

**NEW RICHMOND EXEMPTED
VILLAGE SCHOOL DISTRICT**

General Purpose Financial Statements

Year Ended June 30, 2000

With

Independent Auditors' Report



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

We have reviewed the Independent Auditor's Report of the New Richmond Exempted Village School District, Clermont County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 1999 to June 30, 2000. 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.

JIM PETRO
Auditor of State

December 19, 2000

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of New Richmond Exempted Village School District as of and for the year ended June 30, 2000 as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental 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 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of New Richmond Exempted Village School District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2000 on our consideration of the New Richmond Exempted Village School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
October 5, 2000

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 2000

	Governmental Fund Types				Proprietary Fund Type		Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust & Agency	General Fixed Asset	Long-Term Debt	General			
									General	Debt		
ASSETS AND OTHER DEBITS												
ASSETS:												
Equity in pooled cash and cash equivalents	\$ 11,164,503	378,413	255,172	1,490,176	329,591	156,083	-	-	-	-	-	13,773,938
Investments	1,180,486	-	-	-	-	-	-	-	-	-	-	1,180,486
Net receivables:												
Taxes	18,626,393	-	310,517	-	-	-	-	-	-	-	-	18,936,910
Accounts	899	60	-	-	962	-	-	-	-	-	-	1,921
Accrued interest	69,693	-	-	-	918	-	-	-	-	-	-	70,611
Intergovernmental	2,975	63,705	-	-	-	-	-	-	-	-	-	66,680
Interfund loan receivable	59,990	-	-	-	-	-	-	-	-	-	-	59,990
Materials and supply inventory	-	-	-	-	36,212	-	-	-	-	-	-	36,212
Restricted assets:												
Cash and cash equivalents	113,570	-	-	-	-	-	-	-	-	-	-	113,570
Property, plant and equipment (net of accumulated depreciation where applicable)	-	-	-	-	117,727	-	43,831,809	-	-	-	-	43,949,536
OTHER DEBITS:												
Amount available in Debt Service Fund	-	-	-	-	-	-	-	-	266,672	-	-	266,672
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	-	5,075,420	-	5,075,420
Total assets and other debits	\$ 31,218,509	442,178	565,689	1,490,176	485,410	156,083	43,831,809	-	-	5,342,092	-	83,531,946

The notes to the financial statements are an integral part of this statement.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 2000

	Governmental Fund Types			Capital Projects	Proprietary Fund Type	Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service			Trust & Agency	General Fixed Asset	Long-Term Debt	General		
									Enterprise	General	
LIABILITIES, EQUITY AND OTHER CREDITS											
LIABILITIES:											
Accounts payable	\$ 508,592	18,143	-	409	6,819	-	-	-	-	-	533,963
Accrued wages and benefits	1,542,338	15,993	-	-	37,304	-	-	-	-	-	1,595,635
Compensated absences payable	56,518	-	-	-	23,034	-	-	-	2,126,619	-	2,206,171
Deferred revenue	18,099,093	-	299,017	-	27,864	-	-	-	-	-	18,425,974
Interfund loan payable	-	58,945	-	-	-	1,045	-	-	-	-	59,990
Unclaimed funds	-	-	-	-	-	11,777	-	-	-	-	11,777
Pension obligation payable	241,725	-	-	-	6,862	-	-	-	-	-	248,587
Due to student groups	-	-	-	-	-	57,680	-	-	-	-	57,680
Energy conservation loan payable	-	-	-	-	-	-	-	-	1,235,473	-	1,235,473
General obligation bonds payable	-	-	-	-	-	-	-	-	1,980,000	-	1,980,000
Total liabilities	20,448,266	93,081	299,017	409	101,883	70,502	-	-	5,342,092	-	26,355,250
EQUITY AND OTHER CREDITS:											
Investments in general fixed assets	-	-	-	-	-	-	-	-	43,831,809	-	43,831,809
Retained earnings: unreserved	-	-	-	-	383,527	-	-	-	-	-	383,527
Fund balances:											
Reserved for:											
Encumbrances	1,205,774	49,865	-	234,759	-	100	-	-	-	-	1,490,498
Endowment	-	-	-	-	-	48,906	-	-	-	-	48,906
Budget stabilization set-aside	113,570	-	-	-	-	-	-	-	-	-	113,570
Property tax advances	527,300	-	11,500	-	-	-	-	-	-	-	538,800
Debt service	-	-	255,172	-	-	-	-	-	-	-	255,172
Unreserved - undesignated	8,923,599	299,232	-	1,255,008	-	36,575	-	-	-	-	10,514,414
Total equity and other credits	10,770,243	349,097	266,672	1,489,767	383,527	85,581	-	-	43,831,809	-	57,176,696
Total liabilities, equity and other credits	\$ 31,218,509	442,178	565,689	1,490,176	485,410	156,083	-	-	43,831,809	5,342,092	83,531,946

