NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Basic Financial Statements

Year Ended June 30, 2015

With Independent Auditors' Report

Clark Schaefer Hackett
STRENGTH IN NUMBERS

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, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

February 19, 2016

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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, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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.

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, 2015, 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, 2015, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to 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, the schedules of proportionate share of net pension liability, schedules of contributions and the budgetary comparison information, as listed in the tables of contents, 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 8, 2015 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 8, 2015

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, 2015. 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 2015 are listed below:

- ✓ The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at year-end by approximately $4.4 million.
- ✓ In total, net position increased by approximately $471,000.
- ✓ The School District had $29.5 million in expenses related to governmental activities; $4.0 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of approximately $26.0 million made up primarily of property taxes and State Foundation payments was used to provide for these programs.
- ✓ The General Fund balance increased by approximately $1,216,000 to $21.6 million at June 30, 2015.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these 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).

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.

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 and pensions.

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, 2015 and 2014:

		Governmental Activities		Business-Type Activities		Total	
		FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Current and other assets	$	37,535,024	37,648,023	173,391	155,855	37,708,415	37,803,878
Capital assets		20,035,015	20,936,059	46,753	56,695	20,081,768	20,992,754
Total assets		57,570,039	58,584,082	220,144	212,550	57,790,183	58,796,632
Deferred outflows of resources		2,586,310	2,002,353	73,457	61,928	2,659,767	2,064,281
Long-term liabilities:							
Net pension liability		31,720,048	37,682,003	981,033	1,165,423	32,701,081	38,847,426
Other long-term liabilities		2,523,763	2,719,040	42,493	35,306	2,566,256	2,754,346
Other liabilities		3,217,574	3,091,716	84,678	80,898	3,302,252	3,172,614
Total liabilities		37,461,385	43,492,759	1,108,204	1,281,627	38,569,589	44,774,386
Deferred inflows of resources		17,263,316	12,117,858	177,037	-	17,440,353	12,117,858
Net position:							
Investment in capital assets		20,035,015	20,936,059	46,753	56,695	20,081,768	20,992,754
Restricted:							
Other purposes		521,126	308,551	-	-	521,126	308,551
Unrestricted (deficit)		(15,124,493)	(16,268,792)	(1,038,393)	(1,063,844)	(16,162,886)	(17,332,636)
Total net position	$	5,431,648	4,975,818	(991,640)	(1,007,149)	4,440,008	3,968,669

During 2015, the School District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $40,655,468 to $4,975,818 for governmental activities and from a positive balance of $96,346 to a deficit balance of $1,007,149 for business-type activities.

The largest portion of the School District's net position is in 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 ($521,126) represents resources that are subject to external restrictions on how they may be used.

Primarily as a result of implementing GASB 68, the School District's unrestricted net position ended the fiscal year with a total deficit balance of $16.2 million.

Total assets decreased by approximately $1.0 million, or 1.7%. The significant decrease took place in capital assets, which decreased by approximately $911,000 due to a decrease in additions, as several projects that were in progress during fiscal year 2014 were completed and put into service during fiscal year 2015. Current and other assets decreased due to a decrease in anticipated property tax collections, with the Beckjord electric plant closing in September 2014.

Total liabilities, excluding net pension liability, only decreased by approximately $58,000, or less than 1%. The decrease in net pension liability of $6.1 million was due to State-legislated pension system reforms, such as phased in increases in employee contribution rates and changes in age and service requirements for retirement, that are being implemented over the next several years.

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, 2015 and 2014:

	Governmental Activities		Business-Type Activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Revenues:						
Program revenues:						
Charges for services and sales	$ 2,571,434	2,296,682	373,744	365,412	2,945,178	2,662,094
Operating grants and contributions	1,402,218	1,531,628	628,064	592,779	2,030,282	2,124,407
Total program revenues	3,973,652	3,828,310	1,001,808	958,191	4,975,460	4,786,501
General revenues:						
Property taxes	13,553,827	12,195,379	-	-	13,553,827	12,195,379
Grants and entitlements	11,944,833	11,920,266	-	-	11,944,833	11,920,266
Investment earnings	230,319	303,537	-	-	230,319	303,537
Miscellaneous	287,465	142,734	25,026	22,573	312,491	165,307
Total general revenues	26,016,444	24,561,916	25,026	22,573	26,041,470	24,584,489
Total revenues	29,990,096	28,390,226	1,026,834	980,764	31,016,930	29,370,990
Expenses:						
Instruction	18,692,855	18,425,034	-	-	18,692,855	18,425,034
Support services:						
Pupil	950,987	1,247,741	-	-	950,987	1,247,741
Instructional staff	252,211	120,992	-	-	252,211	120,992
Board of Education	665,336	104,469	-	-	665,336	104,469
Administration	1,712,114	1,722,933			1,712,114	1,722,933
Fiscal	929,240	938,887	-	-	929,240	938,887
Operation and maintenance of plant	3,634,676	3,454,312	-	-	3,634,676	3,454,312
Pupil transportation	1,721,127	1,593,733	-	-	1,721,127	1,593,733
Central	363,783	364,521	-	-	363,783	364,521
Non-instructional services	611,937	645,472	-	-	611,937	645,472
Food services	-	-	989,505	1,011,951	989,505	1,011,951
Other enterprise	-	-	21,820	82,629	21,820	82,629
Total expenses	29,534,266	28,618,094	1,011,325	1,094,580	30,545,591	29,712,674
Change in net position	455,830	(227,868)	15,509	(113,816)	471,339	(341,684)
Net position beginning of year	4,975,818	40,883,336	(1,007,149)	210,162	3,968,669	41,093,498
Cumulative effect to implement GASB Statement No. 68	-	(35,679,650)	-	(1,103,495)	-	(36,783,145)
Net position end of year	$ 5,431,648	4,975,818	(991,640)	(1,007,149)	4,440,008	3,968,669

