

**NEW RICHMOND EXEMPTED VILLAGE
SCHOOL DISTRICT**

Financial Statements

Year Ended June 30, 2002

With

Independent Auditor's Report



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the New Richmond Exempted Village School District, Clermont County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2001 to June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 20, 2003

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NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the New Richmond Exempted Village School District, as of and for the year ended June 30, 2002, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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, the major fund, and the aggregate remaining fund information of New Richmond Exempted Village School District as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures*, Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2001. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2003, on our consideration of the New Richmond Exempted Village School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 3-12 and 47-48, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
January 10, 2003

New Richmond Exempted Village Board of Education

212 Market Street, Second Floor
New Richmond, Ohio 45157
Telephone (513) 553-2627
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Teresa Napier
Treasurer / Chief Financial Officer

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 Vocational School District for the year ended June 30, 2002. 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 2002 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by \$26 million. Of this amount, \$10.7 million may be used to meet the government's ongoing obligations to citizens and creditors.
- ✓ In total, net assets decreased by \$2.6 million.
- ✓ The District had \$23.4 million in expenses related to governmental activities; only \$1.7 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$19.2 million, made up primarily of property taxes and State Foundation payments, were adequate to provide for these programs.
- ✓ The General Fund balance decreased by \$1.6 million from \$14.3 million in fiscal year 2001 to \$12.7 million in fiscal year ended June 30, 2002

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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, preschool 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. Also, the School District may also establish separate 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.

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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 additional 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 concerning the budget for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net assets at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2002:

	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Current and other assets	\$ 27,436,403	489,277	27,925,680
Capital assets	<u>15,122,273</u>	<u>199,100</u>	<u>15,321,373</u>
Total assets	<u>42,558,676</u>	<u>688,377</u>	<u>43,247,053</u>
Long-term debt outstanding	3,807,038	69,026	3,876,064
Other liabilities	<u>13,324,715</u>	<u>73,388</u>	<u>13,398,103</u>
Total liabilities	<u>17,131,753</u>	<u>142,414</u>	<u>17,274,167</u>
Net assets:			
Invested in capital assets, net of debt	13,527,273	199,100	13,726,373
Restricted:			
For capital purposes	865,566	-	865,566
Other purposes	647,897	-	647,897
Unrestricted	<u>10,386,187</u>	<u>346,863</u>	<u>10,733,050</u>
Total net assets	\$ <u>25,426,923</u>	<u>545,963</u>	<u>25,972,886</u>

Because this is the first year to report all activities using the accrual basis of accounting, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current- and prior-year assets, liabilities, and changes in net assets. Refer to the following section for discussion of the reasons for the change in net assets during the year.

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B. Governmental and Business-type Activities during fiscal year 2002

The following table presents a condensed summary of the School District's activities during fiscal year 2002 and the resulting change in net assets:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services and sales	\$ 300,573	539,672	840,245
Operating grants and contributions	1,388,459	354,669	1,743,128
Capital grants and contributions	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Total program revenues	<u>1,690,232</u>	<u>894,341</u>	<u>2,584,573</u>
General revenues:			
Property taxes	9,993,115	-	9,993,115
Grants and entitlements	8,459,035	-	8,459,035
Investment earnings	534,868	12,555	547,423
Miscellaneous	<u>178,813</u>	<u>300</u>	<u>179,113</u>
Total general revenues	<u>19,165,831</u>	<u>12,855</u>	<u>19,178,686</u>
Total revenues	<u>20,856,063</u>	<u>907,196</u>	<u>21,763,259</u>
Expenses:			
Instruction	12,936,534	-	12,936,534
Support services:			
Pupil	1,214,729	-	1,214,729
Instructional staff	1,202,728	-	1,202,728
Board of Education	340,376	-	340,376
Administration	1,651,194	-	1,651,194
Fiscal	652,555	-	652,555
Business	3,239	-	3,239
Operation and maintenance of plant	2,891,527	-	2,891,527
Pupil transportation	1,563,003	-	1,563,003
Central	246,650	-	246,650
Non-instructional services	549,809	-	549,809
Interest and fiscal charges	173,370	-	173,370
Food services	-	742,528	742,528
Preschool	-	179,727	179,727
Other enterprise	<u>-</u>	<u>11,335</u>	<u>11,335</u>
Total expenses	<u>23,425,714</u>	<u>933,590</u>	<u>24,359,304</u>
Change in net assets	<u>\$ (2,569,651)</u>	<u>(26,394)</u>	<u>(2,596,045)</u>

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Of the total governmental activities revenues of \$20,856,063, \$1,690,232 (8%) 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% (\$9,993,115) comes from property tax levies and 44% (\$8,459,035) is from state and federal funding. The School District's operations are reliant upon its property tax levy and the state's foundation program.

As previously mentioned, because this is the first year to report all activities using the accrual basis of accounting, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current- and prior-year assets, liabilities, and changes in net assets.

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 8% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$12,936,534 but program revenue contributed to fund 7% of those costs. Thus, general revenues of \$11,877,611 were used to support of remainder of the instruction costs.

The School District's governmental activities net assets decreased by \$2,569,651 due primarily to the timing of property tax collections by the County Auditor. The amount collected and available for advance at year-end is recorded as revenue. The amount available for advance at June 30, 2002 was \$2.8 million less than at June 30, 2001.

