

New Boston Local School District  
Scioto County  
Single Audit  
For the Fiscal Year Ended June 30, 2011



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# Dave Yost • Auditor of State

Board of Education  
New Boston Local School District  
522 Glenwood Avenue  
New Boston, Ohio 45662

We have reviewed the *Independent Auditor's Report* of the New Boston Local School District, Scioto County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

January 17, 2012

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**New Boston Local School District**  
**Scioto County**  
*Table of Contents*  
For the Fiscal Year Ended June 30, 2011

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Title	Page
Independent Auditor’s Report.....	1 – 2
Management’s Discussion and Analysis.....	3 – 10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund.....	17
Statement of Fiduciary Net Assets – Fiduciary Funds.....	18
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund.....	19
Notes to the Basic Financial Statements.....	20 – 51
Schedule of Federal Awards Expenditures.....	52
Notes to the Schedule of Federal Awards Expenditures.....	53
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	54 – 55
Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	56 – 57
Schedule of Findings and Questioned Costs OMB Circular A-133 Section .505.....	58
Independent Accountant’s Report on Applying Agreed-Upon Procedures.....	59

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**Independent Auditor's Report**

Board of Education  
New Boston Local School District  
522 Glenwood Avenue  
New Boston, Ohio 45662

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of New Boston Local School District, Scioto County (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of New Boston Local School District, Scioto County as of June 30, 2011, and the respective changes in financial position thereof, and the respective 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 November 23, 2011 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

New Boston Local School District  
Scioto County  
Independent Auditor's Report  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 20, the School District has implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

November 23, 2011



***NEW BOSTON LOCAL SCHOOL DISTRICT***

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

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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, 2011. 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 increased \$231,270. This increase was primarily due to an increase in construction in progress relating to the Ohio Schools Facilities Commission building project.

General revenues accounted for \$3,137,395 of total revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$3,005,717 of total revenues of \$6,143,112.

The School District had \$5,911,842 in expenses related to governmental activities; only \$3,005,717 of these expenses were offset by program specific charges for services and sales, operating grants, contributions, and interest. General revenues (primarily grants, entitlements and property taxes) of \$3,137,395 were more than 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 the 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 funds for the New Boston Local School District are the General Fund, the Bond Retirement Debt Service Fund, and the Classroom Facilities Capital Projects Fund.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

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**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 2011?”

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 funds 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, which are the General Fund, the Bond Retirement Debt Service Fund, and the Classroom Facilities Capital Projects Fund.

**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.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

**Fiduciary Funds** – The School District has three fiduciary funds: two agency funds and one private purpose trust fund. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations.

**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 2011 and 2010:

(Table 1)  
Net Assets

	<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010*</u>	<u>Increase/ (Decrease)</u>
<b>Assets</b>			
Current Assets	\$23,373,682	\$23,917,920	(\$544,238)
Capital Assets, Net	4,544,741	2,804,974	1,739,767
Total Assets	<u>27,918,423</u>	<u>26,722,894</u>	<u>1,195,529</u>
<b>Liabilities</b>			
Other Liabilities	2,801,093	1,803,468	997,625
Long-Term Liabilities	3,642,566	3,675,932	(33,366)
Total Liabilities	<u>6,443,659</u>	<u>5,479,400</u>	<u>964,259</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	4,463,028	2,745,401	1,717,627
Restricted	15,146,795	16,662,650	(1,515,855)
Unrestricted	1,864,941	1,835,443	29,498
Total Net Assets	<u>\$21,474,764</u>	<u>\$21,243,494</u>	<u>\$231,270</u>

\*As restated. Refer to Note 20 in the notes to the basic financial statements.

Total assets of governmental activities increased \$1,195,529. This increase was primarily due to an increase in construction in progress relating to the Ohio Schools Facilities Commission building project.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

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Total liabilities had an increase of \$964,259 for fiscal year 2011 when compared to the prior fiscal year. The other liabilities increased \$997,625 due to an increase in contracts payable related to the Ohio Schools Facilities Commission building project.