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $2,064,281 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred outflows and inflows of resources. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $1,511,675. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2015 program expenses under GASB 68	$ 29,534,266	1,011,325
Pension expense under GASB 68	(1,466,325)	(45,350)
2015 contractually required contributions	2,288,020	64,232
Adjusted 2015 program expenses	30,355,961	1,030,207
Total 2014 program expenses under GASB 27	28,618,094	1,094,580
Increase (decrease) in program expenses not related to pension	$ 1,737,867	(64,373)

Of the total governmental activities revenues of $29,990,096, $3,973,652 (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, 52% ($13,553,827) comes from property tax levies and 46% ($11,944,833) is from state funding. The School District's operations are reliant upon its property tax levy and the state's foundation program.

Total revenue increased by approximately $1.6 million, or 5%. Property tax revenue increased due to lower amounts available to be advanced by the County Auditor during fiscal year 2014. Additionally, tuition revenue increased due to increase in open enrollments and billings for excess and catastrophic costs.

Total School District's expenses, as adjusted above, increased by approximately $1.7 million, or 6%, due to increases in health insurance premiums and other general inflationary increases. Additionally, instruction expenses were up during the fiscal year due to bonuses awarded to teaching staff and contracted salary step increases. The Board of Education expenses increased due to a one-time termination payment incurred to change insurance consortiums. We anticipate coming out ahead within two to three years, as our current insurance consortium took our rates down 7%, while the previous consortium was proposing a 10% increase.

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. Support services costs were $10,229,474, but program revenue contributed to fund $17,220 of those costs. Thus, general revenues of $10,212,254 were used to support of remainder of the support services costs.

Governmental Activities

		Total Cost of Services	Program Revenue	Revenues as a % of Total Costs	Net Cost of Services
Instruction	$	18,692,855	3,757,028	20%	14,935,827
Support services		10,229,474	17,220	0%	10,212,254
Non-instructional services		611,937	199,404	33%	412,533
Total	$	29,534,266	3,973,652	13%	25,560,614

Business-type Activities

Net position of the business-type activities increased by $15,509, compared to the decrease of $113,816 experienced in the prior year. The decrease in expenses was primarily due to purchasing a bulk of supplies for the Preschool program in fiscal year 2014 that carried into fiscal year 2015. We anticipate expenses to increase in fiscal year 2016 to replenish supplies.

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 100% of the costs of Food Services.

Business-Type Activities

		Total Cost of Services	Program Revenue	Revenues as a % of Total Costs	Net Cost (Revenue) of Services
Food services	$	989,505	988,589	100%	916
Other enterprise		21,820	13,219	61%	8,601
Total	$	1,011,325	1,001,808	99%	9,517

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 $36,602,491, or 97%, of the total governmental assets.

***General Fund*.** Fund balance at June 30, 2015 was $21,637,460, including $20,303,968 of unassigned balance, which represents 75% of expenditures for fiscal year 2015. The General Fund experienced an increase in fund balance of $1,216,150. The increase in revenues over the prior year of 6% was due to increases in property taxes available for advance from the County Auditor at year-end. While expenditures increased by $752,128, for similar reasons previously discussed for governmental activities, the General Fund had no transfers during fiscal year 2015, compared to a $1 million transfer out made during fiscal year 2014 to fund capital improvement.

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 held constant between the original and final budgets, while actual revenues came in higher by $475,633, primarily due to increases in tuition received for open enrollment and excess and catastrophic cost billings. The School District increased its appropriations during the year to budget bonuses and step increases, but was able to come within $1,249,960 under budget.

CAPITAL ASSET ADMINISTRATION

Capital assets. At June 30, 2015, the School District had $20,081,768 invested in a broad range of capital assets, including land, buildings, equipment, vehicles and construction in progress. The net decrease of about $911,000 in the School District's investment in capital assets for the current fiscal year was primarily due to completion of work performed on energy conservation projects. See Note 5 to the financial statements for more detail.

