



**NEW RICHMOND EXEMPTED
VILLAGE SCHOOL DISTRICT**

Basic Financial Statements

Year Ended June 30, 2011

With Independent Auditors' Report



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the New Richmond Exempted Village School District, Clermont County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

February 7, 2012

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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, each major fund, and the aggregate remaining fund information of the New Richmond Exempted Village School District (the School District), as of and for the year ended June 30, 2011, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Richmond Exempted Village School District as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended June 30, 2011, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 10 and 46 through 47, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 and is not a required part of the basic financial statements of the School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clark, Schaefer, Harkett & Co.

Cincinnati, Ohio
December 21, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the New Richmond Exempted Village School District ("the School District") for the year ended June 30, 2011. 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 2011 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by approximately \$38.2 million. Of this amount, \$18.2 million may be used to meet the government's ongoing obligations to citizens and creditors.
- ✓ In total, net assets increased by approximately \$2.9 million.
- ✓ The School District had \$27.9 million in expenses related to governmental activities; \$3.8 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of approximately \$27 million made up primarily of property taxes and State Foundation payments was used to provide for these programs.
- ✓ The General Fund balance increased by approximately \$3.1 million from June 30, 2010 to June 30, 2011.

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.

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).

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2011

Unaudited

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

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

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

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2011

Unaudited

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

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

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, 2011 and 2010:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY2011</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2010</u>
Current and other assets	\$ 34,353,691	33,397,620	347,462	360,608	34,701,153	33,758,228
Capital assets	<u>19,613,270</u>	<u>18,888,075</u>	<u>95,881</u>	<u>97,205</u>	<u>19,709,151</u>	<u>18,985,280</u>
Total assets	<u>53,966,961</u>	<u>52,285,695</u>	<u>443,343</u>	<u>457,813</u>	<u>54,410,304</u>	<u>52,743,508</u>
Long-term liabilities	2,770,374	3,008,051	16,956	12,995	2,787,330	3,021,046
Other liabilities	<u>13,368,792</u>	<u>14,348,944</u>	<u>58,098</u>	<u>35,199</u>	<u>13,426,890</u>	<u>14,384,143</u>
Total liabilities	<u>16,139,166</u>	<u>17,356,995</u>	<u>75,054</u>	<u>48,194</u>	<u>16,214,220</u>	<u>17,405,189</u>
Net assets:						
Invested in capital assets	19,613,270	18,888,075	95,881	97,205	19,709,151	18,985,280
Restricted:						
Other purposes	264,506	1,398,162	-	-	264,506	1,398,162
Unrestricted	<u>17,950,019</u>	<u>14,642,463</u>	<u>272,408</u>	<u>312,414</u>	<u>18,222,427</u>	<u>14,954,877</u>
Total net assets	\$ <u>37,827,795</u>	<u>34,928,700</u>	<u>368,289</u>	<u>409,619</u>	<u>38,196,084</u>	<u>35,338,319</u>

Total assets increased by approximately \$1.7 million, or 3%. The significant increase took place in taxes receivable, which increased by \$2 million due to the new construction within the School District and the addition of a residential development to the residential tax rolls that was previously tax exempt under a tax incremental financing (TIF) arrangement. The completion of the TIF arrangement, along with completion of Recovery Act funded grants, led to a decrease in intergovernmental receivables of \$1.2 million. The other significant increase occurred in capital assets, which increased \$724,000 due to the initiation of several renovation projects occurring at the high school.

Total liabilities decreased about \$1.2 million, or 6.8%. The majority of that decrease occurred in accounts payable, which had declined with the completion of the Athletic Complex and Recovery Act funded grants.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2011
Unaudited

B. Governmental and Business-type Activities

The following table presents a condensed summary of the School District's activities for the years ended June 30, 2011 and 2010:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY2011</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2010</u>
Revenues:						
Program revenues:						
Charges for services and sales	\$ 1,391,501	1,115,453	418,295	457,788	1,809,796	1,573,241
Operating grants and contributions	<u>2,435,290</u>	<u>2,270,205</u>	<u>663,162</u>	<u>519,208</u>	<u>3,098,452</u>	<u>2,789,413</u>
Total program revenues	<u>3,826,791</u>	<u>3,385,658</u>	<u>1,081,457</u>	<u>976,996</u>	<u>4,908,248</u>	<u>4,362,654</u>
General revenues:						
Property taxes	13,981,720	12,762,413	-	-	13,981,720	12,762,413
Payments in lieu of taxes	-	466,452	-	-	-	466,452
Grants and entitlements	12,830,925	12,907,257	-	-	12,830,925	12,907,257
Investment earnings	95,341	338,121	-	-	95,341	338,121
Miscellaneous	<u>104,128</u>	<u>666,952</u>	<u>5,935</u>	<u>-</u>	<u>110,063</u>	<u>666,952</u>
Total general revenues	<u>27,012,114</u>	<u>27,141,195</u>	<u>5,935</u>	<u>-</u>	<u>27,018,049</u>	<u>27,141,195</u>
Total revenues	<u>30,838,905</u>	<u>30,526,853</u>	<u>1,087,392</u>	<u>976,996</u>	<u>31,926,297</u>	<u>31,503,849</u>
Expenses:						
Instruction	17,340,342	17,054,009	-	-	17,340,342	17,054,009
Support services:						
Pupil	1,184,350	1,346,120	-	-	1,184,350	1,346,120
Instructional staff	1,260,768	1,205,993	-	-	1,260,768	1,205,993
Board of Education	109,405	102,669	-	-	109,405	102,669
Administration	1,653,785	1,670,693	-	-	1,653,785	1,670,693
Fiscal	879,636	882,736	-	-	879,636	882,736
Operation and maintenance of plant	2,659,330	3,228,183	-	-	2,659,330	3,228,183
Pupil transportation	1,672,984	2,027,504	-	-	1,672,984	2,027,504
Central	371,372	339,850	-	-	371,372	339,850
Non-instructional services	807,838	703,085	-	-	807,838	703,085
Interest and fiscal charges	-	1,690	-	-	-	1,690
Food services	-	-	1,101,327	962,661	1,101,327	962,661
Other enterprise	<u>-</u>	<u>-</u>	<u>27,395</u>	<u>27,776</u>	<u>27,395</u>	<u>27,776</u>
Total expenses	<u>27,939,810</u>	<u>28,562,532</u>	<u>1,128,722</u>	<u>990,437</u>	<u>29,068,532</u>	<u>29,552,969</u>
Change in net assets	\$ <u>2,899,095</u>	<u>1,964,321</u>	<u>(41,330)</u>	<u>(13,441)</u>	<u>2,857,765</u>	<u>1,950,880</u>