The notes to the financial statements are an integral part of this statement.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Combined Statement of Revenues, Expenditures, and Changes in Fund
Balances - All Governmental Fund Types and Similar Trust Funds

Year Ended June 30, 2000

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$ 17,930,042	-	279,545	-	-	18,209,587
Tuition	4,135	-	-	-	-	4,135
Earnings on investments	940,136	-	-	-	4,533	944,669
Other local revenue	77,106	227,445	-	-	5,286	309,837
Intergovernmental - state	4,133,545	191,682	10,561	-	-	4,335,788
Intergovernmental - federal	-	852,813	-	-	-	852,813
Total revenues	<u>23,084,964</u>	<u>1,271,940</u>	<u>290,106</u>	<u>-</u>	<u>9,819</u>	<u>24,656,829</u>
Expenditures:						
Instruction:						
Regular	9,341,392	494,728	-	130,503	-	9,966,623
Special	1,745,304	96,307	-	-	-	1,841,611
Vocational education	273,568	-	-	-	-	273,568
Other	15,706	-	-	-	-	15,706
Support services:						
Pupil	914,755	139,736	-	-	-	1,054,491
Instructional staff	953,567	173,219	-	-	-	1,126,786
General administration	366,060	-	-	-	-	366,060
School administration	1,308,902	73,082	-	-	-	1,381,984
Fiscal and business	599,581	-	4,183	-	-	603,764
Operations and maintenance	2,298,547	17,493	-	-	-	2,316,040
Pupil transportation	1,125,965	30,668	-	-	-	1,156,633
Central	217,886	7,068	-	-	-	224,954
Extracurricular activities	273,673	191,179	-	-	5,550	470,402
Facilities acquisition and construction	120,654	-	-	1,243,605	-	1,364,259
Debt Service:						
Principal	2,487	-	135,000	-	-	137,487
Interest	109,306	-	144,213	-	-	253,519
Total expenditures	<u>19,667,353</u>	<u>1,223,480</u>	<u>283,396</u>	<u>1,374,108</u>	<u>5,550</u>	<u>22,553,887</u>
Excess of revenues over (under) expenditures	3,417,611	48,460	6,710	(1,374,108)	4,269	2,102,942
Other financing sources (uses):						
Proceeds from sale of notes	-	-	-	593,258	-	593,258
Operating transfers in	3,209	7,000	-	-	1,819	12,028
Operating transfers out	(7,000)	-	-	-	-	(7,000)
Other financing sources	14,429	69	-	2,162	-	16,660
Total other financing sources (uses)	<u>10,638</u>	<u>7,069</u>	<u>-</u>	<u>595,420</u>	<u>1,819</u>	<u>614,946</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	3,428,249	55,529	6,710	(778,688)	6,088	2,717,888
Fund balance, beginning of year	7,341,994	293,568	259,962	2,268,455	30,587	10,194,566
Fund balance, end of year	\$ <u>10,770,243</u>	<u>349,097</u>	<u>266,672</u>	<u>1,489,767</u>	<u>36,675</u>	<u>12,912,454</u>

