

New Boston Local School District
Scioto County, Ohio

Single Audit

July 1, 2007, through June 31, 2008
Fiscal Years Audited Under GAGAS: 2008



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639



Mary Taylor, CPA
Auditor of State

Board of Education
New Boston Local School District
522 Glenwood Avenue
P.O. Box 3711
New Boston, Ohio 45662

We have reviewed the *Independent Auditor's Report* of the New Boston Local School District, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2007 through June 30, 2008. 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 Boston Local School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 19, 2009

This Page is Intentionally Left Blank.

New Boston Local School District
Scioto County
TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government – Wide Financial Statements:	
Statement of Net Assets.....	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	12
Reconciliation of Total Governmental Fund Balances To Net Assets of Governmental Activities.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund.....	16
Statement of Fiduciary Net Assets – Agency Fund.....	17
Notes to the Basic Financial Statements.....	18
Schedule of Federal Awards Expenditures.....	46
Notes to the Schedule of Federal Awards Expenditures.....	47
Independent Auditor’s Report on Internal Control Over Financial Reporting And Compliance and Other Matters Required by <i>Government Auditing Standards</i>	48
Independent Accountant’s Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	50
Schedule of Findings – OMB Circular A-133 § 505.....	52

BALESTRA, HARR & SCHERER, CPAs, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Members of the Board
New Boston Local School District
P.O. Box 3711
New Boston, Ohio 45662

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the New Boston Local School District, Scioto County, Ohio, (the School District) as of and for the year ended June 30, 2008, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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 major fund, and the aggregate remaining fund information of the School District, as of June 30, 2008, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

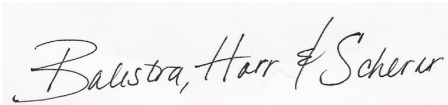
In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of the Board
New Boston Local School District
Independent Auditor's Report
Page 2

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. 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.

As described in Note 21, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures – an amendment of GASB statement No. 25 and No. 27*, GASB Statement and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

December 18, 2008

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

As management of the New Boston Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and in the notes to the basic financial statements to enhance their understanding of the School District's performance.

Financial Highlights

Net assets of governmental activities decreased \$23,576 which was primarily due to increases in salaries and benefits.

Total assets of governmental activities increased by \$18,156 primarily due to current fiscal year additions in capital assets exceeding current fiscal year depreciation.

General revenues accounted for \$2,718,831 of total revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,427,217 of total revenues of \$5,146,048.

The School District had \$5,169,624 in expenses related to governmental activities; only \$2,427,217 of these expenses were offset by program specific charges for services and sales, operating and capital grants, contributions, and interest. General revenues (primarily grants, entitlements and property taxes) of \$2,718,831 were not adequate to provide for these programs.

Using the Basic Financial Statements

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand New Boston Local School District as a financial whole, an entire operating entity.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other nonmajor funds presented in total in one column. The major fund for the New Boston Local School District is the General Fund.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

Reporting the School District as a Whole

One of the most important questions asked about the School District is “How did we do financially during fiscal year 2008?”

The Statement of Net Assets and the Statements of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. The change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major fund begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds – The School District has two fiduciary funds, which are agency funds. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for fiscal years 2008 and 2007:

(Table 1)
Net Assets

	Governmental Activities		Increase/ (Decrease)
	2008	2007	
Assets			
Current Assets	\$2,823,835	\$2,841,434	(\$17,599)
Capital Assets	1,920,790	1,885,035	35,755
Total Assets	<u>4,744,625</u>	<u>4,726,469</u>	<u>18,156</u>
Liabilities			
Long-Term Liabilities	161,697	129,449	32,248
Other Liabilities	1,560,876	1,551,392	9,484
Total Liabilities	<u>1,722,573</u>	<u>1,680,841</u>	<u>41,732</u>
Net Assets			
Invested in Capital Assets	1,920,790	1,885,035	35,755
Restricted	216,980	312,393	(95,413)
Unrestricted	884,282	848,200	36,082
Total Net Assets	<u>\$3,022,052</u>	<u>\$3,045,628</u>	<u>(\$23,576)</u>

Total assets of governmental activities increased by \$18,156. Capital assets increased by \$35,755 due primarily to the acquisition of computer equipment and building improvements exceeding current fiscal year depreciation. Equity in Pooled Cash and Cash Equivalents of governmental activities increased \$66,937, which resulted from the receipt of the Early Childhood Education Grant. Intergovernmental Receivables decreased by \$68,964 due to the receipt of Title I program monies.