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Management's Discussion and Analysis

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Unaudited

Of the total governmental activities revenues of \$30,838,905, \$3,826,791 (12%) 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, 51.76% (\$13,981,720) comes from property tax levies and 47.50% (\$12,830,925) is from state funding. The School District's operations are reliant upon its property tax levy and the state's foundation program.

Total revenue increased by approximately \$422,000, or 1.3%. The majority of the increase took place in property taxes, which as previously discussed, was due to collections from new construction and a residential development previously under a TIF arrangement. This also led to the decrease in payments in lieu of taxes. The total increase in revenue was offset by a decrease in miscellaneous revenue of \$557,000 mostly due from a property tax settlement that was recorded in the prior year.

The School District was able to reduce expenses by \$484,000, or 2%.

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 14% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$17,340,342 but program revenue contributed to fund 18% of those costs. Thus, general revenues of \$14,222,521 were used to support of remainder of the instruction costs. The School District's governmental activities net assets increased by \$2,899,095 which was considerably more than the prior year increase of \$1,964,321.

Governmental Activities

	Total Cost of Services	Program Revenue	Revenues as a % of Total Costs	Net Cost of Services
Instruction	\$ 17,340,342	3,117,821	18%	14,222,521
Support services	9,791,630	459,763	5%	9,331,867
Non-instructional services	<u>807,838</u>	<u>249,207</u>	31%	<u>558,631</u>
Total	\$ <u>27,939,810</u>	<u>3,826,791</u>	<u>14%</u>	<u>24,113,019</u>

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Management's Discussion and Analysis
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Business-type Activities

Net assets of the business-type activities decreased by \$41,330 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 96% of the costs of Food Services.

Business-Type Activities					
		<u>Total Cost of Services</u>	<u>Program Revenue</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost (Revenue) of Services</u>
Food services	\$	1,101,327	1,061,678	96%	39,649
Other enterprise		<u>27,395</u>	<u>19,779</u>	72%	<u>7,616</u>
Total	\$	<u><u>1,128,722</u></u>	<u><u>1,081,457</u></u>	<u>96%</u>	<u><u>47,265</u></u>

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has one major governmental fund – the General Fund. The assets of this fund were \$33,085,604, or 95%, of the total governmental assets.

General Fund. Fund balance at June 30, 2011 was \$33,085,604, including \$18,061,715 of unassigned balance, which represents 71% of expenditures for fiscal year 2011. The General Fund experienced an increase of \$3.1 million in fund balance. The increase was due to increases in property tax revenue of approximately \$1.9 million, previously discussed, and no transfers out during fiscal year 2011. The School District made a transfer of \$2.4 million from the General Fund to the Permanent Improvement fund during fiscal year 2010 to help finance the high school renovation projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the School District's original and final budgets and actual results are included in the required supplementary information. There were little changes between the final budget and actual amounts. There were increases between the original and final revenue budgeted property tax revenue of approximately \$547,000, due to new tax collections and tuition and fees, due to adding additional students through open enrollment and reinstating student fees. The decrease in original and final budgeted expenditures of \$807,000 was due to anticipated cuts to State funding.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2011, the School District had \$19,709,151 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 \$724,000 due to several renovation projects to the high school. See Note 6 to the financial statements for more detail.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY2011</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2010</u>
Land	\$ 490,034	490,034	-	-	490,034	490,034
Construction in progress	1,303,113	-	-	-	1,303,113	-
Land improvements	917,609	1,066,312	-	-	917,609	1,066,312
Buildings and improvements	16,129,760	16,538,686	-	-	16,129,760	16,538,686
Furniture and equipment	680,330	784,645	95,881	97,205	776,211	881,850
Vehicles	92,424	8,398	-	-	92,424	8,398
Total	\$ <u>19,613,270</u>	<u>18,888,075</u>	<u>95,881</u>	<u>97,205</u>	<u>19,709,151</u>	<u>18,985,280</u>

ECONOMIC FACTORS

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 (Duke Power, 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 \$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 certified an approximate \$8 million payment in tax year 2003 through 2010 payable to the School District to replace the taxes we had once received from the power companies. However, this payment will decrease by approximately \$500,000 for fiscal year 2012, an additional \$500,000 for fiscal year 2013, and reevaluated during the next biennial State budget.