Invested in capital assets, net of related debt for governmental activities increased \$1,717,627. The increase is due to construction in progress relating to the classroom facilities project. Restricted net assets decreased \$1,521,388 primarily due to the School District spending a portion of the Ohio School Facilities Commission Grant. Unrestricted net assets for governmental activities increased \$35,031 which was insignificant.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2011 and 2010. 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

	<u>Governmental Activities</u>		Increase/ (Decrease)
	<u>2011</u>	<u>2010</u>	
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$1,132,535	\$1,558,506	(\$425,971)
Operating Grants, Contributions, and Interest	1,873,182	1,655,446	217,736
Total Program Revenues	<u>\$3,005,717</u>	<u>\$3,213,952</u>	<u>(\$208,235)</u>
			continued

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

(Table 2)  
Change in Net Assets  
(continued)

	Governmental Activities		Increase/ (Decrease)
	2011	2010	
<b>Revenues</b>			
General Revenues:			
Property Taxes	\$987,071	\$1,226,002	(\$238,931)
Grants and Entitlements not Restricted to Specific Programs	1,811,979	1,772,656	39,323
Contributions not Restricted to Specific Programs	2,595	3,483	(888)
Investment Earnings	151,151	214,512	(63,361)
Miscellaneous	184,599	188,487	(3,888)
Total General Revenues	<u>3,137,395</u>	<u>3,405,140</u>	<u>(267,745)</u>
Total Revenues	<u>6,143,112</u>	<u>6,619,092</u>	<u>(475,980)</u>
<b>Program Expenses</b>			
Instruction:			
Regular	2,645,003	2,475,884	169,119
Special	785,075	695,206	89,869
Vocational	7,328	1,649	5,679
Student Intervention Services	10,084	86,495	(76,411)
Support Services:			
Pupils	192,928	176,897	16,031
Instructional Staff	382,298	283,549	98,749
Board of Education	12,061	12,751	(690)
Administration	543,471	543,532	(61)
Fiscal	184,418	188,419	(4,001)
Operation and Maintenance of Plant	457,309	470,195	(12,886)
Pupil Transportation	112,001	95,523	16,478
Central	56,459	57,662	(1,203)
Operation of Non-Instructional Services:			
Food Service Operations	250,047	231,598	18,449
Extracurricular Activities	106,612	106,679	(67)
Interest and Fiscal Charges	166,748	183,397	(16,649)
Total Expenses	<u>5,911,842</u>	<u>5,609,436</u>	<u>302,406</u>
Change in Net Assets	<u>231,270</u>	<u>1,009,656</u>	<u>(778,386)</u>
Net Assets at Beginning of Year*	<u>21,243,494</u>	<u>20,233,838</u>	<u>1,009,656</u>
Net Assets at End of Year	<u>\$21,474,764</u>	<u>\$21,243,494</u>	<u>\$231,270</u>

\*As restated. Refer to Note 20 in the notes to the basic financial statements.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

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**Governmental Activities**

Program revenues, which are primarily represented by charges for tuition, fees, sales, and extracurricular activities, as well as restricted intergovernmental revenues were \$3,005,717 of total revenues for fiscal year 2011. The decrease of \$208,235 is due to the large one time lump sum of rent revenue received in fiscal year 2010 from Nextel.

As previously mentioned, general revenues were \$3,137,395 of total revenues for fiscal year 2011 and were less than the prior fiscal year. The most significant decrease was in Property Taxes which was due to the expiration of a tax levy in calendar year 2010. Grants and entitlements not restricted to specific programs increased an insignificant amount from the prior fiscal year.

As should be expected, instruction costs represent the largest of the School District's expenses, \$3,447,490 for fiscal year 2011. The instruction category, however, does not include all activities associated with educating students. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for \$687,227 of governmental expenses. Maintenance of the School District's facilities also represents a significant expense of \$457,309. Regular instruction increased \$169,119 due primarily to the School District purchasing a significant amount of educational supplies.

