u>(966,172)</u>	<u>(966,172)</u>	<u>-</u>
Net change in fund balance	(2,139,811)	(647,633)	(606,522)	41,111
Fund balance, beginning of year	19,956,117	19,956,117	19,956,117	
Prior year encumbrances appropriated	1,369,750	1,369,750	1,369,750	
Fund balance, end of year	\$ <u>19,186,056</u>	<u>20,678,234</u>	<u>20,719,345</u>	

See accompanying notes to required supplementary information.

# NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to Required Supplementary Information

Year Ended June 30, 2014

## 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	\$ (725,685)
Increase / (decrease):	
Due to inclusion of Public School Support Fund	(4,110)
Due to revenues	1,104,942
Due to expenditures	194,276
Due to other sources (uses)	33,828
Due to encumbrances	<u>(1,209,773)</u>
Net change in fund balance - Budget Basis	\$ <u>(606,522)</u>

**NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014

<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	2014	10.555	\$ 38,653	38,653
<i>Cash Assistance</i>				
School Breakfast Program	2014	10.553	105,811	105,811
National School Lunch Program	2014	10.555	408,635	408,635
Summer Food Service Program for Children	2014	10.559	26,207	26,207
<i>Cash Assistance Subtotal</i>			<u>540,653</u>	<u>540,653</u>
Nutrition Cluster Total			<u>579,306</u>	<u>579,306</u>
Total U.S. Department of Agriculture			<u>579,306</u>	<u>579,306</u>
<u>U.S. Department of Education:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Title I Grants to Local Educational Agencies	2013	84.010	118,121	63,369
Title I Grants to Local Educational Agencies	2014	84.010	479,125	468,353
			<u>597,246</u>	<u>531,722</u>
Special Education Cluster				
Special Education - Preschool Grants	2014	84.173	9,962	-
Special Education - Grants to States	2014	84.027	492,472	492,472
Special Education Cluster Total			<u>502,434</u>	<u>492,472</u>
Improving Teacher Quality State Grants	2013	84.367	25,473	23,419
Improving Teacher Quality State Grants	2014	84.367	115,845	115,678
			<u>141,318</u>	<u>139,097</u>
Rural Education	2014	84.358	39,066	36,435
Total U.S. Department of Education			<u>1,280,064</u>	<u>1,199,726</u>
Total Federal Awards			\$ <u>1,859,370</u>	<u>1,779,032</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, 2014, 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 12, 2014, wherein we noted the School District adopted Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

**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.

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## **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 12, 2014



## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133**

### **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, 2014. 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, 2014.

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## 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 12, 2014

**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>Special Education Cluster:</i>	
<i>CFDA 84.027 – Special Education Grants to States</i>	
<i>CFDA 84.173 – Special Education Preschool Grants</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

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# 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  
FEBRUARY 10, 2015**