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Additionally, it is also estimated property tax assessments for tax year 2011 will decrease by an additional 10%, resulting in a decrease of \$675,000 in revenue. Finally, the School District received news that the Beckjord power station will close January 1, 2015. With this announcement, the School District anticipates losing an additional \$2 million in revenue when the values of the property are removed from the tax rolls.

The School District continues to address these fiscal challenges by budgeting its annual expenditures within anticipated annual resources, while preserving its reserves of approximately \$18 million.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the New Richmond Exempted Village School District, 212 Market Street, New Richmond, Ohio 45157.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	Governmental	Business-Type	Total
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and investments	\$ 19,781,332	301,958	20,083,290
Receivables:			
Taxes	13,760,637	-	13,760,637
Accounts	168,749	3,483	172,232
Intergovernmental	600,303	-	600,303
Interest	42,670	-	42,670
Supplies inventory	-	42,021	42,021
Nondepreciable capital assets	1,793,147	-	1,793,147
Depreciable capital assets, net	<u>17,820,123</u>	<u>95,881</u>	<u>17,916,004</u>
Total assets	<u>53,966,961</u>	<u>443,343</u>	<u>54,410,304</u>
Liabilities:			
Accounts payable	84,183	2,542	86,725
Accrued wages	2,037,911	50,219	2,088,130
Intergovernmental payable	333,188	5,337	338,525
Unearned revenue	10,913,510	-	10,913,510
Noncurrent liabilities:			
Due within one year	217,113	2,455	219,568
Due within more than one year	<u>2,553,261</u>	<u>14,501</u>	<u>2,567,762</u>
Total liabilities	<u>16,139,166</u>	<u>75,054</u>	<u>16,214,220</u>
Net Assets:			
Invested in capital assets	19,613,270	95,881	19,709,151
Restricted for:			
Other purposes	264,506	-	264,506
Unrestricted	<u>17,950,019</u>	<u>272,408</u>	<u>18,222,427</u>
Total net assets	<u>\$ 37,827,795</u>	<u>368,289</u>	<u>38,196,084</u>

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Activities
Year Ended June 30, 2011

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular	\$ 13,872,924	1,142,294	1,268,369
Special education	3,450,634	-	707,158
Adult/continuing	16,784	-	-
Support services:			
Pupil	1,184,350	-	-
Instructional staff	1,260,768	-	6,662
Board of Education	109,405	-	-
Administration	1,653,785	-	-
Fiscal	879,636	-	5,000
Operation and maintenance of plant	2,659,330	-	318,464
Pupil transportation	1,672,984	-	116,364
Central	371,372	-	13,273
Non-instructional services:			
Extracurricular activities	801,472	249,207	-
Community service	6,366	-	-
Total Governmental Activities	<u>27,939,810</u>	<u>1,391,501</u>	<u>2,435,290</u>
Business-Type Activities:			
Food Service	1,101,327	398,516	663,162
Uniform School Supplies	19,975	19,005	-
Latchkey	7,420	774	-
Total Business-Type Activities	<u>1,128,722</u>	<u>418,295</u>	<u>663,162</u>
	<u>\$ 29,068,532</u>	<u>1,809,796</u>	<u>3,098,452</u>

General Revenues:

Property taxes, levied for general purposes
 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
\$	(11,462,261)	-	(11,462,261)
	(2,743,476)	-	(2,743,476)
	(16,784)	-	(16,784)
	(1,184,350)	-	(1,184,350)
	(1,254,106)	-	(1,254,106)
	(109,405)	-	(109,405)
	(1,653,785)	-	(1,653,785)
	(874,636)	-	(874,636)
	(2,340,866)	-	(2,340,866)
	(1,556,620)	-	(1,556,620)
	(358,099)	-	(358,099)
	(552,265)	-	(552,265)
	(6,366)	-	(6,366)
	<u>(24,113,019)</u>	<u>-</u>	<u>(24,113,019)</u>
	-	(39,649)	(39,649)
	-	(970)	(970)
	<u>-</u>	<u>(6,646)</u>	<u>(6,646)</u>
	<u>-</u>	<u>(47,265)</u>	<u>(47,265)</u>
	<u>(24,113,019)</u>	<u>(47,265)</u>	<u>(24,160,284)</u>
	13,981,720	-	13,981,720
	12,830,925	-	12,830,925
	95,341	-	95,341
	104,128	5,935	110,063
	<u>27,012,114</u>	<u>5,935</u>	<u>27,018,049</u>
	2,899,095	(41,330)	2,857,765
	<u>34,928,700</u>	<u>409,619</u>	<u>35,338,319</u>
\$	<u><u>37,827,795</u></u>	<u><u>368,289</u></u>	<u><u>38,196,084</u></u>