Current liabilities increased by \$9,484 and long-term liabilities increased by \$32,248 for a total increase of \$41,732 in liabilities. The increase in long-term debt was primarily due to employees using less sick and vacation leave during the fiscal year. This resulted in increased leave balances at the end of fiscal year 2008.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

Invested in Capital Assets for governmental activities increased by \$35,755 due primarily to the acquisition of computer equipment and building improvements exceeding current fiscal year depreciation. Restricted Net Assets decreased by \$95,413 due primarily to an increases in salaries and benefits. Unrestricted Net Assets for governmental activities increased by \$36,082 which resulted primarily from an increase in revenue from the State foundation program.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2008 and 2007. These two main components are subtracted to yield the change in net assets. This table uses the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales, operating grants, capital grants, contributions, and restricted interest. General Revenues include property taxes, unrestricted grants, such as State foundation support, unrestricted contributions, unrestricted interest and miscellaneous revenues.

Expenses are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

(Table 2)
Change in Net Assets

	Governmental Activities		Increase/ (Decrease)
	2008	2007	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$858,668	\$941,821	(\$83,153)
Operating Grants, Contributions, and Interest	1,562,112	1,210,973	351,139
Capital Grants and Contributions	6,437	4,979	1,458
Total Program Revenues	<u>2,427,217</u>	<u>2,157,773</u>	<u>269,444</u>
General Revenues:			
Property Taxes Levied for General Purposes	1,107,836	1,289,186	(181,350)
Grants and Entitlements not Restricted to Specific Programs	1,411,316	1,445,889	(34,573)
Contributions not Restricted to Specific Programs	10,807	19,522	(8,715)
Investment Earnings	35,334	54,765	(19,431)
Miscellaneous	153,538	97,385	56,153
Total General Revenues	<u>2,718,831</u>	<u>2,906,747</u>	<u>(187,916)</u>
Total Revenues	<u>\$5,146,048</u>	<u>\$5,064,520</u>	<u>\$81,528</u>

(continued)

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

(Table 2)
Change in Net Assets
(continued)

	<u>Governmental Activities</u>		Increase/ (Decrease)
	<u>2008</u>	<u>2007</u>	
Program Expenses			
Instruction:			
Regular	\$2,302,581	\$2,068,599	\$233,982
Special	580,262	526,310	53,952
Student Intervention Services	83,813	84,968	(1,155)
Support Services:			
Pupils	168,799	143,754	25,045
Instructional Staff	451,251	324,704	126,547
Board of Education	11,070	17,388	(6,318)
Administration	476,746	451,249	25,497
Fiscal	216,530	198,519	18,011
Operation and Maintenance of Plant	484,171	452,019	32,152
Pupil Transportation	72,113	53,985	18,128
Central	8,952	7,446	1,506
Operation of Non-Instructional Services:			
Food Service Operations	210,171	180,944	29,227
Other	0	8,503	(8,503)
Extracurricular Activities	103,165	94,893	8,272
Total Expenses	<u>5,169,624</u>	<u>4,613,281</u>	<u>556,343</u>
Increase (Decrease) in Net Assets	(23,576)	451,239	(474,815)
Net Assets at Beginning of Year	<u>3,045,628</u>	<u>2,594,389</u>	<u>451,239</u>
Net Assets at End of Year	<u>\$3,022,052</u>	<u>\$3,045,628</u>	<u>(\$23,576)</u>

Governmental Activities

Grants and Entitlements not Restricted to Specific Programs made up 27 percent of revenues for governmental activities of the New Boston Local School District for fiscal year 2008. Property Tax revenues made up 22 percent of the total revenues for governmental activities for a total of 49 percent of all revenue coming from property taxes and grants and entitlements not restricted to specific programs.

Total revenues increased by \$81,528 which resulted from an increase in Operating Grants, Contributions and Interest. This was primarily due to the receipt of the Early Childhood Education Grant.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

Regular Instruction comprises 45 percent of governmental program expenses. Support Services expenses make up 37 percent of governmental expenses. Regular Instruction and Instructional Staff expenses increased by \$233,982 and \$126,547, respectively, which was primarily due to increases in salaries and benefits.

The School District's Funds

Information about the School District's major fund starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$5,147,613 and expenditures of \$5,173,131. The net change in fund balance for the fiscal year in the General Fund was an increase of \$5,107. This increase was a result of the School District continuing to monitor expenditures. As a result, total current fiscal year revenues exceeded total current fiscal year expenditures.

General Fund - Budget Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2008, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund original and final budgeted amounts is listed on page 16, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, final estimated revenues were \$3,541,347 with original estimated revenue of \$3,554,745. Overall, the difference was not significant. There was a decrease in estimated property tax revenues which was primarily due to less property tax revenues being collected than originally estimated. However, there was a significant increase in estimated intergovernmental revenues which was primarily due to an increase in State foundation monies.