Capital Asset at Year-End
(Net of Depreciation)

		Governmental Activities		Business-Type Activities		Total	
		FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Land	$	490,034	490,034	-	-	490,034	490,034
Construction in progress		-	1,564,536	-	-	-	1,564,536
Land improvements		606,537	735,760	-	-	606,537	735,760
Buildings and improvements		17,777,781	16,675,821	-	-	17,777,781	16,675,821
Furniture and equipment		433,641	898,070	46,753	56,695	480,394	954,765
Vehicles		727,022	571,838	-	-	727,022	571,838
Total	$	20,035,015	20,936,059	46,753	56,695	20,081,768	20,992,754

ECONOMIC FACTORS

The Beckjord power station located within the School District closed in September 2014. With the closure, the School District anticipates losing an additional $1.6 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 to the extent possible, while preserving its reserves of approximately $22 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, 2015

		Governmental Activities	Business-Type Activities	Total
Assets:				
Equity in pooled cash and investments	$	24,196,614	113,492	24,310,106
Receivables:				
Taxes		12,968,034	-	12,968,034
Accounts		7,891	1,259	9,150
Intergovernmental		360,193	48,341	408,534
Interest		2,292	-	2,292
Supplies inventory		-	10,299	10,299
Nondepreciable capital assets		490,034	-	490,034
Depreciable capital assets, net		19,544,981	46,753	19,591,734
Total assets		57,570,039	220,144	57,790,183
Deferred Outflows of Resources:				
Pensions		2,586,310	73,457	2,659,767
Liabilities:				
Accounts payable		269,678	1,295	270,973
Accrued wages		2,488,433	68,453	2,556,886
Intergovernmental payable		459,463	14,930	474,393
Noncurrent liabilities:				
Due within one year		418,243	2,389	420,632
Due within more than one year				
Net pension liability		31,720,048	981,033	32,701,081
Other amounts due more than one year		2,105,520	40,104	2,145,624
Total liabilities		37,461,385	1,108,204	38,569,589
Deferred Inflows of Resources:				
Property taxes levied for next fiscal year		11,539,099	-	11,539,099
Pensions		5,724,217	177,037	5,901,254
Total deferred inflows of resources		17,263,316	177,037	17,440,353
Net Position:				
Investment in capital assets		20,035,015	46,753	20,081,768
Restricted for:				
Other purposes		521,126	-	521,126
Unrestricted (deficit)		(15,124,493)	(1,038,393)	(16,162,886)
Total net position	$	5,431,648	(991,640)	4,440,008

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2015

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities:						
Instruction:						
Regular	$ 14,770,825	2,372,030	860,574	$ (11,538,221)	-	(11,538,221)
Special education	3,876,319	-	524,424	(3,351,895)	-	(3,351,895)
Adult/continuing	45,711	-	-	(45,711)	-	(45,711)
Support services:						
Pupil	950,987	-	-	(950,987)	-	(950,987)
Instructional staff	252,211	-	-	(252,211)	-	(252,211)
Board of Education	665,336	-	-	(665,336)	-	(665,336)
Administration	1,712,114	-	-	(1,712,114)	-	(1,712,114)
Fiscal	929,240	-	-	(929,240)	-	(929,240)
Operation and maintenance of plant	3,634,676	-	-	(3,634,676)	-	(3,634,676)
Pupil transportation	1,721,127	-	8,220	(1,712,907)	-	(1,712,907)
Central	363,783	-	9,000	(354,783)	-	(354,783)
Non-instructional services:						
Extracurricular activities	607,354	199,404	-	(407,950)	-	(407,950)
Community service	4,583	-	-	(4,583)	-	(4,583)
Total Governmental Activities	29,534,266	2,571,434	1,402,218	(25,560,614)	-	(25,560,614)
Business-Type Activities:						
Food Service	989,505	360,525	628,064	-	(916)	(916)
Uniform School Supplies	8,450	13,219	-	-	4,769	4,769
Latchkey	13,370	-	-	-	(13,370)	(13,370)
Total Business-Type Activities	1,011,325	373,744	628,064	-	(9,517)	(9,517)
	$ 30,545,591	2,945,178	2,030,282	(25,560,614)	(9,517)	(25,570,131)
General Revenues:						
Property taxes, levied for general purposes				13,553,827	-	13,553,827
Grants and entitlements not restricted to specific programs				11,944,833	-	11,944,833
Investment earnings				230,319	-	230,319
Miscellaneous				287,465	25,026	312,491
Total general revenues				26,016,444	25,026	26,041,470
Change in net position				455,830	15,509	471,339
Net position beginning of year, *restated*				4,975,818	(1,007,149)	3,968,669
Net position end of year				$ 5,431,648	(991,640)	4,440,008

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2015

		General	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	$	23,323,626	872,988	24,196,614
Receivables:				
Taxes		12,968,034	-	12,968,034
Accounts		7,891	-	7,891
Accrued interest		2,292	-	2,292
Intergovernmental		-	360,193	360,193
Interfund receivable		300,648	-	300,648
Total assets		36,602,491	1,233,181	37,835,672
Liabilities:				
Accounts payable		236,587	33,091	269,678
Accrued wages and benefits		2,383,524	104,909	2,488,433
Intergovernmental payable		459,463	-	459,463
Interfund payable		-	300,648	300,648
Compensated absences payable		198,331	-	198,331
Total liabilities		3,277,905	438,648	3,716,553
Deferred Inflows of Resources:				
Property taxes levied for next fiscal year		11,539,099	-	11,539,099
Unavailable revenue		148,027	360,193	508,220
Total deferred inflows of resources		11,687,126	360,193	12,047,319
Fund Balances:				
Restricted		-	160,933	160,933
Committed		11,505	-	11,505
Assigned		1,321,987	673,964	1,995,951
Unassigned (deficit)		20,303,968	(400,557)	19,903,411
Total fund balances		21,637,460	434,340	22,071,800
Total liabilities, deferred inflows of resources and fund balances	$	36,602,491	1,233,181	37,835,672