The notes to the financial statements are an integral part of this statement.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budget Basis) - All Governmental Fund Types and Similar Trust Funds

Year Ended June 30, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$ 17,785,442	17,785,442	-	-	-	-
Tuition	4,135	4,135	-	-	-	-
Earnings on investments	904,167	904,167	-	-	-	-
Extracurricular activities	-	-	-	163,419	163,419	-
Other local revenues	80,286	80,286	-	50,264	50,264	-
Intergovernmental - state and local	4,090,654	4,090,654	-	190,682	190,682	-
Intergovernmental - federal	39,916	39,916	-	807,601	807,601	-
Total revenues	<u>22,904,600</u>	<u>22,904,600</u>	-	<u>1,211,966</u>	<u>1,211,966</u>	-
Expenditures:						
Current:						
Instruction:						
Regular	9,922,161	9,922,161	-	511,672	511,672	-
Special	1,902,489	1,902,489	-	103,301	103,301	-
Vocational	297,767	297,767	-	-	-	-
Other	17,060	17,060	-	-	-	-
Support services:						
Pupil	973,903	973,903	-	141,182	141,182	-
Instructional staff	1,006,803	1,006,803	-	178,691	178,691	-
General administration	362,954	362,954	-	-	-	-
School administration	1,327,463	1,327,463	-	73,728	73,728	-
Fiscal and business	624,475	624,475	-	-	-	-
Operations and maintenance	2,495,638	2,495,638	-	39,494	39,494	-
Pupil transportation	1,272,183	1,272,183	-	30,668	30,668	-
Central	228,506	228,506	-	7,075	7,075	-
Extracurricular activities	286,453	286,453	-	206,835	206,835	-
Facilities acquisition and construction	120,653	120,653	-	-	-	-
Debt Service:						
Repayment of debt	383,026	383,026	-	-	-	-
Total expenditures	<u>21,221,534</u>	<u>21,221,534</u>	-	<u>1,292,646</u>	<u>1,292,646</u>	-
Excess of revenues over (under) expenditures	<u>1,683,066</u>	<u>1,683,066</u>	-	<u>(80,680)</u>	<u>(80,680)</u>	-
Other financing sources (uses):						
Operating transfers in	3,209	3,209	-	7,000	7,000	-
Operating transfers (out)	(804,315)	(804,315)	-	-	-	-
Advances in	56,684	56,684	-	58,945	58,945	-
Advances (out)	(114,770)	(114,770)	-	(1,500)	(1,500)	-
Proceeds from sale of notes	-	-	-	-	-	-
Other financing sources	14,198	14,198	-	70	70	-
Total other financing sources (uses)	<u>(844,994)</u>	<u>(844,994)</u>	-	<u>64,515</u>	<u>64,515</u>	-
Excess of revenues and other sources over (under) expenditures and other (uses)	838,072	838,072	-	(16,165)	(16,165)	-
Fund balance, beginning of year	6,350,823	6,350,823		270,387	270,387	
Prior year encumbrances appropriated	<u>1,356,859</u>	<u>1,356,859</u>		<u>56,521</u>	<u>56,521</u>	
Fund balance, end of year	\$ <u>8,545,754</u>	\$ <u>8,545,754</u>		<u>310,743</u>	<u>310,743</u>	

The notes to the financial statements are an integral part of this statement.