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 18,846,936	934,396	19,781,332
Receivables:			
Taxes	13,760,637	-	13,760,637
Accounts	404	168,345	168,749
Accrued interest	42,670	-	42,670
Intergovernmental	9,138	591,165	600,303
Interfund receivable	425,819	-	425,819
Total assets	33,085,604	1,693,906	34,779,510
Liabilities:			
Accounts payable	81,786	2,397	84,183
Accrued wages and benefits	2,031,438	6,473	2,037,911
Intergovernmental payable	333,188	-	333,188
Interfund payable	-	425,819	425,819
Compensated absences payable	107,482	-	107,482
Deferred revenue	11,656,271	84,538	11,740,809
Total liabilities	14,210,165	519,227	14,729,392
Fund Balances:			
Restricted	-	179,968	179,968
Committed	11,505	-	11,505
Assigned	802,219	994,711	1,796,930
Unassigned	18,061,715	-	18,061,715
Total fund balances	18,875,439	1,174,679	20,050,118
Total liabilities and fund balances	\$ 33,085,604	1,693,906	34,779,510

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2011

Total Governmental Fund Balances \$ 20,050,118

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. 19,613,270

Other long-term assets are not available to pay for current-period
expenditures and therefore are not reported in the funds. 827,299

Long-term liabilities, including compensated absences, are not due
and payable in the current period and therefore are not reported
in the funds. (2,662,892)

Net Assets of Governmental Activities \$ 37,827,795

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 14,149,048	-	14,149,048
Tuition and fees	1,142,294	-	1,142,294
Interest	117,056	-	117,056
Intergovernmental	12,863,701	3,123,003	15,986,704
Other local revenues	<u>88,901</u>	<u>435,231</u>	<u>524,132</u>
Total revenues	<u>28,361,000</u>	<u>3,558,234</u>	<u>31,919,234</u>
Expenditures:			
Current:			
Instruction:			
Regular	12,361,958	1,090,895	13,452,853
Special education	2,929,971	523,974	3,453,945
Adult/continuing	16,784	-	16,784
Support services:			
Pupil	1,180,989	3,361	1,184,350
Instructional staff	1,248,949	7,218	1,256,167
Board of Education	109,405	-	109,405
Administration	1,559,112	-	1,559,112
Fiscal	888,697	5,000	893,697
Operation and maintenance of plant	2,653,556	300,881	2,954,437
Pupil transportation	1,646,642	86,221	1,732,863
Central	358,429	11,854	370,283
Non-instructional services:			
Extracurricular activities	330,215	249,059	579,274
Community service	758	5,608	6,366
Capital outlay	-	<u>1,330,358</u>	<u>1,330,358</u>
Total expenditures	<u>25,285,465</u>	<u>3,614,429</u>	<u>28,899,894</u>
Excess of revenues over (under) expenditures	<u>3,075,535</u>	<u>(56,195)</u>	<u>3,019,340</u>
Other financing sources (uses):			
Transfers in	-	447,638	447,638
Transfers out	-	<u>(447,638)</u>	<u>(447,638)</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	3,075,535	(56,195)	3,019,340
Fund balance, beginning of year, restated	<u>15,799,904</u>	<u>1,230,874</u>	<u>17,030,778</u>
Fund balance, end of year	<u>\$ 18,875,439</u>	<u>1,174,679</u>	<u>20,050,118</u>

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds		\$ 3,019,340
<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.</p>		
Capital outlay		2,037,807
Depreciation expense		(1,309,815)
<p>Some expenses reported in the statement of activities do not require the use current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		232,092
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(1,077,532)
<p>In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.</p>		
		<u>(2,797)</u>
 Change in Net Assets of Governmental Activities		 \$ <u>2,899,095</u>

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets

Proprietary Funds

June 30, 2011

	<u>Nonmajor Enterprise Funds</u>
Assets:	
Current assets:	
Equity in pooled cash and investments	\$ 301,958
Receivables:	
Accounts	3,483
Supplies inventory	<u>42,021</u>
Total current assets	<u>347,462</u>
Noncurrent assets:	
Capital assets, net	<u>95,881</u>
Total assets	<u>443,343</u>
Liabilities:	
Accounts payable	2,542
Accrued wages	50,219
Intergovernmental payable	5,337
Compensated absences payable	<u>2,455</u>
Total current liabilities	<u>58,098</u>
Noncurrent liabilities:	
Compensated absences payable	<u>14,501</u>
Total liabilities	<u>72,599</u>
Net Assets:	
Invested in capital assets	95,881
Unrestricted	<u>272,408</u>
Total net assets	<u>\$ 368,289</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, 2011

	Nonmajor Enterprise Funds
Operating revenues:	
Charges for services	\$ 418,295
Other operating revenues	<u>5,935</u>
Total operating revenues	<u>424,230</u>
Operating expenses:	
Salaries and wages	366,484
Fringe benefits	176,667
Contractual services	71,565
Materials and supplies	485,321
Depreciation	23,884
Other expenses	<u>4,801</u>
Total operating expenses	<u>1,128,722</u>
Operating loss	(704,492)
Nonoperating revenues:	
Federal and state grants	660,299
Interest income	<u>2,863</u>
Total nonoperating revenues	<u>663,162</u>
Change in net assets	(41,330)
Net assets, beginning of year	<u>409,619</u>
Net assets, end of year	\$ <u><u>368,289</u></u>