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2015

Total Governmental Fund Balances		$	22,071,800
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.			20,035,015
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			508,220
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.			(2,325,432)
The net pension liability is not due and payable in the current period therefore, the liability and related deferred outflows and inflows of resources are not reported in the governmental funds:			
Deferred outflows - pensions	2,586,310		
Deferred inflows - pensions	(5,724,217)		
Net pension liability	(31,720,048)		
Total			(34,857,955)
Net Position of Governmental Activities		$	5,431,648

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 13,548,032	-	13,548,032
Tuition and fees	2,372,030	-	2,372,030
Interest	235,197	-	235,197
Intergovernmental	12,081,747	1,046,199	13,127,946
Other local revenues	220,822	266,047	486,869
Total revenues	28,457,828	1,312,246	29,770,074
Expenditures:			
Current:			
Instruction:			
Regular	13,905,015	903,730	14,808,745
Special education	3,409,730	542,393	3,952,123
Adult/continuing	47,126	-	47,126
Support services:			
Pupil	976,665	5,000	981,665
Instructional staff	255,799	1,247	257,046
Board of Education	666,259	-	666,259
Administration	1,700,569	-	1,700,569
Fiscal	939,718	-	939,718
Operation and maintenance of plant	3,027,399	2,933	3,030,332
Pupil transportation	1,583,405	8,092	1,591,497
Central	366,208	9,000	375,208
Non-instructional services:			
Extracurricular activities	359,202	221,476	580,678
Community service	4,583	-	4,583
Capital outlay	-	705,583	705,583
Total expenditures	27,241,678	2,399,454	29,641,132
Change in fund balance	1,216,150	(1,087,208)	128,942
Fund balance, beginning of year	20,421,310	1,521,548	21,942,858
Fund balance, end of year	$ 21,637,460	434,340	22,071,800

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, 2015

Net Change in Fund Balances - Total Governmental Funds	$	128,942
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 asset additions		529,572
Depreciation expense		(1,430,616)
Some expenses reported in the statement of activities do not required the use current financial resources and therefore are not reported as expenditures in governmental funds.		186,215
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds.		220,022
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		2,288,020
Except for amounts reported as deferred outflows or inflows of resources, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,466,325)
Change in Net Position of Governmental Activities	$	455,830

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Position
Proprietary Funds
June 30, 2015

		Food Service	Nonmajor Enterprise Funds	Total Enterprise Funds
Assets:				
Current assets:				
Equity in pooled cash and investments	$	95,303	18,189	113,492
Receivables:				
Accounts		1,259	-	1,259
Intergovernmental		48,341	-	48,341
Supplies inventory		10,299	-	10,299
Total current assets		155,202	18,189	173,391
Noncurrent assets:				
Capital assets, net		46,753	-	46,753
Total assets		201,955	18,189	220,144
Deferred Outflows of Resources:				
Pensions		73,457	-	73,457
Liabilities:				
Current liabilities:				
Accounts payable		1,295	-	1,295
Accrued wages		68,453	-	68,453
Intergovernmental payable		14,930	-	14,930
Compensated absences payable		2,389	-	2,389
Total current liabilities		87,067	-	87,067
Noncurrent liabilities:				
Compensated absences payable		40,104	-	40,104
Net pension liability		981,033	-	981,033
Total noncurrent liabilities		1,021,137	-	1,021,137
Total liabilities		1,108,204	-	1,108,204
Deferred Inflows of Resources:				
Pensions		177,037	-	177,037
Net Position:				
Investment in capital assets		46,753	-	46,753
Unrestricted (deficit)		(1,056,582)	18,189	(1,038,393)
Total net position	$	(1,009,829)	18,189	(991,640)

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, 2015

		Food Service	Nonmajor Enterprise Funds	Total Enterprise Funds
Operating revenues:				
Charges for services	$	360,525	13,219	373,744
Other operating revenues		-	25,026	25,026
Total operating revenues		360,525	38,245	398,770
Operating expenses:				
Salaries and wages		362,406	-	362,406
Fringe benefits		164,522	-	164,522
Contractual services		46,203	-	46,203
Materials and supplies		399,756	21,820	421,576
Depreciation		9,942	-	9,942
Other expenses		6,676	-	6,676
Total operating expenses		989,505	21,820	1,011,325
Operating income (loss)		(628,980)	16,425	(612,555)
Nonoperating revenues:				
Federal and state grants		628,030	-	628,030
Interest income		34	-	34
Total nonoperating revenues		628,064	-	628,064
Change in net position		(916)	16,425	15,509
Net position, beginning of year, *restated*		(1,008,913)	1,764	(1,007,149)
Net position, end of year	$	(1,009,829)	18,189	(991,640)