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
276,245	276,245	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,533	4,533	-
-	-	-	-	-	-	-	-	-
10,561	10,561	-	-	-	-	5,286	5,286	-
-	-	-	-	-	-	-	-	-
<u>286,806</u>	<u>286,806</u>	-	-	-	-	<u>9,819</u>	<u>9,819</u>	-
-	-	-	134,581	134,581	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
4,183	4,183	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,650	5,650	-
-	-	-	1,866,109	1,866,109	-	-	-	-
<u>267,436</u>	<u>267,436</u>	-	-	-	-	-	-	-
<u>271,619</u>	<u>271,619</u>	-	<u>2,000,690</u>	<u>2,000,690</u>	-	<u>5,650</u>	<u>5,650</u>	-
<u>15,187</u>	<u>15,187</u>	-	<u>(2,000,690)</u>	<u>(2,000,690)</u>	-	<u>4,169</u>	<u>4,169</u>	-
-	-	-	-	-	-	1,819	1,819	-
(11,778)	(11,778)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	593,258	593,258	-	-	-	-
-	-	-	2,162	2,162	-	-	-	-
<u>(11,778)</u>	<u>(11,778)</u>	-	<u>595,420</u>	<u>595,420</u>	-	<u>1,819</u>	<u>1,819</u>	-
3,409	3,409	-	(1,405,270)	(1,405,270)	-	5,988	5,988	-
251,763	251,763	-	1,471,649	1,471,649	-	30,387	30,387	-
-	-	-	<u>1,188,629</u>	<u>1,188,629</u>	-	<u>200</u>	<u>200</u>	-
<u>255,172</u>	<u>255,172</u>	-	<u>1,255,008</u>	<u>1,255,008</u>	-	<u>36,575</u>	<u>36,575</u>	-

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance Proprietary Fund Type and Nonexpendable Trust Fund

Year Ended June 30, 2000

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>(Memorandum Only)</u>
Operating revenues:			
Charges for services	\$ 377,159	-	377,159
Other operating revenues	<u>7,624</u>	<u>100</u>	<u>7,724</u>
Total operating revenues	384,783	100	384,883
Operating expenses:			
Salaries and wages	291,619	-	291,619
Fringe benefits	98,849	-	98,849
Purchased services	40,722	-	40,722
Materials and supplies	292,704	-	292,704
Depreciation	20,278	-	20,278
Other expenses	<u>7,357</u>	<u>-</u>	<u>7,357</u>
Total operating expenses	<u>751,529</u>	<u>-</u>	<u>751,529</u>
Operating income (loss)	(366,746)	100	(366,646)
Nonoperating revenues:			
Interest income	132,134	-	132,134
Operating grants	264,408	-	264,408
Operating grants - donated commodities	<u>53,199</u>	<u>-</u>	<u>53,199</u>
Total nonoperating revenues	<u>449,741</u>	<u>-</u>	<u>449,741</u>
Net income	82,995	100	83,095
Retained earnings/Fund Balance at beginning of year	<u>300,532</u>	<u>48,806</u>	<u>349,338</u>
Retained earnings/Fund Balance at end of year	\$ <u><u>383,527</u></u>	<u><u>48,906</u></u>	<u><u>432,433</u></u>

The notes to the financial statements are an integral part of this statement.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Combined Statement of Cash Flows - Proprietary Fund Type and Nonexpendable Trust Fund