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2011

	<u>Nonmajor Enterprise Funds</u>
Cash flows from operating activities:	
Cash received from customers	\$ 414,874
Cash received from other operating sources	5,935
Cash payments for personal services	(518,675)
Cash payments for contract services	(71,055)
Cash payments for supplies and materials	(420,024)
Cash payments for other expenses	<u>(4,801)</u>
Net cash used by operating activities	<u>(593,746)</u>
Cash flows from noncapital financing activities:	
Cash received from federal and state grants	<u>567,776</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(22,560)</u>
Cash flows from investing activities:	
Investment income	<u>2,863</u>
Net change in cash and cash equivalents	(45,667)
Cash and cash equivalents at beginning of year	<u>347,625</u>
Cash and cash equivalents at end of year	\$ <u><u>301,958</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(704,492)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	23,884
Donated commodities used	92,523
Changes in assets and liabilities:	
Accounts receivable	(3,421)
Accounts payable	2,384
Supplies inventory	(29,100)
Accrued wages and benefits	20,224
Intergovernmental payable	291
Compensated absences payable	<u>3,961</u>
Net cash used by operating activities	\$ <u><u>(593,746)</u></u>

See accompanying notes to the basic financial statements.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets

Fiduciary Funds

June 30, 2011

	Private Purpose Trusts	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Equity in pooled cash and investments	\$ <u>63,214</u>	<u>30,607</u>
Total assets	<u>63,214</u>	<u>30,607</u>
 LIABILITIES		
Due to student groups	<u>-</u>	<u>30,607</u>
Total liabilities	<u>-</u>	<u>30,607</u>
 NET ASSETS		
Held in trust	\$ <u>63,214</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, 2011

		Private- Purpose Trusts
Additions:		
Contributions	\$	12,250
Interest		<u>787</u>
Total additions		<u>13,037</u>
Deductions:		
Community gifts, awards and scholarships		<u>20,753</u>
Total deductions		<u>20,753</u>
Change in net assets		(7,716)
Net assets, beginning of year		<u>70,930</u>
Net assets, end of year	\$	<u><u>63,214</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, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the New Richmond Exempted Village School District (the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. Reporting Entity

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

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District is associated with four organizations, two of which are defined as jointly governed organizations and two as insurance purchasing pools. These organizations include Hamilton/Clermont Cooperative Association, the U.S. Grant Joint Vocational School District, the Ohio School Boards Association Workers' Compensation Group Rating Plan, 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, 2011

B. 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 financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

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

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

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

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

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

C. Fund Accounting

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

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

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

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

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

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, 2011

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

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

Revenues - Exchange and Non-exchange transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

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

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, 2011 which are intended to finance fiscal year 2012 operations have been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in central bank accounts. Monies for all funds are maintained in these accounts or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements. During fiscal year 2011, the District's investments were limited to US Agency securities, US money markets, and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.

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, 2011 at fair value.

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

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

F. 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 purchased food and supplies held for resale and are expensed when used.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

G. Capital Assets

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

The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

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

H. Interfund Balances

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

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

I. Compensated Absences

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

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

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

J. Accrued Liabilities and Long-Term Obligations

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

K. Fund Balances

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The “not in a spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned. The School District did not have any nonspendable fund balances at year end.

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

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education.

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

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

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. 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.

M. Estimates

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

2. CHANGE IN ACCOUNTING PRINCIPLES

The School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clarified fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of a certain fund and restatement of the School District's beginning fund balance:

		Other General Fund	Governmental Funds
		<u> </u>	<u> </u>
Fund Balance at June 30, 2010	\$	15,747,099	1,283,679
Change in fund classification		<u>52,805</u>	<u>(52,805)</u>
Restated Fund Balance at June 30, 2010	\$	<u>15,799,904</u>	<u>1,230,874</u>

3. DEPOSITS AND INVESTMENTS

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

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

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

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.

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. At year-end, \$1,610,429 of the School District's bank balance of \$2,984,276 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Investments

The School District's investments at June 30, 2011 are as summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity Years</u>	<u>Concentration of Credit Risk</u>
FHLB	\$ 4,037,799	3.68	22.7%
FNMA	2,602,971	2.66	14.7%
FHLMC	7,824,232	3.31	44.1%
Star Ohio	2,272,306	n/a	12.8%
US Money Market	1,017,410	n/a	5.7%
	<u>\$ 17,754,718</u>		<u>100.0%</u>

Credit Risk

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

Custodial Credit Risk

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2011

Interest Rate Risk

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

4. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and certain tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of the prior January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in calendar year 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property tax) represents the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after April 1, 2010, on the value listed as of December 31, 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Clermont 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, 2011, are available to finance fiscal year 2011 operations. The amount available for advance can vary based on the date the tax bills are sent.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

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, 2011. 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, 2011, was \$2,127,500 in the General Fund.

The assessed values upon which fiscal year 2011 taxes were collected are:

	<u>2010 Second- Half Collections</u>		<u>2011 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 327,398,620	62.85%	376,178,550	66.46%
Public Utility	192,933,330	37.04%	189,507,020	33.48%
Tangible Personal Property	<u>590,200</u>	0.11%	<u>310,700</u>	0.05%
Total Assessed Value	\$ <u>520,922,150</u>	100.00%	<u>565,996,270</u>	100.00%
Tax rate per \$1,000 of assessed valuation		\$32.00		\$32.00

5. INTERFUND TRANSACTIONS

On the fund financial statements, the General Fund has receivables of \$425,819 due from Other Governmental Funds. These interfund loans were made to provide operating capital.