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

		Food Service	Nonmajor Enterprise Funds	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	$	359,266	13,219	372,485
Cash received from other operating sources		-	25,026	25,026
Cash payments for personal services		(530,379)	-	(530,379)
Cash payments for contract services		(47,832)	-	(47,832)
Cash payments for supplies and materials		(367,942)	(21,820)	(389,762)
Cash payments for other expenses		(6,676)	-	(6,676)
Net cash from operating activities		(593,563)	16,425	(577,138)
Cash flows from noncapital financing activities:				
Cash received from federal and state grants		547,750	-	547,750
Net cash from noncapital financing activities		547,750	-	547,750
Cash flows from investing activities:				
Investment income		34	-	34
Net change in cash and cash equivalents		(45,779)	16,425	(29,354)
Cash and cash equivalents at beginning of year		141,082	1,764	142,846
Cash and cash equivalents at end of year	$	95,303	18,189	113,492
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)		(628,980)	16,425	(612,555)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation		9,942	-	9,942
Donated commodities used		31,939	-	31,939
Changes in assets, liabilities, and deferrals:				
Accounts receivable		(1,259)	-	(1,259)
Accounts payable		(4,464)	-	(4,464)
Supplies inventory		2,710	-	2,710
Accrued wages and benefits		4,695	-	4,695
Intergovernmental payable		3,549	-	3,549
Compensated absences payable		7,187	-	7,187
Deferred outflows - pensions		(11,529)	-	(11,529)
Deferred inflows - pensions		177,037	-	177,037
Net pension liability		(184,390)	-	(184,390)
Net cash from operating activities	$	(593,563)	16,425	(577,138)

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Position
Fiduciary Funds
June 30, 2015

		Private Purpose Trusts	Agency Funds
ASSETS			
Equity in pooled cash and investments	$	44,154	67,700
Total assets		44,154	67,700
LIABILITIES			
Accounts payable		1,118	-
Due to student groups		-	67,700
Total liabilities		1,118	67,700
NET POSITION			
Held in trust	$	43,036	

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, 2015

		Private-Purpose Trusts
Additions:		
Contributions	$	16,218
Interest		16
Total additions		16,234
Deductions:		
Community gifts, awards and scholarships		21,124
Total deductions		21,124
Change in net position		(4,890)
Net position, beginning of year		47,926
Net position, end of year	$	43,036

See accompanying notes to the basic financial statements.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

B. Basis of Presentation – *continued*

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.

All proprietary and private-purpose trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

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 following is the School District's major proprietary fund:

> ***Food Service Fund*** - The food service fund is used to account for the School District's food service operations funded by cafeteria receipts and state and federal grants.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

D. Basis of Accounting – *continued*

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, unavailable revenue, and pension. Receivables for property taxes represent amounts that are measurable as of June 30, 2015, but are intended to finance 2016 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represents receivables that will not be collected within the available period (sixty days after fiscal year-end). Deferred inflows of resources from pension are reported on the government-wide statement of net position (see Note 7).

Deferred Outflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension (see Note 7).

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 2015, the School District's investments were limited to U.S. agency securities, U.S. 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, 2015.

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, 2015 at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

E. Cash and Cash Equivalents – *continued*

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

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

F. Inventory

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

H. Interfund Balances

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

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

I. Compensated Absences

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

K. Pensions

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

L. Fund Balances

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

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

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

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

M. Fund Balances – *continued*

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.

N. Net Position

Net position represents the difference between assets, deferred outflows of resources, reduced by 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.

O. Estimates

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

2. DEPOSITS AND INVESTMENTS

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

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

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

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

2. DEPOSITS AND INVESTMENTS – *continued*

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":

<u>Deposits</u>

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, $1,427,582 of the School District's bank balance of $12,162,202 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.

2. DEPOSITS AND INVESTMENTS – *continued*

Investments

The School District's investments at June 30, 2015 are as summarized as follows:

		Fair Value	Average Maturity Years	Concentration of Credit Risk
FHLMC	$	3,152,690	2.43	24.3%
STAR Ohio		4,500,046	n/a	34.8%
U.S. Money Market		5,286,548	n/a	40.9%
	$	12,939,284		100.0%

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 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.

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 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of the prior January 1, 2014, 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 2015 represent collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014 and are collected in calendar year 2015 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, 2015 are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes, which became measurable as of June 30, 2015. 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, 2015, was $1,283,200 in the General Fund.