Governmental Activities

		<u>Total Cost of Services</u>	<u>Program Revenue</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost of Services</u>
Instruction	\$	12,936,534	1,058,923	8%	11,877,611
Support services		9,766,001	456,801	5%	9,309,200
Non-instructional services		549,809	174,508	32%	375,301
Interest and fiscal charges		<u>173,370</u>	<u>-</u>	0%	<u>173,370</u>
Total	\$	<u>23,425,714</u>	<u>1,690,232</u>	<u>7%</u>	<u>21,735,482</u>

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Business-type Activities

Net assets of the business-type activities decreased by \$26,394 primarily due to normal operations.

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 97% of the costs of Food Services.

Business-type Activities					
		<u>Total Cost of Services</u>	<u>Program Revenue</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost (Revenue) of Services</u>
Food services	\$	742,528	721,376	97%	21,152
Preschool		179,727	151,620	84%	28,107
Other enterprise		<u>11,335</u>	<u>21,345</u>	188%	<u>(10,010)</u>
Total	\$	<u>933,590</u>	<u>894,341</u>	<u>96%</u>	<u>39,249</u>

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has one major governmental fund: the General Fund. Assets of this fund comprise \$25,615,500 (93%) of the total \$27,511,438 governmental funds assets.

General Fund. Fund balance at June 30, 2002 was \$12,743,081, including \$10,660,860 of unreserved balance, which represents 53% of expenditures for fiscal year 2002. The primary reason for the decrease in fund balance of \$1,554,962 was the timing of property tax collections by the County Auditor. The amount collected and available for advance at year-end is recorded as revenue. The amount available for advance at June 30, 2002 was \$2.8 million less than at June 30, 2001.

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. Significant differences between the original and final are as follows:

Taxes and Intergovernmental Revenue

Effective January 2002, the School District received funding from the State of Ohio, in lieu of local tax dollars. With the enactment of Senate Bill #3, public utility personal property tax assessment rates were reduced from 88% and 100% of true value to 25%, thus reducing the tax dollars received locally. The State of Ohio replaced local revenue with state revenue by enacting a kilowatt per hour tax, which we received, in February 2002. Thus, tax dollars that had been originally budgeted were replaced by intergovernmental revenue accounting for the reduction in the final budgeted taxes and increase in the final budgeted intergovernmental revenues.

Instruction

The original budget included plans to open an alternative school that is now planned be opened at a later date.

Board of Education

The original budget included an additional \$400,000 for potential legal expenditures to defend the Board of Tax appeals hearing and potential Ohio Supreme Court Trial in regard to the devaluation of the values of the Zimmer Power Station.

Operation and maintenance of plant

Operation of plant and maintenance expenditures exceeded the original budget due to project expansion for construction of the transportation facility and improvements to the athletic stadium. Additional improvement projects were completed at the middle school.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2002, the School District had \$15,122,273 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. The total increase in the School District's investment in capital assets for the current fiscal year was approximately 6%. See Note 7 to the financial statements for more detail.

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

	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Land	\$ 430,370	-	430,370
Land improvements	1,721,206	-	1,721,206
Buildings and improvements	12,007,567	-	12,007,567
Furniture and equipment	541,379	199,100	740,479
Vehicles	421,751	-	421,751
Total	<u>\$ 15,122,273</u>	<u>199,100</u>	<u>15,321,373</u>

Major capital asset events during the current fiscal year included the Board of Education's authorization of the construction of a 5,500 square foot transportation facility and sight improvements including paved parking lot, lighting, landscaping, inclusive of an automatic bus washing system.

In addition, the School District completed Phase One of the athletic renovation project, including new stadium seating, team rooms, concession stand, and a large gazebo.

Debt

The School District issued general obligation school improvement bonds in the amount of \$1,835,000 during the fiscal year to provide a current refunding of general obligation bonds issued in March 1990. The School District completed the current refunding to reduce its total debt service payments over the next eight years by approximately \$355,000 and to obtain an economic gain (difference between the present values of old and new debt service payments) of approximately \$295,000. The total general obligation bonds outstanding at year-end were \$1,595,000 with \$155,000 due within one year. The School District's school improvement general obligation bonds mature September 1, 2009. See Note 12 to the financial statements.

ECONOMIC FACTORS

A challenge facing the School District is the future of state funds. On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including a change in the school districts that are used as the basis for determining the base cost support amount and fully funding parity aid no later than the beginning of fiscal year 2004. The State of Ohio asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. The Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator.

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The mediator issued his final report indicating that the conference was unable to produce a settlement so the case was reconsidered by the Court. On December 11, 2002, the Court found the state's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance. The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

In recent years, the School District has faced the ever-increasing challenge of protecting the tax duplicate. Both the phase-in of deregulation of the power companies and devaluation of the real estate values of the Zimmer Power Station have recently been resolved in a manner that benefits the School District.

Two bills enacted by the 123rd General Assembly reduced the assessment rate of tangible personal property of electric utilities and gas utilities. The assessment rate for the companies that own and operate Zimmer and Beckjord power stations (CINergy, Dayton Power and Light, and Columbus Southern) was reduced for all personal property, except transmission and distribution, from 100% and 88% of true value to 25%. All natural gas personal property assessment rates have gone from 88 % to 25%.