During the year ended June 30, 2011, with approval of the courts, the nonmajor Debt Service Fund made transfers of \$447,638 to the nonmajor Permanent Improvement Fund as the debt for which the taxes were collected was fully paid. 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, and (3) maintain debt service.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2011

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance 7/1/10	Additions	Disposals	Balance 6/30/11
Governmental Activities				
Nondepreciable:				
Land	\$ 490,034	-	-	490,034
Construction in progress	-	1,715,467	(412,354)	1,303,113
Subtotal	<u>490,034</u>	<u>1,715,467</u>	<u>(412,354)</u>	<u>1,793,147</u>
Depreciable:				
Land improvements	2,961,331	42,020	-	3,003,351
Buildings and improvements	33,867,882	370,334	-	34,238,216
Vehicles	2,256,905	248,900	(119,630)	2,386,175
Equipment and furniture	2,748,609	73,440	(43,698)	2,778,351
Subtotal	<u>41,834,727</u>	<u>734,694</u>	<u>(163,328)</u>	<u>42,406,093</u>
Totals at historical cost	<u>42,324,761</u>	<u>2,450,161</u>	<u>(575,682)</u>	<u>44,199,240</u>
Less accumulated depreciation:				
Land improvements	1,895,019	190,723	-	2,085,742
Buildings and improvements	17,329,196	779,260	-	18,108,456
Vehicles	2,248,507	164,874	(119,630)	2,293,751
Equipment and furniture	1,963,964	174,958	(40,901)	2,098,021
Total accumulated depreciation	<u>23,436,686</u>	<u>1,309,815</u>	<u>(160,531)</u>	<u>24,585,970</u>
Capital assets, net	<u>\$ 18,888,075</u>	<u>1,140,346</u>	<u>(415,151)</u>	<u>19,613,270</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 714,529
Special education	1,187
Support services:	
Instructional staff	4,601
Administration	94,673
Fiscal	5,914
Operation and maintenance of plant	76,603
Pupil transportation	189,021
Central	1,089
Extracurricular activities	<u>222,198</u>
Total depreciation expense	<u>\$ 1,309,815</u>

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

	Balance 7/1/10	Additions	Disposals	Balance 6/30/11
<i>Business-type Activities:</i>				
Furniture and equipment	\$ 481,897	22,560	-	504,457
Less accumulated depreciation	384,692	23,884	-	408,576
Capital assets, net	\$ 97,205	(1,324)	-	95,881

Depreciation expense of \$23,884 was charged to the food services segment.

7. RISK MANAGEMENT

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

The School District participates in the Ohio 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.

8. PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

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Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by, the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81%. The remaining 2.19% of the 14% employer contribution rate was allocated to the Health Care and Medicare B Funds. The School District's required contributions to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$559,000, \$555,000, and \$530,000, respectively, which equaled the required contributions each year.

State Teachers Retirement System

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

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

DB Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchase credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service credit over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

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average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan benefits are established under Sections 3307.80 to 3307.89 of the Ohio Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

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

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

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

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

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

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14%. Contribution rates are established by STRS Ohio, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions to STRS Ohio for fiscal years ended June 30, 2011, 2010, and 2009 were approximately \$1,733,000, \$1,698,000, and \$1,658,000, respectively; 84% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009. The unpaid contribution for fiscal year 2011 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.

9. POSTEMPLOYMENT BENEFITS

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

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

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for years ended June 30, 2011, 2010, and 2009. The 14% employer contribution rate is the maximum rate established under Ohio law. The School District's contributions to STRS Ohio allocated to post-employment health care for fiscal years ended June 30, 2011, 2010, and 2009 were approximately \$124,000, \$121,000, and \$118,000, respectively; 84% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

SERS administers two postemployment benefit plans:

Medicare Part B Plan - The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was 0.76%. The School District contributions for fiscal years ended June 30, 2011, 2010, and 2009 were approximately \$30,000, \$30,000, and \$28,000, respectively, which equaled the required contributions for each year.

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

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2011, the health care allocation was 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to health care for fiscal years ended June 30, 2011, 2010, and 2009 were approximately \$57,000, \$93,000, and \$232,000, respectively, which equaled the required contributions for each year.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

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

10. EMPLOYEE BENEFITS

Compensated Absences

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

11. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	Principal Outstanding 7/1/10	Additions	Reductions	Principal Outstanding 6/30/11	Amounts Due in One Year
<i>Governmental Activities:</i>					
Compensated absences	\$ 3,008,051	165,947	(403,624)	2,770,374	217,113
<i>Business-type Activities:</i>					
Compensated absences	\$ 12,995	4,740	(779)	16,956	2,455

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

12. FUND BALANCES

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

Fund Balances	General Fund	Other Governmental Funds	Total Governmental Funds
<i>Restricted for</i>			
Athletics	\$ -	99,811	99,811
Public School Preschool	-	3,955	3,955
Education Jobs	-	39,433	39,433
Disadvantaged Children	-	26,081	26,081
Teacher Quality	-	10,688	10,688
<i>Total Restricted</i>	-	179,968	179,968
<i>Committed to</i>			
Underground Storage Tanks	11,505	-	11,505
<i>Assigned to</i>			
Capital Improvements	-	994,711	994,711
Public School Support	41,569	-	41,569
Encumbrances	760,650	-	760,650
<i>Total Assigned</i>	802,219	994,711	1,796,930
<i>Unassigned (Deficit)</i>	18,061,715	-	18,061,715
<i>Total Fund Balance</i>	\$ 18,875,439	1,174,679	20,050,118

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.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

U.S. Grant Joint Vocational School

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

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.