Final estimated expenditures were \$3,602,030 with original estimated expenditures of \$3,463,274, a difference of four percent. This difference was primarily due to an increase in salary and benefit expenses.

Capital Assets

At the end of fiscal year 2008 the School District had \$1,920,790 invested in land, buildings and improvements, furniture, fixtures and equipment, textbooks, and vehicles which represented an increase of \$35,755. The increase was mainly due to the acquisition of computer equipment and building improvements exceeding current year depreciation.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

For more information on capital assets, refer to Note 8 in the notes to the basic financial statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 any questions about this report or need additional information, contact Donna Grimm, Treasurer at New Boston Local School District, 522 Glenwood Avenue, New Boston, Ohio 45662, or email dgrimm@newboston.k12.oh.us.

NEW BOSTON LOCAL SCHOOL DISTRICT

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 800,952
Materials and Supplies Inventory	12,623
Intergovernmental Receivable	138,314
Prepaid Items	3,809
Property Taxes Receivable	1,868,137
Capital Assets:	
Land	21,303
Depreciable Capital Assets, Net	<u>1,899,487</u>
<i>Total Assets</i>	<u>4,744,625</u>
<u>Liabilities:</u>	
Accounts Payable	3,195
Contracts Payable	11,951
Accrued Wages and Benefits Payable	302,512
Intergovernmental Payable	139,424
Deferred Revenue	1,103,794
Long-Term Liabilities:	
Due Within One Year	36,439
Due in More Than One Year	<u>125,258</u>
<i>Total Liabilities</i>	<u>1,722,573</u>
<u>Net Assets:</u>	
Invested in Capital Assets	1,920,790
Restricted for Other Purposes	105,959
Restricted for Set-Asides	111,021
Unrestricted	<u>884,282</u>
<i>Total Net Assets</i>	<u>\$ 3,022,052</u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2008

		Program Revenues			Net (Expense)
		Charges	Operating Grants,	Capital	Revenue and Changes
	Expenses	for Services	Contributions,	Grants and	in Net Assets
		and Sales	and Interest	Contributions	Total
					Governmental
					Activities
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$ 2,302,581	\$ 802,899	\$ 636,499	\$ -	\$ (863,183)
Special	580,262	-	638,977	-	58,715
Student Intervention Services	83,813	-	-	-	(83,813)
Support Services:					
Pupils	168,799	-	4,379	-	(164,420)
Instructional Staff	451,251	-	37,336	5,000	(408,915)
Board of Education	11,070	-	-	-	(11,070)
Administration	476,746	-	-	-	(476,746)
Fiscal	216,530	-	-	-	(216,530)
Operation and Maintenance of Plant	484,171	-	-	-	(484,171)
Pupil Transportation	72,113	-	6,210	1,437	(64,466)
Central	8,952	-	5,000	-	(3,952)
Operation of Non-Instructional Services:					
Food Service Operations	210,171	17,110	226,225	-	33,164
Extracurricular Activities	103,165	38,659	7,486	-	(57,020)
<i>Total Governmental Activities</i>	<u>\$ 5,169,624</u>	<u>\$ 858,668</u>	<u>\$ 1,562,112</u>	<u>\$ 6,437</u>	<u>(2,742,407)</u>
<u>General Revenues:</u>					
					1,107,836
					1,411,316
					10,807
					35,334
					153,538
<i>Total General Revenues</i>					<u>2,718,831</u>
<i>Change in Net Assets</i>					(23,576)
<i>Net Assets at Beginning of Year</i>					<u>3,045,628</u>
<i>Net Assets at End of Year</i>					<u>\$ 3,022,052</u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 574,603	\$ 115,328	\$ 689,931
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	111,021	-	111,021
Receivables:			
Property Taxes	1,868,137	-	1,868,137
Intergovernmental	-	138,314	138,314
Interfund	29,136	-	29,136
Prepaid Items	3,809	-	3,809
Materials and Supplies Inventory	6,882	5,741	12,623
<i>Total Assets</i>	<u><u>\$ 2,593,588</u></u>	<u><u>\$ 259,383</u></u>	<u><u>\$ 2,852,971</u></u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$ 3,104	\$ 91	\$ 3,195
Contracts Payable	11,951	-	11,951
Accrued Wages and Benefits Payable	212,620	89,892	302,512
Intergovernmental Payable	106,974	32,450	139,424
Interfund Payable	-	29,136	29,136
Deferred Revenue	1,779,758	6,278	1,786,036
<i>Total Liabilities</i>	<u>2,114,407</u>	<u>157,847</u>	<u>2,272,254</u>
<u>Fund Balances:</u>			
Reserved for Encumbrances	102,704	1,218	103,922
Reserved for Property Taxes	88,379	-	88,379
Reserved for Textbooks and Instructional Materials	14,906	-	14,906
Reserved for Capital Acquisitions	96,115	-	96,115
Unreserved, Undesignated, Reported in:			
General Fund	177,077	-	177,077
Special Revenue Funds	-	100,318	100,318
<i>Total Fund Balances</i>	<u>479,181</u>	<u>101,536</u>	<u>580,717</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$ 2,593,588</u></u>	<u><u>\$ 259,383</u></u>	<u><u>\$ 2,852,971</u></u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008