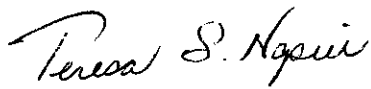
Beginning with Tax Year 2001, (payments collectable in calendar year 2002), the School District experienced a significant reduction in the valuation of Personal Property Public Utility. The School District's valuation decreased \$233.2 million from \$393.8 million in Tax Year 2000 to its new level of \$160.6 million. Pursuant to Senate Bill #3, to replace the taxes previously received, the State has levied a kilowatt-hour tax. The Ohio Department of Taxation has certified a \$7.9 million payment in tax year 2003 payable to the School District to replace the taxes we had once received from the power companies. However, this payment will decrease in future years based upon increases in the Ohio Department of Education State Foundation program. Hence, combined public utility tax revenue and Ohio Department of Education State Foundation will be flat for 15 years.

Since April 1998, the School District has been actively defending the assessed value of the Zimmer Power Station. The School District prevailed at the Ohio Board of Tax Appeals, Columbus, Ohio, with the Board of Tax Appeal approving not only the appraised value of the Zimmer Power Station, but more importantly, the methodology by which a plant should be valued. Therefore, the owners of the Zimmer Power Station will continue to pay real property taxes based upon what they originally reported the actual value of the Zimmer station to be and will not receive the \$94 million dollar property value reduction they had requested. The owners have been ordered to pay delinquent real estate taxes due for tax years 1999, 2000, and 2001 with interest to the School District and other local governments.

NEW RICHMOND EXEMPTED VILLAGE VOCATIONAL SCHOOL DISTRICT, OHIO
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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.



Teresa S. Napier
Treasurer
January 10, 2003

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets

June 30, 2002

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Assets:			
Equity in pooled cash and investments	\$ 15,955,966	457,855	16,413,821
Receivables:			
Taxes	11,293,317	-	11,293,317
Accounts	23,853	2,228	26,081
Intergovernmental	3,450	12	3,462
Interest	46,247	1,294	47,541
Supplies inventory	-	27,888	27,888
Restricted assets	113,570	-	113,570
Nondepreciable capital assets	430,370	-	430,370
Depreciable capital assets, net	<u>14,691,903</u>	<u>199,100</u>	<u>14,891,003</u>
Total assets	<u>42,558,676</u>	<u>688,377</u>	<u>43,247,053</u>
Liabilities:			
Accounts payable	556,415	9,568	565,983
Accrued wages	2,144,154	44,833	2,188,987
Intergovernmental payable	303,829	-	303,829
Deferred revenue	10,311,917	18,987	10,330,904
Accrued interest payable	8,400	-	8,400
Noncurrent liabilities:			
Due within one year	155,000	-	155,000
Due within more than one year	<u>3,652,038</u>	<u>69,026</u>	<u>3,721,064</u>
Total liabilities	<u>17,131,753</u>	<u>142,414</u>	<u>17,274,167</u>
Net Assets:			
Invested in capital assets, net of related debt	13,527,273	199,100	13,726,373
Restricted for:			
Capital projects	865,566	-	865,566
Other purposes	647,897	-	647,897
Unrestricted	<u>10,386,187</u>	<u>346,863</u>	<u>10,733,050</u>
Total net assets	<u>\$ 25,426,923</u>	<u>545,963</u>	<u>25,972,886</u>

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Activities
Year Ended June 30, 2002

	\	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
Governmental Activities:				
Current:				
Instruction:				
Regular	\$ 10,430,812	44,627	191,905	1,200
Special education	2,349,138	-	716,146	-
Adult/continuing	156,584	81,438	23,607	-
Support services:				
Pupil	1,214,729	-	387,820	-
Instructional staff	1,202,728	-	51,480	-
Board of Education	340,376	-	-	-
Administration	1,651,194	-	-	-
Fiscal	652,555	-	-	-
Business	3,239	-	-	-
Operation and maintenance of plant	2,891,527	-	-	-
Pupil transportation	1,563,003	-	-	-
Central	246,650	-	17,501	-
Non-instructional services:				
Extracurricular activities	549,786	174,508	-	-
Community service	23	-	-	-
Debt service:				
Interest and fiscal charges	173,370	-	-	-
Total Governmental Activities	<u>23,425,714</u>	<u>300,573</u>	<u>1,388,459</u>	<u>1,200</u>
Business-Type Activities:				
Food Service	742,528	366,707	354,669	-
Uniform School Supplies	6,335	10,597	-	-
Preschool	179,727	151,620	-	-
Latchkey	5,000	10,748	-	-
Total Business-Type Activities	<u>933,590</u>	<u>539,672</u>	<u>354,669</u>	<u>-</u>
	\$ <u>24,359,304</u>	<u>840,245</u>	<u>1,743,128</u>	<u>1,200</u>

General Revenues:

Property taxes, levied for general purposes
 Property taxes, levied for debt services
 Grants and entitlements not restricted to specific programs
 Investment earnings
 Miscellaneous
 Total general revenues

Change in net assets

Net assets beginning of year
 Net assets end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
\$	(10,193,080)	-	(10,193,080)
	(1,632,992)	-	(1,632,992)
	(51,539)	-	(51,539)
	(826,909)	-	(826,909)
	(1,151,248)	-	(1,151,248)
	(340,376)	-	(340,376)
	(1,651,194)	-	(1,651,194)
	(652,555)	-	(652,555)
	(3,239)	-	(3,239)
	(2,891,527)	-	(2,891,527)
	(1,563,003)	-	(1,563,003)
	(229,149)	-	(229,149)
	-	-	-
	(375,278)	-	(375,278)
	(23)	-	(23)
	(173,370)	-	(173,370)
	(21,735,482)	-	(21,735,482)
	-	(21,152)	(21,152)
	-	4,262	4,262
	-	(28,107)	(28,107)
	-	5,748	5,748
	-	(39,249)	(39,249)
	(21,735,482)	(39,249)	(21,774,731)
	9,771,743	-	9,771,743
	221,372	-	221,372
	8,459,035	-	8,459,035
	534,868	12,555	547,423
	178,813	300	179,113
	19,165,831	12,855	19,178,686
	(2,569,651)	(26,394)	(2,596,045)
	27,996,574	572,357	28,568,931
\$	25,426,923	545,963	25,972,886