Year Ended June 30, 2000

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
Cash flows from operating activities:			
Cash received from customers	\$ 377,038	-	377,038
Cash received from other operating sources	7,624	100	7,724
Cash payments for personal services	(401,988)	-	(401,988)
Cash payments for contract services	(33,903)	-	(33,903)
Cash payments for supplies and materials	(248,817)	-	(248,817)
Cash payments for other expenses	(7,357)	-	(7,357)
Net cash provided (used) by operating activities	(307,403)	100	(307,303)
Cash flows from noncapital financing activities:			
Cash received from operating grants	302,354	-	302,354
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(14,261)	-	(14,261)
Cash flows from investing activities:			
Investment income	131,216	-	131,216
Net decrease in cash and cash equivalents	111,906	100	112,006
Cash and cash equivalents at beginning of year	217,685	48,806	266,491
Cash and cash equivalents at end of year	\$ 329,591	48,906	378,497
Reconciliation of operating income (loss)			
to net cash provided (used) by operating activities:			
Operating income (loss)	(366,746)	100	(366,646)
Adjustments to reconcile operating income (loss)			
to net cash provided (used) by operating activities:			
Depreciation	20,278	-	20,278
Donated commodities used	53,199	-	53,199
Changes in assets and liabilities:			
Increase in accounts receivable	(121)	-	(121)
Decrease in accounts payable	(8,337)	-	(8,337)
Decrease in supplies inventory	5,954	-	5,954
Decrease in accrued wages and benefits	(9,540)	-	(9,540)
Decrease in pension obligation payable	(2,407)	-	(2,407)
Decrease in deferred revenue	(110)	-	(110)
Increase in compensated absences payable	427	-	427
Net cash provided (used) by operating activities	\$ (307,403)	100	(307,303)
Reconciliation of Nonexpendable Trust to Balance Sheet:			
Cash and cash equivalents - All Fiduciary Funds	\$	156,083	
Cash and cash equivalents - Expendable Trust and Agency Funds		(107,177)	
Cash and cash equivalents - Nonexpendable Trust Fund	\$	48,906	

The notes to the financial statements are an integral part of this statement.

New Richmond Exempted Village School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

New Richmond Exempted Village School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District. The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

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

The School District is associated with 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 14 and 15.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The financial statements of the New Richmond Exempted Village School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

Basis Of Presentation - Fund Accounting

The School District uses funds and account groups 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 recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

General Fund - The General Fund is the operating fund of the School District and 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.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Fund - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Types:

Proprietary funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Fund - The enterprise fund is used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, non-expendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds 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 increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period 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.

In applying the susceptible to the accrual concept 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 School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary fund types and nonexpendable trust funds utilize the accrual basis of accounting for reporting purposes. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as revenue. Unused donated commodities are reported as deferred revenue.

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000. Prior to year-end, the School District requested an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

Appropriations:

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

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

Encumbrances:

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

Lapsing of Appropriations:

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

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2000, the District's investments were limited to US Treasury notes, US Agency securities, commercial paper and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$940,136. The Enterprise and Expendable Trust Funds also received interest in the amounts of \$132,134 and \$4,533, respectively.

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

Inventory

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

Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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. Improvements are capitalized and improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of ten years to twenty years.

Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

Grants and entitlements amounted to approximately 22% of the School District's revenue in fiscal year 2000.

Short-term Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund loan receivables" and "interfund loan payables".

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. 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.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after twenty years of service. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year-end are considered not to have used current available financial resources. Bonds are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Fund Balance Reserves

The School District records reservations for portions of fund equity that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property tax advances, debt service, and budget stabilization set-asides. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statutes. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute. The Board may, with a 2/3 vote of its members appropriate from this budget reserve if it experiences a deficit unreserved fund balance caused by specific conditions which are defined by State statute and files an acceptable schedule to replenish the set-aside balance with the State Superintendent of Public Instruction. A corresponding fund balance reserve has also been established.

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.

Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. ACCOUNTABILITY

The Drug-Free Schools and Miscellaneous Federal Grants special revenue funds had deficit fund balances of \$356 and \$54,993, respectively at June 30, 2000. This deficit is due to the application of generally accepted accounting principles. The general fund provides operating transfers when cash is required, not when accruals occur.