Total Governmental Fund Balances \$ 580,717

*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. These assets consist of:

Land	21,303	
Other capital assets	4,559,546	
Accumulated depreciation	<u>(2,660,059)</u>	
Total capital assets		1,920,790

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Delinquent property taxes	675,964	
Intergovernmental	<u>6,278</u>	
		682,242

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Compensated absences	(148,298)	
Special termination benefits	<u>(13,399)</u>	
Total liabilities		<u>(161,697)</u>

Net Assets of Governmental Activities \$ 3,022,052

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$ 1,045,562	\$ -	\$ 1,045,562
Intergovernmental	1,473,804	1,560,032	3,033,836
Investment Earnings	34,528	2,988	37,516
Tuition and Fees	802,899	-	802,899
Extracurricular Activities	-	38,659	38,659
Charges for Services	-	17,110	17,110
Contributions and Donations	11,007	7,486	18,493
Miscellaneous	153,538	-	153,538
<i>Total Revenues</i>	<u>3,521,338</u>	<u>1,626,275</u>	<u>5,147,613</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,695,292	593,466	2,288,758
Special	238,699	336,648	575,347
Student Intervention Services	306	83,507	83,813
Support Services:			
Pupils	107,872	56,420	164,292
Instructional Staff	123,827	287,311	411,138
Board of Education	11,070	-	11,070
Administration	454,637	953	455,590
Fiscal	198,432	14,786	213,218
Operation and Maintenance of Plant	551,173	11,031	562,204
Pupil Transportation	67,871	3,561	71,432
Central	3,952	5,000	8,952
Operation of Non-Instructional Services:			
Food Service Operations	1,595	221,189	222,784
Extracurricular Activities	61,505	43,028	104,533
<i>Total Expenditures</i>	<u>3,516,231</u>	<u>1,656,900</u>	<u>5,173,131</u>
<i>Net Change in Fund Balances</i>	5,107	(30,625)	(25,518)
<i>Fund Balances at Beginning of Year</i>	<u>474,074</u>	<u>132,161</u>	<u>606,235</u>
<i>Fund Balances at End of Year</i>	<u>\$ 479,181</u>	<u>\$ 101,536</u>	<u>\$ 580,717</u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds \$ (25,518)

*Amounts reported for governmental activities in the
 Statement of Activities are different because:*

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	153,615	
Depreciation expense	(117,860)	
Excess of capital outlay over depreciation expense		35,755

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Delinquent property taxes	62,274	
Intergovernmental	(63,839)	
		(1,565)

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences payable	(31,020)	
Increase in special termination benefits payable	(1,228)	
Total decrease		(32,248)

Change in Net Assets of Governmental Activities \$ (23,576)