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.

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, 2011.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2011

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>
Set-aside reserve balance as of June 30, 2010	\$	-	-
Current year set-aside requirement		349,423	349,423
Current year qualifying expenditures		(242,574)	(1,060,486)
Excess qualified expenditures from prior years		<u>(2,967,992)</u>	<u>-</u>
Total		<u>(2,861,143)</u>	<u>(711,063)</u>
Set-aside reserve balance as of June 30, 2011	\$	<u>-</u>	<u>-</u>

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, 2011

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>With Final</u>
				<u>Budget</u>
Revenues:				
Taxes	\$ 11,988,668	12,613,848	12,613,848	-
Tuition and fees	97,716	1,075,854	1,075,854	-
Interest	272,286	191,403	218,770	27,367
Intergovernmental	13,887,142	12,854,563	12,854,563	-
Other local revenues	85,678	143,309	143,309	-
Total revenues	<u>26,331,490</u>	<u>26,878,977</u>	<u>26,906,344</u>	<u>27,367</u>
Expenditures:				
Current:				
Instruction:				
Regular	12,725,468	12,593,322	12,593,322	-
Special education	3,059,605	3,202,737	2,957,257	245,480
Other instruction	19,341	17,499	17,499	-
Support services:				
Pupil	1,299,551	1,200,780	1,200,780	-
Instructional staff	1,219,225	1,242,154	1,242,154	-
Board of Education	143,747	106,503	106,503	-
Administration	1,713,830	1,570,361	1,570,361	-
Fiscal	997,461	932,938	932,938	-
Operation and maintenance of plant	3,480,506	3,150,066	3,150,066	-
Pupil transportation	1,853,085	1,636,255	1,636,255	-
Central	332,837	371,504	371,504	-
Non-instructional services:				
Extracurricular activities	301,040	314,942	314,942	-
Total expenditures	<u>27,145,696</u>	<u>26,339,061</u>	<u>26,093,581</u>	<u>245,480</u>
Excess of revenues over expenditures	(814,206)	539,916	812,763	(218,113)
Other financing sources (uses):				
Transfers in	1,576,075	2,195,739	2,195,739	-
Transfers out	(1,800,000)	(2,195,739)	(2,195,739)	-
Advances in	1,275,147	1,170,781	1,170,781	-
Advances out	-	(425,819)	(425,819)	-
Other uses	(500,000)	-	-	-
Total other financing sources (uses):	<u>551,222</u>	<u>744,962</u>	<u>744,962</u>	<u>-</u>
Net change in fund balance	(262,984)	1,284,878	1,557,725	(218,113)
Fund balance, beginning of year	14,531,449	14,531,449	14,531,449	
Prior year encumbrances appropriated	831,758	831,758	831,758	
Fund balance, end of year	\$ <u>15,100,223</u>	<u>16,648,085</u>	<u>16,920,932</u>	

See accompanying notes to required supplementary information.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to Required Supplementary Information

Year Ended June 30, 2011

Note A Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The budget must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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

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

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

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

	<u>General</u>
Net change in fund balance - GAAP Basis	\$ 3,075,535
Increase / (decrease):	
Due to inclusion of Public School Support Fund	(419)
Due to revenues	(1,439,197)
Due to expenditures	(16,548)
Due to other sources (uses)	744,962
Due to encumbrances	<u>(806,608)</u>
Net change in fund balance - Budget Basis	\$ <u>1,557,725</u>

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Nutrition Cluster:				
<i>Non-Cash Assistance (Food Distribution):</i>				
National School Lunch Program	n/a	10.555	\$ 92,523	92,523
<i>Cash Assistance</i>				
School Breakfast Program	05PU-2009	10.553	133,894	133,894
National School Lunch Program	LLP4-2009	10.555	422,591	422,591
<i>Cash Assistance Subtotal</i>			<u>556,485</u>	<u>556,485</u>
Nutrition Cluster Total			<u>649,008</u>	<u>649,008</u>
Total U.S. Department of Agriculture			<u>649,008</u>	<u>649,008</u>
<u>U.S. Department of Education:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	C1S1-2010	84.010	64,957	51,205
Title I Grants to Local Educational Agencies	C1S1-2011	84.010	438,510	497,096
ARRA - Title I Grants to Local Educational Agencies	C1S1-2010	84.389	313,153	314,903
			<u>816,620</u>	<u>863,204</u>
Special Education Cluster:				
Special Education - Grants to States	6BSF-2010	84.027	366,213	-
Special Education - Grants to States	6BSF-2011	84.027	233,995	523,974
ARRA - Special Education - Grants to States	6BSF-2010	84.391	477,662	180,875
			<u>1,077,870</u>	<u>704,849</u>
Safe and Drug-Free Schools and Communities	DRS1-2011	84.186	3,361	3,361
Education Technology State Grants	TJS1-2011	84.318	1,798	1,898
Improving Teacher Quality State Grants	TRS1-2010	84.367	18,845	22,433
Improving Teacher Quality State Grants	TRS1-2011	84.367	125,422	143,084
			<u>144,267</u>	<u>165,517</u>
ARRA - State Fiscal Stabilization Fund	ARRA-2010	84.394	318,464	318,464
Education Jobs Fund	n/a	84.410	148,951	195,229
Total U.S. Department of Education			<u>2,511,331</u>	<u>2,252,522</u>
Total Federal Awards			\$ <u>3,160,339</u>	<u>2,901,530</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

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

NOTE C - NUTRITION CLUSTER

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Richmond Exempted Village School District (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 21, 2011 wherein we noted the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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.