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Balance Sheet
 Governmental Funds
 June 30, 2002

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 14,352,792	1,603,174	15,955,966
Restricted cash	113,570	-	113,570
Receivables:			
Taxes	11,004,609	288,708	11,293,317
Accounts	23,247	606	23,853
Accrued interest	46,247	-	46,247
Intergovernmental	-	3,450	3,450
Interfund receivable	75,035	-	75,035
Total assets	25,615,500	1,895,938	27,511,438
Liabilities:			
Accounts payable	337,774	218,641	556,415
Accrued wages and benefits	2,123,076	21,078	2,144,154
Intergovernmental payable	303,829	-	303,829
Interfund payable	-	75,035	75,035
Compensated absences payable	31,386	-	31,386
Deferred revenue	10,076,354	264,508	10,340,862
Total liabilities	12,872,419	579,262	13,451,681
Fund Balances:			
Reserved for:			
Encumbrances	1,011,451	814,005	1,825,456
Budget stabilization	113,570	-	113,570
Property taxes	957,200	24,200	981,400
Debt service	-	192,988	192,988
Unreserved, reported in:			
General Fund	10,660,860	-	10,660,860
Special Revenue Funds	-	173,352	173,352
Capital Projects Funds	-	112,131	112,131
Total fund balances	12,743,081	1,316,676	14,059,757
Total liabilities and fund balances	\$ 25,615,500	1,895,938	27,511,438

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2002

Total Governmental Fund Balances \$ 14,059,757

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 15,122,273

Other long-term assets are not available to pay for current-period
expenditures and therefore are not reported in the funds. 28,945

Long-term liabilities, including bonds payable, are not due and
payable in the current period and therefore are not reported
in the funds.

General Obligation Bonds	1,595,000	
Compensated Absences	2,180,652	
Accrued interest payable	8,400	
Total		(3,784,052)

Net Assets of Governmental Activities \$ 25,426,923

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2002

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 9,771,743	221,372	9,993,115
Tuition and fees	126,065	-	126,065
Interest	505,923	-	505,923
Intergovernmental	8,487,873	1,360,821	9,848,694
Other local revenues	<u>108,402</u>	<u>241,783</u>	<u>350,185</u>
Total revenues	<u>19,000,006</u>	<u>1,823,976</u>	<u>20,823,982</u>
Expenditures:			
Current:			
Instruction:			
Regular	9,313,955	308,450	9,622,405
Special education	1,892,035	438,229	2,330,264
Other instruction	147,057	6,540	153,597
Support services:			
Pupil	870,934	324,588	1,195,522
Instructional staff	1,021,940	168,309	1,190,249
Board of Education	340,376	-	340,376
Administration	1,422,308	110,953	1,533,261
Fiscal	618,012	31,344	649,356
Business	3,239	-	3,239
Operation and maintenance of plant	2,684,587	-	2,684,587
Pupil transportation	1,366,522	46,960	1,413,482
Central	238,729	7,829	246,558
Non-instructional services:			
Extracurricular activities	263,584	243,823	507,407
Community service	-	23	23
Capital outlay	50,890	1,961,898	2,012,788
Debt Service:			
Principal	-	2,075,000	2,075,000
Interest and fiscal charges	-	164,970	164,970
Total expenditures	<u>20,234,168</u>	<u>5,888,916</u>	<u>26,123,084</u>
Excess of revenues over (under) expenditures	<u>(1,234,162)</u>	<u>(4,064,940)</u>	<u>(5,299,102)</u>
Other financing sources (uses):			
Transfers in	-	320,800	320,800
Transfers out	(320,800)	-	(320,800)
Proceeds from sale of refunding bonds	-	1,835,000	1,835,000
Total other financing sources (uses):	<u>(320,800)</u>	<u>2,155,800</u>	<u>1,835,000</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	(1,554,962)	(1,909,140)	(3,464,102)
Fund balance, beginning of year	14,298,043	3,225,816	17,523,859
Fund balance, end of year	\$ <u>12,743,081</u>	<u>1,316,676</u>	<u>14,059,757</u>

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2002

Net Change in Fund Balances - Total Governmental Funds	\$	(3,464,102)
<p>Amounts reported for governmental activities in the statement of activities are different because</p>		
<p>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. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		865,101
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		2,075,000
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		(8,400)
<p>Some expenses reported in the statement of activities, such as compensated absences do not require the use current financial resources and therefore are not reported as expenditures in governmental funds.</p>		(231,195)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		28,945
<p>Proceeds from the sale of bonds are reported as other financing sources in the governmental funds, but proceeds are increases in liabilities on the statement of net assets.</p>		<u>(1,835,000)</u>
Change in Net Assets of Governmental Activities	\$	<u>(2,569,651)</u>