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budget Amounts</u>			Variance With Final Budget Over/(Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Property Taxes	\$ 1,296,000	\$ 1,064,342	\$ 1,064,342	\$ -
Intergovernmental	1,345,375	1,475,365	1,475,365	-
Investment Earnings	31,486	34,528	34,528	-
Tuition and Fees	732,158	802,899	802,899	-
Contributions and Donations	10,037	11,007	11,007	-
Miscellaneous	139,689	153,206	153,206	-
<i>Total Revenues</i>	<u>3,554,745</u>	<u>3,541,347</u>	<u>3,541,347</u>	<u>-</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	1,592,529	1,682,714	1,682,714	-
Special	204,312	238,317	238,317	-
Student Intervention Services	-	306	306	-
Support Services:				
Pupils	141,033	104,071	104,071	-
Instructional Staff	76,698	121,349	121,349	-
Board of Education	11,110	11,740	11,740	-
Administration	480,060	455,719	455,719	-
Fiscal	195,097	193,850	193,850	-
Operation and Maintenance of Plant	561,314	570,655	570,655	-
Pupil Transportation	140,749	148,950	148,950	-
Central	2,526	2,522	2,522	-
Operation of Non-Instructional Services:				
Food Service Operations	880	1,587	1,587	-
Extracurricular Activities	56,966	70,250	70,250	-
<i>Total Expenditures</i>	<u>3,463,274</u>	<u>3,602,030</u>	<u>3,602,030</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>91,471</u>	<u>(60,683)</u>	<u>(60,683)</u>	<u>-</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	303	332	332	-
Advances In	39,799	39,799	39,799	-
Advances Out	(5,000)	(29,136)	(29,136)	-
<i>Total Other Financing Sources (Uses)</i>	<u>35,102</u>	<u>10,995</u>	<u>10,995</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	126,573	(49,688)	(49,688)	-
<i>Fund Balance at Beginning of Year</i>	589,325	589,325	589,325	-
<i>Prior Year Encumbrances Appropriated</i>	<u>15,053</u>	<u>15,053</u>	<u>15,053</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 730,951</u>	<u>\$ 554,690</u>	<u>\$ 554,690</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$54,277</u></u>
<u>Liabilities:</u>	
Undistributed Monies	\$15,070
Deposits Held and Due to Others	<u>39,207</u>
<i>Total Liabilities</i>	<u><u>\$54,277</u></u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The New Boston Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was established in 1906 through the consolidation of existing land areas and school districts. The School District serves an area of approximately six square miles. It is located in Scioto County, and includes all of the Village of New Boston. It is staffed by 19 non-certificated employees, 42 certificated full-time teaching personnel and five administrative employees who provide services to 379 students and other community members. The School District currently operates three instructional buildings, one stadium, and one garage.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For New Boston Local School District, this includes general operations, food service, and student related activities of the School District.

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 participates in four organizations, one of which is defined as a jointly governed organization, two as public entity shared risk pools, and one as an insurance purchasing pool. These organizations are the South Central Ohio Computer Association, the Scioto County Schools Council, the Schools of Ohio Risk Sharing Authority, and the Ohio School Boards Association Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 15, 16 and 17 to the basic financial statements.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the New Boston Local 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 governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

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 normally distinguish between those activities that are governmental and those that are considered business-type activities; however, the School District has no business-type activities.

The Statement of Net Assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or 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 clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support 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 governmental function is self-financing or draws from the general revenues of the School District.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid 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. All funds of the School District fall within two categories: governmental and fiduciary.

Governmental Funds:

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses 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 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.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two fiduciary funds that are agency funds. The agency funds are used to account for student managed activity programs and deductions, which are held as Christmas Club savings, from payroll for the School District's employees.

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary fund are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal 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 are levied (See Note 6). 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 fiscal 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.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance and grants.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also 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 BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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.

E. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as final budgeted amounts reflect the amounts in the amended certificate requested at fiscal year-end. Before fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year-end in all funds.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Prior to fiscal year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2008, investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio).

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

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 2008 amounted to \$34,528, which includes \$10,669 assigned from other School District funds.

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 presented on the financial statements as cash equivalents.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash equivalents legally required to be set aside by the School District for textbooks and instructional materials and capital acquisitions. See Note 18 for additional information regarding set-asides.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and purchased food held for resale.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

J. Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital 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 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.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	10 - 20 years
Textbooks	5 - 8 years
Vehicles	5 - 10 years

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable" and "Interfund Payable". These amounts are eliminated in the governmental activities column of the Statement of Net Assets.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current fiscal year.

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, property taxes, textbooks and instructional materials and capital acquisitions.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and music and athletic programs, and federal and State grants restricted to expenditures for specified purposes.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Net Assets reports \$216,980 of restricted net assets, none of which is restricted by enabling legislation.

P. Internal Activity

Internal allocation of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Q. 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 BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2008, the Early Childhood Education, Poverty Based Assistance, Title I, and Reducing Class Size Special Revenue Funds had deficit fund balances of \$1,145, \$2,026, \$3,193, and \$360, respectively. The General Fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur.

A. Compliance

The Title VI-B and the Title I Special Revenue Funds had original appropriations in excess of original estimated revenues and available fund balances of \$439 and \$31,278 respectively, for the fiscal year ended June 30, 2008.

The Federal Miscellaneous Grants Special Revenue Fund had final appropriations in excess of final estimated revenues and available fund balance of \$1,161 for the fiscal year ended June 30, 2008.

NOTE 4 - 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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund 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 (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$5,107
Adjustments:	
Revenue Accruals	20,341
Expenditure Accruals	45,135
Advances	10,663
Encumbrances	<u>(130,934)</u>
Budget Basis	<u><u>(\$49,688)</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 of Education has identified as not required for use within the current five 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 which 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 passbook accounts.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any 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;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits:

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

At fiscal year-end, \$100,000 of the School District's bank balance of \$831,378 was covered by FDIC. The remaining balance of \$731,378 was collateralized by the financial institution's public entity deposit pools in the manner described above.