3. PROPERTY TAXES – *continued*

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

		2014 Second-Half Collections		2015 First-Half Collections	
		Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$	350,865,480	63.12%	353,171,550	63.08%
Public Utility		205,012,760	36.88%	206,750,220	36.92%
Total Assessed Value	$	555,878,240	100.00%	559,921,770	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, 2015 consisted of the following interfund receivables/payables that were made to provide operating capital:

		Interfund	
		Receivable	Payable
General Fund	$	300,648	-
Other Governmental Funds		-	300,648
	$	300,648	300,648

5. CAPITAL ASSETS

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

		Balance 7/1/14	Additions	Disposals	Balance 6/30/15
Governmental Activities					
Nondepreciable:					
Land	$	490,034	-	-	490,034
Construction in progress		1,564,536	-	(1,564,536)	-
Subtotal		2,054,570	-	(1,564,536)	490,034
Depreciable:					
Land improvements		3,447,772	77,318	-	3,525,090
Buildings and improvements		37,366,647	2,006,763	-	39,373,410
Vehicles		2,450,243	-	(182,049)	2,268,194
Equipment and furniture		3,526,645	10,027	(18,867)	3,517,805
Subtotal		46,791,307	2,094,108	(200,916)	48,684,499
Totals at historical cost		48,845,877	2,094,108	(1,765,452)	49,174,533
Less accumulated depreciation:					
Land improvements		2,712,012	206,541	-	2,918,553
Buildings and improvements		20,690,826	904,803	-	21,595,629
Vehicles		1,878,405	138,197	(182,049)	1,834,553
Equipment and furniture		2,628,575	181,075	(18,867)	2,790,783
Total accumulated depreciation		27,909,818	1,430,616	(200,916)	29,139,518
Capital assets, net	$	20,936,059	663,492	(1,564,536)	20,035,015

Depreciation expense was charged to governmental functions as follows:

Regular	$	664,108
Special education		1,904
Support services:		
Instructional staff		1,411
Administration		75,360
Fiscal		9,149
Operation and maintenance of plant		465,862
Pupil transportation		167,134
Central		760
Extracurricular activities		44,928
Total depreciation expense	$	1,430,616

5. CAPITAL ASSETS – *continued*

		7/1/14	Additions	Disposals	6/30/15
Business-type Activities:					
Furniture and equipment	$	479,400	-	(1,667)	477,733
Less accumulated depreciation		422,705	9,942	(1,667)	430,980
Capital assets, net	$	56,695	(9,942)	-	46,753

Depreciation expense of $9,942 was charged to the food services segment.

6. RISK MANAGEMENT

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

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

7. PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

7. PENSION PLANS – *continued*

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10% 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 by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015 the allocation to pension, death benefits, and Medicare B was 13.18%. The remaining 0.82% of the 14% employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $588,918 for fiscal year 2015.

Plan Description - State Teachers Retirement System (STRS)

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

7. PENSION PLANS – *continued*

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. For members retiring August 1, 2013, or later, the first 2% is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with 5 years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with 5 years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

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

7. PENSION PLANS – *continued*

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

The School District's contractually required contribution to STRS was approximately $1,763,334 for fiscal year 2015. Of this amount, $416,632 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$6,544,609	$26,156,472	$32,701,081
Proportion of the Net Pension Liability	0.129316%	0.10753598%	
Pension Expense	$365,164	$1,146,511	$1,511,675

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 55,702	$ 251,813	$ 307,515
School District's contributions subsequent ot the measurement date	588,918	1,763,334	2,352,252
Total Deferred Outflows of Resources	$ 644,620	$ 2,015,147	$ 2,659,767
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 1,062,208	$ 4,839,046	$ 5,901,254

7. PENSION PLANS – *continued*

$2,352,252 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2016	$ (251,486)	$ (1,146,809)	$ (1,398,295)
2017	(251,486)	(1,146,809)	(1,398,295)
2018	(251,486)	(1,146,809)	(1,398,295)
2019	(252,048)	(1,146,806)	(1,398,854)
	$ (1,006,506)	$ (4,587,233)	$ (5,593,739)

Actuarial Assumptions - SERS

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

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

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

7. PENSION PLANS – *continued*

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

Wage Inflation	3.25%
Future Salary Increases, including Inflation	4.00% to 22.00%
COLA or Ad Hoc COLA	3%
Investment Rate of Return	7.75% net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
U.S. Stocks	22.50	5.00
Non-U.S. Stock	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Estate	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

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

7. PENSION PLANS – *continued*

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$9,337,213	$6,544,609	$4,195,788

Actuarial Assumptions - STRS

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

Inflation	2.75%
Projected Salary Increases	2.75% at age 70 to 12.25% at age 20
Investment Rate of Return	7.75% net of investment expenses
COLA	2% simple applied as follows: for members retiring before August 1, 2013, 2% per year; for members retiring August 1, 2013 or later, 2% COLA paid on fifth anniversary of retirement date.

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

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

7. PENSION PLANS – *continued*

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

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$37,445,841	$26,156,472	$16,609,464

7. PENSION PLANS – *continued*

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

School Employees Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82% of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was $20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2% 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 2015, the School District's surcharge obligation was $57,761.

The School District's contributions for health care for the fiscal years June 30, 2015, 2014, and 2013 were $34,000, $5,000 and $6,000, respectively. For fiscal year 2015, 90% has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

8. POSTEMPLOYMENT BENEFITS – *continued*

State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were $0, $113,000, and $111,000, respectively. The full amount has been contributed for fiscal years 2014 and 2013.