3. 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis)-All Governmental Fund Types and Similar Trust Fund 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$ 3,428,249	55,529	6,710	(778,688)	6,088
Revenue					
Accruals	(180,364)	(59,974)	(3,300)	-	-
Expenditure					
Accruals	23,356	(1,497)	11,777	(391,414)	-
Other sources	(855,632)	57,446	(11,778)	-	-
Encumbrances	(1,577,537)	(67,669)	-	(235,168)	(100)
Budget Basis	<u>\$ 838,072</u>	<u>(16,165)</u>	<u>3,409</u>	<u>(1,405,270)</u>	<u>5,988</u>

4. DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the Treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

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

Interim monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the School District's deposits was \$2,064,819 and the bank balance was \$2,383,207. Of the bank balance, \$200,000 was covered by federal depository insurance and \$2,183,207 was uninsured and uncollateralized as defined by GASB. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	<u>Category 2</u>	<u>Fair Value</u>
STAR Ohio	\$ -	6,857,013
US Treasury Notes	473,834	473,834
US Agencies	3,089,955	3,089,955
Commercial Paper	2,542,297	2,542,297
Money Markets	-	40,076
	<u>\$ 6,106,086</u>	<u>13,003,175</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash	
	<u>Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 13,887,508	1,180,486
Investments:		
STAR Ohio	(6,857,013)	6,857,013
US Treasury Notes	(473,834)	473,834
Certificates of deposit	1,180,486	(1,180,486)
US Agencies	(3,089,955)	3,089,955
Commercial Paper	(2,542,297)	2,542,297
Money Markets	<u>(40,076)</u>	<u>40,076</u>
	\$ <u>2,064,819</u>	<u>13,003,175</u>

5. PROPERTY TAXES

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Clermont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2000. 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, 2000, was \$527,300 in the General Fund and \$11,500 in the Debt Service Fund. The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second-Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 194,426,900	29.70%	\$ 214,435,450	33.54%
Tangible Personal Property	2,540,060	.39%	2,723,489	.43%
Public Utilities	457,580,910	69.91%	422,106,090	66.03%
Total Assessed Value	<u>\$ 654,547,870</u>	<u>100.00%</u>	<u>\$ 639,265,009</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 37.21		\$ 37.21	

6. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2000, consist of interfund loans as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 59,990	-
Special Revenue Funds:		
Extracurricular Activities	-	1,120
Drug-Free Schools	-	2,832
Miscellaneous Federal Grant	-	<u>54,993</u>
Total Special Revenue Funds	-	58,945
Agency Funds:		
Rotary Fund	-	860
District Agency	-	<u>185</u>
Total Agency Funds	-	<u>1,045</u>
Total	\$ <u>59,990</u>	<u>59,990</u>

Operating transfers during the year ended June 30, 2000 consisted of the following:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 3,209	7,000
Special Revenue Fund:		
Extracurricular Activities	7,000	-
Expendable Trust Fund	1,819	-
Agency Fund:		
Student Activities	<u>-</u>	<u>5,028</u>
	<u>\$ 12,028</u>	<u>12,028</u>

7. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$ 430,435
Less Accumulated Depreciation	<u>(312,708)</u>
Net Fixed Assets	<u>\$ 117,727</u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

<u>Asset Category</u>	<u>Balance at 7/1/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/00</u>
Land and Improvements	\$ 1,395,707	-	-	1,395,707
Buildings	27,725,477	6,139,318	-	33,864,795
Furniture and equipment	8,062,959	519,697	11,349	8,571,307
Construction in progress	4,983,390	-	4,983,390	-
Total General Fixed Assets	<u>\$42,167,533</u>	<u>6,659,015</u>	<u>4,994,739</u>	<u>43,831,809</u>

8. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance Company for property and general liability insurance and boiler and machinery insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in the coverage from last year.

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). 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.

9. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$463,865, \$395,826, and \$428,529 respectively; 100% has been contributed for fiscal years 2000, 1999 and 1998.

State Teachers Retirement System

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

Plan members are required to contribute 9.3% of their annual covered salary and the School District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the years ended June 30, 2000, 1999, and 1998 were \$1,590,412, \$1,434,210, and \$1,386,791, respectively; 84% has been contributed for fiscal year 2000 and 100% for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1998, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

10. POSTEMPLOYMENT BENEFITS

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

STRS has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the year ended June 30, 2000, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$908,807 during fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$2,783 million at June 30, 1999. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. For this fiscal year, employer contributions to fund health care benefits were 6.30% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the year ended June 30, 1999 were \$126.4 million and the target level was \$189.6 million. At June 30, 1999, SERS' net assets available for payment of health care benefits was \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the School District, this amount to fund health care benefits, including the surcharge, equaled \$208,739 during the 2000 fiscal year.

11. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and on-fourth days per month. Sick leave may be accumulated up to maximum of 230 days for teachers, 200 days for classified staff and administrators. Upon retirement, payment is made for twenty-five percent of the employee's accumulated sick leave up to a maximum of 50 days for all employees.

12. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 7/1/99	Additions	Deletions	Principal Outstanding 6/30/00
School Facilities Bonds 7.25%	\$ 2,115,000	-	135,000	1,980,000
1999 Energy Conservation Loan Payable 4.94%	644,702	593,258	2,487	1,235,473
Compensated Absences	1,949,025	177,594	-	2,126,619
Total General Long-Term Obligations	<u>\$ 4,708,727</u>	<u>770,852</u>	<u>137,487</u>	<u>5,342,092</u>

On March 1, 1990, the District issued \$3,020,000 in voted general obligation bonds for the purpose of school improvements. These bonds are being paid from property tax revenue received in the Debt Service Fund.

House Bill 264, Energy Conservation Loans Payable – The School District obtained a \$1,322,475 non-voted loan for the purpose of energy conservation measures. The loan is to be repaid from the General Fund and is scheduled to be paid in full in August 2014.

All general obligation debt is supported by the full faith and credit of the District. Compensated absences and intergovernmental payables will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$55,553,850 with an unvoted debt margin of \$639,265 at June 30, 2000.

Principal and interest requirements to retire the school facilities bonds outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$ 145,000	135,098	\$ 280,098
2002	155,000	124,970	279,970
2003	165,000	113,822	278,822
2004	175,000	101,709	276,709
2005	185,000	88,884	273,884
2006-2010	1,155,000	217,134	1,372,134
Total	<u>\$1,980,000</u>	<u>781,617</u>	<u>\$2,761,617</u>

Principal and interest requirements to retire the energy conservation loan outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$ 62,273	59,683	\$ 121,956
2002	65,422	56,534	121,956
2003	68,731	53,225	121,956
2004	72,207	49,749	121,956
2005	75,859	46,097	121,956
2006-2010	440,878	168,902	609,780
2011-2015	450,103	47,884	497,987
Total	<u>\$1,235,473</u>	<u>482,074</u>	<u>\$1,717,547</u>

13. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains four enterprise funds to account for the operations of food service uniform school supplies, preschool and latchkey. The table reflects in a summarized format the more significant financial data relating to these funds as of and for the year ended June 30, 2000.

	<u>Food</u> <u>Service</u>	<u>School</u> <u>Supplies</u>	<u>Pre-</u> <u>School</u>	<u>Latchkey</u>
Operating revenues	\$ 363,508	2,221	11,430	7,624
Operating expenses before depreciation	694,240	2,345	31,725	2,941
Depreciation	20,278	-	-	-
Operating income (loss)	(351,010)	(124)	(20,295)	4,683
Donated commodities	53,199	-	-	-
Operating grants	264,408	-	-	-
Earnings on investments	9,753	-	122,381	-
Net income (loss)	(23,650)	(124)	102,086	4,683
Fixed asset additions	14,261	-	-	-
Net working capital	158,817	69	101,575	5,339
Total assets	375,638	69	104,364	5,339
Total equity	276,544	69	101,575	5,339
Encumbrances at June 30, 2000	\$ 64,968	-	31,751	-

14. JOINTLY GOVERNED ORGANIZATIONS

The Hamilton/Clermont Cooperative Association

The School District is a participant in a two county 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. The organization was 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. The School District paid approximately \$29,000 for services provided during the fiscal year. Complete financial statements for H/CCA can be obtained from their administrative offices at 7615 Harrison Avenue, Cincinnati 45231.