Investments: As of June 30, 2008, the School District had the following investment:

	<u>Fair Value</u>	<u>Average Maturity</u>
STAROhio	<u>\$130,385</u>	53.8 days

Interest Rate Risk: Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District's policy requires that, to the extent possible, the Treasurer will attempt to match investments with anticipated cash flow requirements to take best advantage of prevailing economic and market conditions. The maximum maturity of any eligible instrument is five years from the settlement date, unless the investment is matched to a specified obligation or debt of the School District. Any investment made must be purchased with reasonable expectation to be held to maturity.

Credit Risk: Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy does not address credit risk.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District's 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 tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 6 - PROPERTY TAXES (continued)

Assessed values for real property taxes are established by State law at thirty-five 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 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007, and are collected in calendar year 2008 with real property taxes. Public utility real property is assessed at thirty-five 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 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. 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 Scioto 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, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, the revenue is deferred.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 6 - PROPERTY TAXES (continued)

The amount available as an advance at June 30, 2008, was \$88,379 in the General Fund. The amount available as an advance at June 30, 2007, was \$87,000 in the General Fund.

The assessed values upon which fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$23,800,620	76.25%	\$26,186,050	78.08%
Public Utility Personal	3,766,510	12.07%	3,567,580	10.64%
General Business Personal	3,645,112	11.68%	3,783,810	11.28%
Total Assessed Value	<u>\$31,212,242</u>	<u>100.00%</u>	<u>\$33,537,440</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$41.84		\$41.84	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008, consisted of property taxes and intergovernmental grants. All receivables are considered collectible in full and will be received within one fiscal year with the exception of the property taxes. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities:</u>	
Title I	\$44,361
Title V	525
Reading First	64,411
Title IDEA-B, Rural and Low Income	5,359
Title VI-B, Rural and Low Income	4,253
TANF After School	7,527
Early Childhood Education	11,878
Total Intergovernmental Receivables	<u>\$138,314</u>

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 8 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance at 6/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/08</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	<u>\$21,303</u>	<u>\$0</u>	<u>\$0</u>	<u>\$21,303</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	2,242,060	77,597	0	2,319,657
Furniture, Fixtures and Equipment	1,499,094	76,018	0	1,575,112
Textbooks	486,779	0	0	486,779
Vehicles	<u>177,998</u>	<u>0</u>	<u>0</u>	<u>177,998</u>
Total Capital Assets Being Depreciated	<u>4,405,931</u>	<u>153,615</u>	<u>0</u>	<u>4,559,546</u>
Less Accumulated Depreciation:				
Building and Improvements	(590,062)	(69,812)	0	(659,874)
Furniture, Fixtures and Equipment	(1,299,879)	(46,147)	0	(1,346,026)
Textbooks	(474,260)	(1,901)	0	(476,161)
Vehicles	<u>(177,998)</u>	<u>0</u>	<u>0</u>	<u>(177,998)</u>
Total Accumulated Depreciation	<u>(2,542,199)</u>	<u>(117,860) *</u>	<u>0</u>	<u>(2,660,059)</u>
Total Capital Assets Being Depreciated, Net				
	<u>1,863,732</u>	<u>35,755</u>	<u>0</u>	<u>1,899,487</u>
Governmental Activities				
Capital Assets, Net	<u>\$1,885,035</u>	<u>\$35,755</u>	<u>\$0</u>	<u>\$1,920,790</u>

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 8 - CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$47,388
Special	26,989
Support Services:	
Pupils	4,084
Instructional Staff	14,180
Administration	8,783
Fiscal	3,127
Operation and Maintenance of Plant	7,692
Operation of Non-Instructional Services:	
Food Service Operations	5,185
Extracurricular Activities	432
Total Depreciation Expense	<u><u>\$117,860</u></u>

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) (Note 16) for property and fleet insurance. The types and amounts of coverage follow:

Building and Contents replacement cost (\$500 deductible)	\$21,393,146
Earthquake Limit (\$50,000 deductible)	2,000,000
Flood Limit (\$50,000 deductible)	2,000,000
Automobile Liability:	
Bodily Injury and Property Damage	2,000,000
Uninsured/Underinsured Motorists	1,000,000

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 9 - RISK MANAGEMENT (continued)

<u>Educational General Liability Coverage Form:</u>	
Bodily Injury and Property Damage Limit - Each Occurrence	\$2,000,000
Personal and Advertising Injury Limit - Each Offense	2,000,000
Electronic Data Processing Equipment Limit - Each Incident	1,250,000
Fire Damage Limit	500,000
Medical Expense - Any One Person Limit	5,000
Medical Expense - Aggregate	25,000
General Aggregate Limit	4,000,000
Employee Benefits Liability	2,000,000
Products - Completed Operations	2,000,000
<u>Employer's Liability - Stop Gap Coverage Endorsement:</u>	
Bodily Injury by Accident - Each Accident	1,000,000
Bodily Injury by Disease	1,000,000
Bodily Injury by Disease - Each Employee	1,000,000
General Annual Aggregate Limit	1,000,000
<u>Educational Legal Liability Coverage - Claims Made (\$4,000 deductible):</u>	
Errors and Omissions Injury Limit	1,000,000
Employment Practices - Each Wrongful Act Limit	2,000,000
Employment Practices Injury Aggregate Limit	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant change in insurance coverage from last fiscal year.