9. EMPLOYEE BENEFITS

Compensated Absences

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

10. LONG-TERM OBLIGATIONS

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

		Principal Outstanding 7/1/14	Additions	Reductions	Principal Outstanding 6/30/15	Amounts Due in One Year
Governmental Activities:						
Compensated absences	$	2,719,040	206,716	(401,993)	2,523,763	418,243
Net pension liability:						
STRS		30,222,696	-	(4,850,919)	25,371,777	-
SERS		7,459,307	-	(1,111,036)	6,348,271	-
Total	$	40,401,043	206,716	(6,363,948)	34,243,811	418,243
Business-type Activities:						
Compensated absences	$	35,306	10,517	(3,330)	42,493	2,389
Net pension liability:						
STRS		934,723	-	(150,028)	784,695	-
SERS		230,700	-	(34,362)	196,338	-
Total	$	1,200,729	10,517	(187,720)	1,023,526	2,389

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

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
Restricted for				
Athletics	$	-	155,993	155,993
Other Purposes		-	4,940	4,940
Total Restricted		-	160,933	160,933
Committed to				
Underground Storage Tanks		11,505	-	11,505
Assigned to				
Capital Improvements		-	673,964	673,964
Encumbrances		662,990	-	662,990
Budget Resource		575,872	-	575,872
Other Purposes		83,125	-	83,125
Total Assigned		1,321,987	673,964	1,995,951
Unassigned (Deficit)		20,303,968	(400,557)	19,903,411
Total Fund Balance	$	21,637,460	434,340	22,071,800

At June 30, 2015, the following funds had a deficit fund balance:

Other Governmental Funds:		
Public Preschool Fund	$	37,568
Miscellaneous State Grants Fund		2,072
IDEA Part B Grants Fund		105,802
Title I Disadvantaged Children Fund		188,852
IDEA Preschool Handicapped Fund		9,967
Improving Teacher Quality Fund		56,296

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.

13. INSURANCE PURCHASING POOLS – *continued*

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, 2015, if applicable, cannot be determined at this time.

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District; therefore the financial statement impact is not determinable at this time. ODE and management believes this will result in either a receivable to or liability of the School District.

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, 2015 were:

General Fund	$	854,913
Nonmajor Governmental Funds		490,190
Nonmajor Enterprise Funds		7,738
	$	1,352,841

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.

		Capital Improvements
Set-aside reserve balance as of June 30, 2014	$	-
Current year set-aside requirement		416,377
Current year qualifying expenditures		(805,001)
Total		(388,624)
Set-aside reserve balance as of June 30, 2015	$	-

17. CHANGE IN ACCOUNTING PRINCIPLES

The School District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These statements established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The implementation of these pronouncements had the following effect on net position as reported at June 30, 2014:

		Food Service
Net Position at June 30, 2014	$	94,582
Adjustments:		
Net pension liability		(1,165,423)
Deferred outflow - payments subsequent to measurement date		61,928
Restated Net Position at June 30, 2014	$	(1,008,913)

17. CHANGE IN ACCOUNTING PRINCIPLES – *continued*

		Governmental Activities	Business-Type Activities
Net Position at June 30, 2014	$	40,655,468	96,346
Adjustments:			
Net pension liability		(37,682,003)	(1,165,423)
Deferred outflow - payments subsequent to measurement date		2,002,353	61,928
Restated Net Position at June 30, 2014	$	4,975,818	(1,007,149)

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

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, 2015

		Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:					
Taxes	$	13,416,439	13,416,439	13,523,032	106,593
Tuition and fees		1,941,330	1,941,330	2,301,458	360,128
Interest		144,678	144,678	205,428	60,750
Intergovernmental		12,095,379	12,095,379	12,114,761	19,382
Other local revenues		233,819	233,819	162,599	(71,220)
Total revenues		27,831,645	27,831,645	28,307,278	475,633
Expenditures:					
Current:					
Instruction:					
Regular		13,992,132	15,588,087	14,441,263	1,146,824
Special education		3,315,620	3,432,707	3,531,975	(99,268)
Other instruction		9,676	51,425	39,456	11,969
Support services:					
Pupil		1,335,866	1,181,238	1,061,728	119,510
Instructional staff		175,041	165,739	296,878	(131,139)
Board of Education		191,408	153,188	688,064	(534,876)
Administration		1,665,441	1,787,985	1,715,167	72,818
Fiscal		701,823	1,052,757	962,924	89,833
Operation and maintenance of plant		3,588,437	3,519,437	3,217,707	301,730
Pupil transportation		1,918,923	1,773,230	1,478,257	294,973
Central		383,653	355,514	372,766	(17,252)
Non-instructional services:					
Extracurricular activities		294,782	272,819	314,672	(41,853)
Community service		27,388	41,274	4,583	36,691
Capital outlay		550,384	-	-	-
Total expenditures		28,150,573	29,375,400	28,125,440	1,249,960
Excess of revenues over expenditures		(318,928)	(1,543,755)	181,838	1,725,593
Other financing sources (uses):					
Transfers in		3,055,171	3,031,171	3,055,801	24,630
Transfers out		(2,800,000)	(3,173,668)	(3,055,801)	(117,867)
Advances in		68,445	68,445	-	(68,445)
Advances out		-	-	(298,577)	298,577
Other uses		-	-	(500)	(500)
Other sources		37,282	37,282	54,517	17,235
Total other financing sources (uses):		360,898	(36,770)	(244,560)	153,630
Net change in fund balance		41,970	(1,580,525)	(62,722)	1,879,223
Fund balance, beginning of year		20,719,345	20,719,345	20,719,345	
Prior year encumbrances appropriated		1,209,773	1,209,773	1,209,773	
Fund balance, end of year	$	21,971,088	20,348,593	21,866,396	