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets

Proprietary Funds

June 30, 2002

	Non-major Enterprise Funds
Assets:	
Current assets:	
Equity in pooled cash and investments	\$ 457,855
Receivables:	
Accounts	2,228
Intergovernmental	12
Interest	1,294
Supplies inventory	27,888
Total current assets	<u>489,277</u>
Noncurrent assets:	
Capital assets, net	<u>199,100</u>
Total assets	<u>688,377</u>
Liabilities:	
Current liabilities:	
Accounts payable	9,568
Accrued wages	44,833
Deferred revenue	18,987
Total current liabilities	<u>73,388</u>
Noncurrent liabilities:	
Compensated absences	<u>69,026</u>
Total liabilities	<u>142,414</u>
Net Assets:	
Invested in capital assets, net of related debt	199,100
Unrestricted	346,863
Total net assets	<u>\$ 545,963</u>

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

Year Ended June 30, 2002

	Non-major Enterprise Funds
Operating revenues:	
Charges for services	\$ 539,672
Other operating revenues	<u>300</u>
Total operating revenues	<u>539,972</u>
Operating expenses:	
Salaries and wages	421,180
Fringe benefits	120,107
Contractual services	42,262
Materials and supplies	321,713
Depreciation	22,764
Other expenses	<u>5,564</u>
Total operating expenses	<u>933,590</u>
Operating income (loss)	(393,618)
Nonoperating revenues:	
Operating grants	354,669
Interest income	<u>12,555</u>
Total nonoperating revenues	<u>367,224</u>
Net loss	(26,394)
Net assets, beginning of year, restated	<u>572,357</u>
Net assets, end of year	<u>\$ 545,963</u>

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2002

	<u>Non-major Enterprise Funds</u>
Cash flows from operating activities:	
Cash received from customers	\$ 538,137
Cash received from other operating sources	300
Cash payments for personal services	(505,672)
Cash payments for contract services	(52,687)
Cash payments for supplies and materials	(253,775)
Cash payments for other expenses	<u>(5,564)</u>
Net cash used by operating activities	<u>(279,261)</u>
Cash flows from noncapital financing activities:	
Interfund loan (repayment)	(4,264)
Cash received from operating grants	<u>327,386</u>
Net cash provided by noncapital financing activities	<u>323,122</u>
Cash flows from investing activities:	
Investment income	<u>12,144</u>
Net increase in cash and cash equivalents	56,005
Cash and cash equivalents at beginning of year	<u>401,850</u>
Cash and cash equivalents at end of year	\$ <u>457,855</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(393,618)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	22,764
Donated commodities used	59,937
Changes in assets and liabilities:	
Accounts receivable	(1,535)
Accounts payable	(8,420)
Supplies inventory	16,039
Accrued wages and benefits	(5,911)
Intergovernmental payable	(8,689)
Deferred revenue	(10,043)
Compensated absences payable	<u>50,215</u>
Net cash used by operating activities	\$ <u>(279,261)</u>

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets

Fiduciary Funds

June 30, 2002

		Private Purpose Trusts	Agency Funds	Total
ASSETS				
Equity in pooled cash and investments	\$	82,935	84,572	167,507
Total assets		<u>82,935</u>	<u>84,572</u>	<u>167,507</u>
LIABILITIES				
Accounts payable		-	3,136	3,136
Due to student groups		-	70,117	70,117
Due to other governments		-	11,319	11,319
Total liabilities		<u>-</u>	<u>84,572</u>	<u>84,572</u>
NET ASSETS				
Held in trust	\$	<u>82,935</u>	<u>-</u>	<u>82,935</u>

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Changes in Net Assets

Fiduciary Funds

Year Ended June 30, 2002

	<u>Private- Purpose Trust Funds</u>
Additions:	
Contributions	\$ <u>8,122</u>
Total additions	<u>8,122</u>
Deductions:	
Community gifts, awards and scholarships	<u>11,765</u>
Total deductions	<u>11,765</u>
 Change in net assets	 (3,643)
 Net assets, beginning of year	 <u>86,578</u>
Net assets, end of year	\$ <u><u>82,935</u></u>

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

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

A. 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.

Several entities, which perform activities within the School District's boundaries for the benefit of its residents, are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities include the Boosters Club, Parent Teacher Organizations and Alumni Associations.

The School District is associated with five organizations, two of which are defined as jointly governed organizations and three as insurance purchasing pools. These organizations include Hamilton/Clermont Cooperative Association, the U.S. Grant Joint Vocational School District, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the County Risk Sharing Authority, and the Clermont County Health Trust. These organizations are presented in Notes 13 and 14.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

B. Fund Accounting

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

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

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

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

Fiduciary Funds report on net assets and changes in net assets. The School District's fiduciary funds consist of a private-purpose trust fund 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 are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation

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

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

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

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

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.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

The modified accrual basis of accounting is used by the governmental funds and agency 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 private-purpose trust fund 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.

Deferred Revenue Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2002 which are intended to finance fiscal year 2003 operations, and delinquent property taxes whose availability is indeterminable, have been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

E. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. However, for the purpose of additional analysis, the budgetary financial statements have been presented at the function level.

Tax Budget. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Butler County Budget Commission for rate determination.

Estimated Resources. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. The Board passed supplemental appropriations during the fiscal year.

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

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

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account 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 Cash Investments" on the balance sheet. During fiscal year 2002, the District's investments were limited to US Treasury notes, US Agency securities, commercial paper 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, 2002.

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, 2002 at fair value.

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

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

G. Inventory

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

H. 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 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

I. 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 assets.

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

J. 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 is expected to be paid using current available expendable financial resources.