The School District is a member of the Scioto County Schools Council, a public entity shared risk pool (Note 16), offering medical and dental insurance to the employees of participating school districts. Monthly premiums are paid to the South Central Ohio Educational Service Center as fiscal agent, who in turn pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the School District shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the plan due up to the date of termination plus extended benefits, if any, provided under the plan. All claims and expenses shall be paid from the funds of the Council.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 9 - RISK MANAGEMENT (continued)

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). 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. 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. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$52,830, \$59,744 and \$65,188, respectively; 47.42 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

B. State Teachers Retirement System of Ohio

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$264,572, \$248,705, and \$255,918, respectively; 83.39 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$126 made by the School District and \$295 made by the plan members.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$36,267, \$30,841, and \$33,526 respectively; 47.42 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$3,807, \$4,063 and \$5,188 respectively; 47.42 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$20,352 \$19,131, and \$19,686 respectively; 83.39 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from Board approved employment contracts and State laws. Eligible classified employees and administrators 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. Unlimited sick leave may be accumulated for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 53 days for all employees.

B. Special Termination Benefits

Any employee who retires may be given an additional severance payment. Employees who have accumulated more than 212 sick leave days receive an additional amount at the rate of .08 percent of their current annual salary for each day accumulated in excess of 212 days. Benefits will be paid upon retirement.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 12 - EMPLOYEE BENEFITS (continued)

C. Insurance Benefits

The School District provides life insurance to its employees through SunLife. The School District also provides health care and dental coverage for its employees with Medical Mutual of Ohio through the Scioto County Schools Council, and vision benefits through Vision Service Plan.

D. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Amount Outstanding 6/30/07	Additions	Deductions	Amount Outstanding 6/30/08	Amount Due Within One Year
Compensated Absences	\$117,278	\$61,469	\$30,449	\$148,298	\$36,439
Special Termination Benefits	12,171	1,228	0	13,399	0
Total General Long-Term Obligations	<u>\$129,449</u>	<u>\$62,697</u>	<u>\$30,449</u>	<u>\$161,697</u>	<u>\$36,439</u>

Compensated absences will be paid from the General Fund and the Food Service, Early Childhood Education, Title VI-B, Title I, and Miscellaneous Federal Grants Special Revenue Funds. Special termination benefits will be paid from the General Fund and the Title I Special Revenue Fund.

The School District's overall legal debt margin was \$2,629,444 with an unvoted debt margin of \$29,294 at June 30, 2008.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 14 - INTERFUND ACTIVITY

Interfund balances at June 30, 2008, consist of the following individual interfund receivable and payable:

		Receivable
		<u>General Fund</u>
Payable	Other	
	Governmental Funds	<u>\$29,136</u>

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance.

NOTE 15 - JOINTLY GOVERNED ORGANIZATION

South Central Ohio Computer Association

The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Pickaway, Gallia, Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton, and Lawrence Counties. 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 school districts. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$5,278 for membership fees during the fiscal year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 16 - PUBLIC ENTITY SHARED RISK POOL

A. Scioto County Schools Council

The School District is a member of the Scioto County Schools Council (the "Council"), a public entity shared risk pool. Several Scioto County school districts have entered into an agreement with the South Central Ohio Educational Service Center to form the Scioto County Schools Council. The overall objectives of the Council are to formulate and administer programs of health and dental insurance for the benefit of the Council members' employees and their dependents, to obtain lower costs for health and dental coverage, and to secure cost control by implementing a program of comprehensive loss control. The Council's business and affairs are managed by a Board of Directors, consisting of the superintendents from each of the participating school districts.

The School District pays premiums based on what the Council estimates will cover the costs of all claims for which the Council is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Council views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the fiscal agent, South Central Ohio Educational Service Center, 411 Court Street, Portsmouth, Ohio 45662.

B. Schools of Ohio Risk Sharing Authority

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of sixty-two school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The School District pays an annual premium to SORSA for this coverage. The self-insured retention by SORSA is \$146,068 for property and automobile physical damage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

NOTE 17 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (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 Ohio School Board Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 18 - SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a 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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal year-end set-aside amounts for textbooks and instructional materials and capital acquisitions. Disclosure of this information is required by State statute.