See accompanying notes to required supplementary information.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to Required Supplementary Information
Year Ended June 30, 2015

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:

		General
Net change in fund balance - GAAP Basis	$	1,216,150
Increase / (decrease):		
Due to inclusion of Public School Support Fund		(3,818)
Due to revenues		(107,245)
Due to expenditures		(68,336)
Due to other sources (uses)		(244,560)
Due to encumbrances		(854,913)
Net change in fund balance - Budget Basis	$	(62,722)

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

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

	2014	2013
School District's Proportion of the Net Pension Liability	0.129316%	0.129316%
School District's Proportionate Share of the Net Pension Liability	$6,544,609	$7,690,007
School District's Covered-Employee Payroll	$ 3,795,613	$ 3,710,434
School District's Proportionate Share of Net Pension Liability as a Percentage of its Covered-Employee Payroll	172.43%	207.25%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

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

	2014	2013
School District's Proportion of the Net Pension Liability	0.10753598%	0.10753598%
School District's Proportionate Share of the Net Pension Liability	$26,156,472	$31,157,419
School District's Covered-Employee Payroll	$ 11,832,377	$ 11,979,362
School District's Proportionate Share of Net Pension Liability as a Percentage of its Covered-Employee Payroll	221.06%	260.09%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

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

	2015	2014	2013
Contractually Required Contributions	$ 588,918	$ 526,072	$ 513,524
Contributions in Relation to the Contractually Required Contributions	(588,918)	(526,072)	(513,524)
Contribution Deficiency (Excess)	$ -	$ -	$ -
School District Covered-Employee Payroll	$ 4,468,270	$ 3,795,613	$ 3,710,434
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%

(1) The School District elected not to present information prior to 2013. The School District will continue to present information for years available until a full ten-year trend is compiled.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Three Fiscal Years (1)

	2015	2014	2013
Contractually Required Contributions	$ 1,763,334	$ 1,538,209	$ 1,557,317
Contributions in Relation to the Contractually Required Contributions	(1,763,334)	(1,538,209)	(1,557,317)
Contribution Deficiency (Excess)	$ -	$ -	$ -
School District Covered-Employee Payroll	$ 12,595,243	$ 11,832,377	$ 11,979,362
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%

(1) The School District elected not to present information prior to 2013. The School District will continue to present information for years available until a full ten-year trend is compiled.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Program Title	Award Year	Federal CFDA Number		Federal Revenues	Federal Expenditures
U.S. Department of Agriculture:					
(Passed through Ohio Department of Education)					
Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	2015	10.555	$	31,939	31,939
Cash Assistance					
School Breakfast Program	2015	10.553		110,923	110,923
National School Lunch Program	2015	10.555		384,776	384,776
Summer Food Service Program for Children	2015	10.559		34,067	34,067
Cash Assistance Subtotal				529,766	529,766
Nutrition Cluster Total				561,705	561,705
Child Nutrition Discreationary Grants	2015	10.579		6,460	6,460
Total U.S. Department of Agriculture				568,165	568,165
U.S. Department of Education:					
(Passed through Ohio Department of Education)					
Title I Grants to Local Educational Agencies	2014	84.010		75,467	86,239
Title I Grants to Local Educational Agencies	2015	84.010		350,047	469,443
				425,514	555,682
Special Education Cluster					
Special Education - Preschool Grants	2014	84.173		-	9,962
Special Education - Preschool Grants	2015	84.173		-	9,967
Special Education - Grants to States	2014	84.027		27,937	27,937
Special Education - Grants to States	2015	84.027		408,653	514,455
Special Education Cluster Total				436,590	562,321
Improving Teacher Quality State Grants	2014	84.367		25,493	25,660
Improving Teacher Quality State Grants	2015	84.367		100,574	135,483
				126,067	161,143
Rural Edcuation	2014	84.358		-	1,846
Rural Edcuation	2015	84.358		2,148	2,933
				2,148	4,779
ARRA - Race to the Top	2014	84.395		693	693
Total U.S. Department of Education				991,012	1,284,618
Total Federal Awards			$	1,559,177	1,852,783

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, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 8, 2015, wherein we noted the School District adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

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 of 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 8, 2015

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, 2015. 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, 2015.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the 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 8, 2015

New Richmond Exempted Village School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

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:	
CFDA 84.010 – Title I, Part A Cluster – Grants to Local Educational Agencies	
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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NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 17, 2016

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