K. 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.

L. Fund Balance Reserves

The School District records reservations for portions of fund equity that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, and budget reserve set-asides.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statutes. The reserve for budget stabilization represents money set-aside to protect against cyclical changes in revenues and expenditures.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. A corresponding fund balance reserve has also been established.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through 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 assets are 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. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2002, the School District implemented the following:

- GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments*.
- GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus*.
- GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.
- GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.
- GASB Interpretation No. 6, *Recognition and Measurements of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. The government-wide financial statements split the School District's programs between business-type and governmental activities.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

The beginning net asset amount for governmental programs reflects the change in fund balance at June 30, 2001 caused by the conversion to the accrual basis of accounting.

Fund balance - all governmental funds - June 30, 2001	\$	17,523,859
GASB 34 adjustments:		
Capital assets		14,257,172
Long-term liabilities		<u>(3,784,457)</u>
Governmental activities net assets - June 30, 2001	\$	<u>27,996,574</u>

3. ACCOUNTABILITY/PRIOR PERIOD ADJUSTMENT

Deficit Fund Balance

At June 30, 2002, the Preschool Grant special revenue fund has a deficit fund balance of \$53,840. This deficit balance was 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.

Prior Period Adjustment

During the year ended June 30, 2002, the School District contracted with an appraisal company to prepare a complete record of all School District property and equipment. Based on this process, it was determined that the net book value of the Food Service enterprise fund's property and equipment at June 30, 2001 was \$221,864 but had been previously reported as \$97,449. Thus, property and equipment was understated by \$124,415. The correction of this error results in an increase in the retained earnings of enterprise funds in the amount of \$124,415. Thus, retained earnings for enterprise funds have been restated as of June 30, 2001 from \$447,942 to \$572,357.

4. 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 Board 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.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

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);
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.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

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".

Deposits: At year-end, the carrying amount of the School District's deposits was \$284,190 and the bank balance was \$445,997. Of the bank balance, \$100,000 was covered by federal depository insurance and \$345,997 was uninsured and uncollateralized as defined by GASB. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held by the counter party's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the School District's name. The School District's investments in STAR Ohio and U.S. Money Markets are unclassified because they are not evidenced by securities that exist in physical or book entry form.

		<u>Category 2</u>	<u>Fair Value</u>
STAR Ohio	\$	-	6,158,920
U.S. Money Market Fund		-	16,268
U.S. Agency securities		<u>10,235,520</u>	<u>10,235,520</u>
GASB Statement No. 3	\$	<u>10,235,520</u>	<u>16,410,708</u>

5. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

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. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. 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, 2002, are available to finance fiscal year 2002 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002, was \$957,200 in the General Fund and \$24,200 in the Debt Service Fund. The assessed values upon which fiscal year 2002 taxes were collected are:

	<u>2001 Second- Half Collections</u>		<u>2002 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 219,937,090	35.67%	224,388,690	57.85%
Public Utility	393,825,320	63.87%	160,566,820	41.40%
Tangible Personal Property	<u>2,842,235</u>	0.46%	<u>2,905,280</u>	0.75%
Total Assessed Value	\$ <u>616,604,645</u>	100.00%	<u>387,860,790</u>	100.00%
Tax rate per \$1,000 of assessed valuation		\$37.21		\$37.21

6. INTERFUND TRANSACTIONS

On the fund financial statements, the General Fund has a receivable of \$75,035 that consists of amounts due from non-major governmental funds.. These interfund loans were made to provide operating capital.

During the year ended June 30, 2002, the General Fund made transfers of \$320,800 to non-major governmental funds. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2002

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2002 was as follows:

	Balance 7/1/01	Additions	Disposals	Balance 6/30/02
Governmental Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 430,370	-	-	430,370
<i>Capital assets being depreciated:</i>				
Land improvements	1,324,760	1,118,195	-	2,442,955
Buildings and improvements	23,419,022	467,292	-	23,886,314
Furniture and equipment	1,641,249	90,506	-	1,731,755
Vehicles	1,586,162	126,620	-	1,712,782
Subtotal	<u>27,971,193</u>	<u>1,802,613</u>	-	<u>29,773,806</u>
Totals at historical cost	<u>28,401,563</u>	<u>1,802,613</u>	-	<u>30,204,176</u>
Less accumulated depreciation:				
Land improvements	615,563	106,186	-	721,749
Buildings and improvements	11,270,982	607,765	-	11,878,747
Furniture and equipment	1,073,958	116,418	-	1,190,376
Vehicles	1,183,888	107,143	-	1,291,031
Total accumulated depreciation	<u>14,144,391</u>	<u>937,512</u>	-	<u>15,081,903</u>
Capital assets, net	<u>\$ 14,257,172</u>	<u>865,101</u>	-	<u>15,122,273</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 628,341
Support services:	
Instructional staff	3,359
School administration	94,347
Operations and maintenance of plant	25,006
Pupil transportation	144,110
Non-instructional services:	
Extracurricular activities	42,348
Total depreciation expense	<u>\$ 937,511</u>

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT**Notes to the Basic Financial Statements****Year Ended June 30, 2002**

	Balance 7/1/01	Additions	Disposals	Balance 6/30/02
Business-type Activities:				
Furniture and equipment	\$ 368,226	-	-	368,226
Less accumulated depreciation	146,362	22,764	-	169,126
Capital assets, net	\$ 221,864	(22,764)	-	199,100

Depreciation expense of \$22,764 was charged to the food services segment.