	Textbooks and Instructional Materials	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2007	(\$5,759)	\$127,646
Current Fiscal Year Set-aside Requirement	62,683	62,683
Qualifying Disbursements	(42,018)	(94,214)
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$14,906</u>	<u>\$96,115</u>
Set-aside Reserve Balance as of June 30, 2008	<u>\$14,906</u>	<u>\$96,115</u>

NOTE 19 - CONTINGENCIES

A. 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 is 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, 2008.

B. Litigation

The School District is not party to any legal proceedings.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 20 – SUBSEQUENT EVENT

On August 14, 2008, the School District entered into an agreement with the Ohio School Facilities Commission in which the District will receive \$16,896,209 through the State of Ohio Classroom Facilities Assistance Program for the purpose of acquiring land and constructing school facilities. Under the agreement, the School District will be required to pay \$2,304,029 toward the project, which is the School District's portion.

On November 4, 2008, voters in the School District passed a bond levy which authorized the issuance of \$3,463,000 in bonds for the purpose of acquiring land and constructing school facilities under the State of Ohio Classroom Facilities Assistance Program. The bonds will be repaid over a 28 year period. The levy included a property tax levy of 7.11 mills outside the ten mill limitation for the purpose of repaying the bonded debt. Also included in the levy was an additional half mill property tax increase to provide for future maintenance or construction related to the new facilities project.

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year 2008, the School District implemented GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statement No. 25 and No. 27*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The application of these new standards did not require a restatement of prior year balances.

New Boston Local School District
Scioto County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
National School Breakfast Program	05PU	10.553	\$ 66,580	\$ -	\$ 66,580	\$ -
National School Lunch Program	LLP4	10.555	144,986	-	144,986	-
Total Nutrition Cluster			211,566	-	211,566	-
Food Distribution Program	NA	10.550	-	18,723	-	18,723
Total United States Department of Agriculture			211,566	18,723	211,566	18,723
United States Department of Education						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Education Agencies	C1S1	84.010	267,535	-	282,239	-
Special Education Grants to States	6BSF	84.027	96,147	-	96,016	-
Safe & Drug Free Schools and Communities - State Grants	DRS1	84.186	4,379	-	4,379	-
State Grants for Innovative Programs	C2S1	84.298	629	-	1,154	-
Education Technology State Grants	TJS1	84.318	2,511	-	2,510	-
Improving Teacher Quality - State Grants	TRS1	84.367	55,877	-	55,006	-
Reading First State Grants	RSS1	84.357	398,633	-	372,838	-
Rural Education	RUS1	84.358	11,002	-	14,252	-
Total United States Department of Education			836,713	-	828,394	-
United States Department of Health and Human Services						
<i>Passed Through Job and Family Services:</i>						
Temporary Assistance for Needy Families	NA	93.558	29,567	-	36,426	-
Total United States Department of Health and Human Services			29,567	-	36,426	-
Total Federal Financial Assistance			\$ 1,077,846	\$ 18,723	\$ 1,076,386	\$ 18,723

NA - Pass through entity number not available
See Notes to the Schedule of Federal Awards Expenditures.

**NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) 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 – CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

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

BALESTRA, HARR & SCHERER, CPAs, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

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*

New Boston Local School District
P.O. Box 3711
New Boston, Ohio 45662

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the New Boston Local School District, (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2008 in which we indicate that the District implemented GASB Statements No. 50, and No. 45. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 define above.

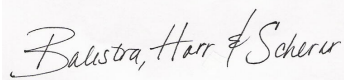
We noted a certain matter that we reported to the District's management in a separate letter dated December 18, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District management in a separate letter dated December 18, 2008.

We intend this report solely for the information and use of the management, Board of Education and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

December 18, 2008

BALESTRA, HARR & SCHERER CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

New Boston Local School District
P.O. Box 3371
New Boston, Ohio 45662

Compliance

We have audited the compliance of the New Boston Local School District, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to its major federal program. Our responsibility is to express an opinion on the 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 reasonably assure whether noncompliance with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures 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 District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The District's management 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 District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 District's internal control over compliance.

Internal Control Over Compliance (Continued)

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect noncompliance with a federal program's compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

We intend this report solely for the information and use of the management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

December 18, 2008

New Boston Local School District
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 Section .505
 For the Fiscal Year Ended June 30, 2008

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Reading First, CFDA #84.357
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

New Boston Local School District
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Fiscal Year Ended June 30, 2008

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

NEW BOSTON LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 3, 2009**