Internal Control over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the School District in a separate letter dated December 21, 2011.

This report is intended solely for the information and use of the Board of Education, management, others within the entity 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, Hachett & Co.

Cincinnati, Ohio
December 21, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON 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 New Richmond Exempted Village School District's ("School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2011. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. 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 the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School District's compliance with those requirements.

In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questions costs as item 2011-1.

Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2011-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Schools District's response to the finding identified in our audit is described in accompanying schedule of findings and questioned costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education, management, others within the entity 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, Hachett & Co.

Cincinnati, Ohio
December 21, 2011

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2011

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	yes

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133? yes

Identification of major programs:

Title I, Part A Cluster:
 CFDA 84.010 – Title I Grants to Local Educational Agencies
 CFDA 84.389 – Title I Grants to Local Educational Agencies – ARRA

Special Education Cluster:
 CFDA 84.027 – Special Education Grants to States
 CFDA 84.391 – Special Education Grants to States – ARRA

CFDA 84.394 – State Fiscal Stabilization Fund – ARRA

Nutrition Cluster:
 CFDA 10.553 – School Breakfast Program
 CFDA 10.555 – National School Lunch Program

Dollar threshold to distinguish between Type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

DEPARTMENT OF EDUCATION

Finding 2011-1 – State Fiscal Stabilization Fund – ARRA – CFDA No. 84.394

Condition: We performed cash management compliance tests to determine if the School District was minimizing the time that elapsed between the receipt of funding from the Ohio Department of Education (ODE) and the disbursement of the funds. We noted the School District did not always spend the monthly amounts received through state Foundation payments in accordance with policies stipulated by the ODE.

Criteria: 34 CFR 80.20(b)(7) states in part “When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements.” For the State Fiscal Stabilization funding, ODE provided the funding through its normal Foundation payment schedule and the School District was not required to request the funding. However, ODE stipulated that amounts received should be spent within 30 days or by the end of the month in which it was received, whichever came first.

Effect: Noncompliance with cash management requirements could result in funders seeking repayment of excess interest earnings on federal funding or other remedial actions

Cause: The School District did not implement specific procedures to ensure that federal funds were disbursed in accordance with both Federal and ODE requirements.

Recommendation: We recommend the School District implement cash management procedures to ensure compliance with all federal requirements.

Management response: *Criteria 34 CRF 80.20(b) (7) states that the when advances are made by letter of credit or electronic fund transfer methods, the grantee must make drawdown as close as possible to the time of making disbursements. The State Fiscal Stabilization Funds had previously been state funds, not federal funds, essentially, the districts State Foundation was reduced by over 6% by the state of Ohio. Never once, did we, the district, submit a request to receive the funds semi-monthly, as which is required of all of the other Federal Funds the district receives.*

The information published by the Ohio Department of Education was not clear, and changed throughout the year as to how these funds could be spent, so rather than possibly spending funds incorrectly, we opted to be financially prudent and wait. These funds were spent appropriately, and spent to pay for utility bills of the district. We always try to operate efficiently, and not drive up labor cost to the district, the district opted to pay the bills out of the general fund and then reimburse the district from these funds after ODE finalized the guidelines.

As to the issue of interest be earned, interest rates were less than a quarter of a percentage point and is not material. All other cash management procedures are in compliance with all of the federal programs.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
Schedule of Prior Audit Findings
Year Ended June 30, 2011

Financial Statement Finding:

Finding 2010-1 – Audit Adjustment

During the course of our audit, we identified a misstatement in the financial statements for the year under audit that was not initially identified by the School District's internal control over financial reporting. Throughout the year, the School District maintains its books and records on the cash-basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The audit adjustment of approximately \$151,000 was necessary to correct the understatement of accounts payable in Other Governmental Funds.

Status: *Corrected.*

Federal Award Finding:

Finding 2010-2 – Title I Grants to Local Educational Agencies - ARRA - CFDA No. 84.389

During the prior audit, it was noted that the School District did not properly report all vendors receiving single payments of \$25,000, from a single ARRA grant, in accordance with ODE 1512 ARRA Subrecipient Vendor reporting requirements.

Status: *Corrected.*

Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

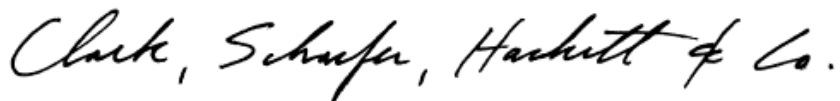
Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall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

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

1. We noted the Board amended its bullying and other forms of aggressive behavior policy at its meeting on May 19, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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



Cincinnati, Ohio
December 21, 2011



Dave Yost • Auditor of State

NEW RICHLAND EXEMPTED VILLAGE SCHOOL DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 21, 2012**