8. 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. During fiscal year 2002, the School District participated in the County Risk Sharing Authority (CORSA), a risk sharing pool (Note 14) for liability, property, auto, and crime insurance 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 School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2002

9. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the SERS, 300 East Broad, Columbus, Ohio 43215.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were approximately \$434,000, \$475,000, and \$464,000 respectively; 100% has been contributed for fiscal years 2002, 2001 and 2000.

State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basis retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issued a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the School District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the years ended June 30, 2002, 2001, and 2000 were approximately \$1,458,000, \$1,574,000 and \$1,590,000 respectively; 83% has been contributed for fiscal year 2002 and 100% for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds.

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.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

10. POSTEMPLOYMENT BENEFITS

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

STRS has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the year ended June 30, 2002, the board allocated employer contributions equal to 4.50% of covered payroll to the Health Care Reserve Fund. For the School District, this amount was approximately \$469,000 during fiscal year 2002. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.256 billion at June 30, 2001. For the year ended June 30, 2001, net health care costs paid by STRS were \$300.8 million and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. For this fiscal year, employer contributions to fund health care benefits were 9.80% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the year ended June 30, 2001 were \$161.4 million and the target level was \$242.2 million. At June 30, 2001, SERS' net assets available for payment of health care benefits was \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, this amount to fund health care benefits, including the surcharge, was approximately \$304,000 during the 2002 fiscal year.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2002

11. 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 230 days for teachers, 200 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 employees.

12. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	Principal Outstanding 7/1/01	Additions	Reductions	Principal Outstanding 6/30/02	Amounts Due in One Year
Governmental Activities:					
General obligation bonds:					
School Improvement	\$ 1,835,000	1,835,000	(2,075,000)	1,595,000	155,000
Compensated absences	1,949,457	1,054,838	(792,257)	2,212,038	-
Total	\$ 3,784,457	2,889,838	(2,867,257)	3,807,038	155,000
Business-type Activities:					
Compensated absences	\$ 107,047	8,850	(46,871)	69,026	-

School Improvement Bonds - On March 1, 1990, the School District issued \$3,020,000 in voted general obligation bonds for the purpose of school improvements. During the current fiscal year, the School District issued \$1,835,000 of general obligation bonds for the purpose of a current refunding of these bonds. The 2002 bonds bear interest at 2.1% with the final payment on September 1, 2009. The School District completed the current refunding to reduce its total debt service payments over the next eight years by approximately \$355,000 and to obtain an economic gain (difference between the present values of old and new debt service payments) of approximately \$295,000. These bonds are being paid from property tax revenue received in the Debt Service Fund.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2002

Principal and interest requirements to retire the school improvement bonds outstanding at June 30, 2002, are as follows:

Fiscal Year		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Ending June 30,</u>				
2003	\$	155,000	22,945	177,945
2004		190,000	50,733	240,733
2005		190,000	45,983	235,983
2006		195,000	40,661	235,661
2007		205,000	34,520	239,520
2008-2010		<u>660,000</u>	<u>56,935</u>	<u>716,935</u>
Total	\$	<u>1,595,000</u>	<u>251,777</u>	<u>1,846,777</u>

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences will be paid from the fund from which the employees' salaries are paid. The School District's overall legal debt margin was \$33,312,471 with an unvoted debt margin of \$387,861 at June 30, 2002.

13. 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.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

14. 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.

County Risk Sharing Authority

The County Risk Sharing Authority, Inc. (CORSA) is a risk sharing pool among local governments, primarily counties, in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Members agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the corporation are managed by an elected board of not more than nine trustees. Each member's control over the budgetary and financing of CORSA is limited to its voting authority and any representative it may have on the board. The School District does not have an equity interest in CORSA.

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association 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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

15. CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

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.

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 purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The following cash basis information describes the change in the year-end set aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

		<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside balance as of June 30, 2001	\$	(253,089)	-	113,570
Current year set-aside requirement		310,863	310,863	-
Less qualifying disbursements		<u>(660,957)</u>	<u>(3,585,284)</u>	<u>-</u>
Total		<u>(603,183)</u>	<u>(3,274,421)</u>	<u>113,570</u>
Balance carried to FY2003		<u>(603,183)</u>	<u>-</u>	<u>113,570</u>
Cash balance as of June 30, 2002	\$	<u>-</u>	<u>-</u>	<u>113,570</u>

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2002

Since the School District had offsets and qualifying disbursements during the year that reduced the set aside amount for textbooks and instructional materials to below zero, these extra amounts may be used to reduce the set aside requirements of future years. However, the excess qualifying disbursements of the capital improvement set-aside may not be used to reduce the capital improvement set aside requirements of future years.

The Ohio General Assembly eliminated the requirement for the budget stabilization reserve and effective April 10, 2001, the Board of Education could choose to eliminate the reserve with the exception of rebates received from the Bureau of Workers Compensation. The School District chose not to reduce its budget stabilization reserve.

18. SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. On December 11, 2002 the Court found the State's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance.