U.S. Grant Joint Vocation 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.

15. INSURANCE PURCHASING POOLS

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.

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, McElroy Minister, 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 Clermont County Health Trust at P. O. Box 526, Middletown, Ohio 45042.

16. 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, 2000.

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.

17. 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 School District is also required to set aside money for budget stabilization.

The following cash basis information describes the change in the year-end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside cash balance as of June 30, 1999	\$ -	-	113,570	113,570
Current year set-aside requirement	606,157	606,157	-	1,212,314
Less qualifying disbursements	<u>859,246</u>	<u>2,499,386</u>	<u>-</u>	<u>3,358,632</u>
Total	<u>(253,089)</u>	<u>(1,893,229)</u>	<u>113,570</u>	
Cash balance carried forward to FY 2001	<u>-</u>	<u>-</u>	<u>113,570</u>	
Amount restricted for budget stabilization				<u>113,570</u>
Total restricted assets			\$	<u>113,570</u>

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

18. SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 2000, the School District received approximately \$3,567,000 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision

made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the State General Assembly taken in response to the Court's March 24, 1997 decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the State's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Prior Audit Findings

Year Ended June 30, 2000

The prior audit disclosed no instances of noncompliance that were required to be reported in accordance with *Government Auditing Standards* or noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with respect to internal controls over financial reporting or internal controls over compliance were reported in the prior year.

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2000

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-cash Receipts</u>	<u>Expenditures</u>	<u>Non-cash Expenditures</u>
<u>U.S. Department of Agriculture:</u>						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution Program	n/a	10.550	\$ -	20,319	-	20,319
School Breakfast Program	05PU-00	10.553	60,870	-	60,870	-
National School Lunch Program	04PU-00	10.555	220,870	-	220,870	-
Total U.S. Department of Agriculture			<u>281,740</u>	<u>20,319</u>	<u>281,740</u>	<u>20,319</u>
<u>U.S. Department of Education:</u>						
(Passed through Ohio Department of Education)						
Special Education Grants to States (IDEA Part B)	6BSF-2000	84.027	172,640	-	136,873	-
Grants to Local Education Agencies (ESEA Title I)	C1S1-2000	84.010	572,064	-	545,296	-
Eisenhower Professional Development Grant	MSS1-2000	84.281	8,973	-	8,447	-
Innovative Education Program Strategy - Title VI	C2S1-2000	84.298	5,817	-	10,121	-
GOALS 2000	G2S2-1998	84.276	-	-	10,000	-
Class Size Reduction	CRS1-2000	84.340	23,569	-	78,562	-
Safe and Drug Free Schools	DRS1-2000	84.186	7,045	-	11,181	-
Total U.S. Department of Education			<u>790,108</u>	<u>-</u>	<u>800,480</u>	<u>-</u>
Total Federal Awards			\$ <u>1,071,848</u>	<u>20,319</u>	<u>1,082,220</u>	<u>20,319</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

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

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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

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

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

We have audited the financial statements of the New Richmond Exempted Village School District as of and for the year ended June 30, 2000, and have issued our report thereon dated October 5, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
October 5, 2000



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

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

Compliance

We have audited the compliance New Richmond Exempted Village School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. New Richmond Exempted Village School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about New Richmond Exempted Village School District's compliance with those requirements performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, New Richmond Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

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

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

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
October 5, 2000

NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2000

Section I - Summary of Auditors' Results

Financial Statements

Type of report issued on financial statements:	unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	none
Reportable condition(s) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	none
Reportable condition(s) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with Circular A-133, Section .510(a)?	no
Identification of major programs:	
CFDA 84.010 Grants to Local Educational Agencies (ESEA Title I)	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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NEW RICHMOND EXEMPTED VILLAGE SCHOOL DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 28, 2000**