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

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, 2002

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	17,025,154	12,584,943	12,584,943	-
Tuition and fees	90,500	126,160	126,160	-
Interest	500,000	566,365	566,365	-
Intergovernmental	4,178,322	8,487,874	8,487,874	-
Other local revenues	43,000	34,351	34,351	-
Total revenues	<u>21,836,976</u>	<u>21,799,693</u>	<u>21,799,693</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	10,766,138	9,776,828	9,776,828	-
Special education	2,262,970	2,037,277	2,037,277	-
Other instruction	246,269	142,403	142,403	-
Support services:				
Pupil	1,084,815	889,197	889,197	-
Instructional staff	984,386	1,070,902	1,070,902	-
Board of Education	783,076	393,677	393,677	-
Administration	1,304,558	1,373,085	1,373,085	-
Fiscal	696,907	653,368	653,368	-
Business	3,420	3,239	3,239	-
Operation and maintenance of plant	2,583,236	3,012,540	3,012,540	-
Pupil transportation	1,397,976	1,438,783	1,438,783	-
Central	161,246	252,416	252,416	-
Non-instructional services:				
Extracurricular activities	277,667	263,584	263,584	-
Capital outlay	100,000	50,890	50,890	-
Total expenditures	<u>22,652,664</u>	<u>21,358,189</u>	<u>21,358,189</u>	<u>-</u>
Excess of revenues over expenditures	(815,688)	441,504	441,504	-
Other financing sources (uses):				
Transfers in	2,261,850	3,789,481	3,789,481	-
Transfers out	(3,154,724)	(4,110,311)	(4,110,311)	-
Advances in	177,399	64,399	64,399	-
Advances out	(125,000)	(77,951)	(77,951)	-
Other sources	(5,000)	95,324	95,324	-
Total other financing sources (uses):	<u>(845,475)</u>	<u>(239,058)</u>	<u>(239,058)</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other (uses)	(1,661,163)	202,446	202,446	-
Fund balance, beginning of year	9,374,420	9,374,420	9,374,420	
Prior year encumbrances appropriated	1,200,471	1,200,471	1,200,471	
Fund balance, end of year	<u>8,913,728</u>	<u>10,777,337</u>	<u>10,777,337</u>	

See accompanying notes to required supplemental information.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to Required Supplementary Information
Year Ended June 30, 2002

Note A Budgetary Basis of Accounting

While the 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 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:

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 a reservation of fund balance for governmental fund types (GAAP basis).

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

	<u>General</u>
Net change in fund balance - GAAP Basis	\$ (1,554,962)
Increase / (decrease):	
Due to revenues	2,799,687
Due to expenditures	118,204
Due to other sources (uses)	81,742
Due to encumbrances	<u>(1,242,225)</u>
Excess of revenues and other sources over (under) expenditures and other uses - Budget Basis	\$ <u>202,446</u>

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2002

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
(Passed through Ohio Department of Education)				
Nutrition Cluster:				
Food Donation	n/a	10.550	\$ 59,937	59,937
School Breakfast Program	05PU	10.553	73,188	73,188
National School Lunch Program	LLP4	10.555	228,388	228,388
Total U.S. Department of Agriculture			<u>361,513</u>	<u>361,513</u>
 <u>Federal Emergency Management Agency:</u>				
(Passed through Ohio Emergency Management Agency)				
Public Assistance Grants	n/a	83.544	<u>13,261</u>	<u>13,261</u>
Total Federal Emergency Management Agency			<u>13,261</u>	<u>13,261</u>
 <u>U.S. Department of Education:</u>				
(Passed through Ohio Department of Education)				
Title I Grants to Local Educational Agencies	C1S1	84.010	716,146	726,575
Special Education - Grants to States	6BSF	84.027	235,693	313,335
Safe and Drug-Free Schools	DRS1	84.186	18,251	15,708
Goals 2000	G2S9	84.276	15,000	26,031
Eisenhower Professional Development State Grants	MSS1	84.281	19,037	11,880
Innovative Education Program Strategies	C2S1	84.298	13,550	14,221
Class Size Reduction	CRS1	84.340	197,502	103,274
Total U.S. Department of Education			<u>1,215,179</u>	<u>1,211,024</u>
 <u>U.S. Department of Health and Human Services</u>				
Medical Assistance Program	n/a	93.778	<u>57,885</u>	<u>57,885</u>
Total U.S. Department of Health and Human Services			<u>57,885</u>	<u>57,885</u>
 Total Federal Awards			\$ <u>1,647,838</u>	<u>1,643,683</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards is a summary of the activity of the 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.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Prior Audit Findings

Year Ended June 30, 2002

The prior audit disclosed no instances of noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with respect to internal controls over compliance with requirements that could have a direct and material effect on a major federal program were reported in the prior year.

Clark, Schaefer, Hackett & Co.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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

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

We have audited the financial statements of the New Richmond Exempted Village School District, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 10, 2003 in which we noted the School District adopted Governmental Accounting Standards Board Statements 34, 37, 38, 39 and Interpretation 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the New Richmond Exempted Village 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
January 10, 2003

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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

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

Compliance

We have audited the compliance of New Richmond Exempted Village School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. New Richmond Exempted Village School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to 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 New Richmond Exempted Village School District's compliance with those requirements performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, New Richmond Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

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

Clark, Schaefer, Harkett & Co.

Cincinnati, Ohio
January 10, 2003

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2002

Section I - Summary of Auditors' Results

Financial Statements

Type of report issued on financial statements:	unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	none
Reportable condition(s) 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
Reportable condition(s) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with Circular A-133, Section .510(a)?	none

Identification of major programs:

- Nutrition Cluster:*
- CFDA 10.550 Food Donation*
- CFDA 10.553 School Breakfast Program*
- CFDA 10.555 National School Lunch Program*
- CFDA 84.010 Title I Grants to Local Educational Agencies*
- CFDA 84.027 Special Education – Grants to States*

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.



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Betty Montgomery**

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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
APRIL 1, 2003**