**The School District's Funds**

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,933,056 and expenditures of \$7,682,508. The net change in fund balance for the year was most significant in the Classroom Facilities Capital Projects Fund with an increase of \$4,092,714, which was the result of the School District receiving more Ohio School Facilities Commission monies than the amount expended for the fiscal year.

The net change in fund balance for the fiscal year in the General Fund was an increase of \$136,703. This increase was not as significant as the increase in fiscal year 2010 because the expenditures remained about the same while revenue decreased due to the School District receiving a \$500,000 one-time lump sum payment for the Nextel lease in fiscal year 2010.

The Bond Retirement Debt Service Fund had an increase in fund balance of \$21,474 during the fiscal year, which is insignificant.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

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**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 2011, 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 17, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

A review of the budgetary comparison statement for the General Fund reflects an increase of \$315,395 between the original budget and final budget revenues. The increase is primarily due to an increase in charges to other school districts for open enrollment students and an increase in State monies for open enrollment that was not anticipated at the beginning of the fiscal year.

The decrease in expenditures from the original to the final budget was \$30,929, which was not significant.

Actual General Fund revenues and other financing sources were greater than expenditures and other financing uses by \$78,864, which was not significant.

**Capital Assets**

At the end of fiscal year 2011, the School District had \$4,544,741 invested in land, construction in progress, buildings and improvements, furniture, fixtures and equipment, textbooks, and vehicles which represented an increase of \$1,739,767. The increase was mainly due to construction in progress relating to the School District starting construction on its new facility.

For more information on capital assets, refer to Note 9 in the notes to the basic financial statements.

**Debt Administration**

At June 30, 2011, the School District had \$3,454,036 in total outstanding debt consisting of School Facilities Construction and Improvement Bonds. At June 30, 2011, the School District's overall legal debt margin was (\$410,806) and the unvoted debt margin was \$30,798. For more information on debt administration, refer to Note 14 of the notes to the basic financial statements.

***NEW BOSTON LOCAL SCHOOL DISTRICT***

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

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**Current Financial Issues and Concerns**

Bids were awarded on March 30, 2011, for the construction of a new PK-12 school building. The bond issue was passed in November 2008, so it has been a long wait and the excitement level is very high in the School District and the community.

**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](mailto:dgrimm@newboston.k12.oh.us).



**NEW BOSTON LOCAL SCHOOL DISTRICT**

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$12,820,013
Materials and Supplies Inventory	20,773
Inventory Held for Resale	7,439
Intergovernmental Receivable	8,513,134
Prepaid Items	20,059
Property Taxes Receivable	1,922,922
Deferred Charges	69,342
Capital Assets:	
Land and Construction in Progress	2,688,701
Depreciable Capital Assets, Net	<u>1,856,040</u>
<i>Total Assets</i>	<u>27,918,423</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	4,904
Contracts Payable	1,093,389
Accrued Wages and Benefits Payable	425,508
Intergovernmental Payable	129,431
Accrued Interest Payable	24,858
Deferred Revenue	1,078,334
Matured Compensated Absences Payable	21,186
Retainage Payable	23,483
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	86,169
Due in More Than One Year	<u>3,556,397</u>
<i>Total Liabilities</i>	<u>6,443,659</u>
<b><u>Net Assets:</u></b>	
Invested in Capital Assets, Net of Related Debt	4,463,028
Restricted for Debt Service	221,158
Restricted for Capital Outlay	14,523,387
Restricted for Other Purposes	402,250
Unrestricted	<u>1,864,941</u>
<i>Total Net Assets</i>	<u><u>\$21,474,764</u></u>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2011

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Revenue and Changes in Net Assets
				Total Governmental Activities
<b><u>Governmental Activities:</u></b>				
Instruction:				
Regular	\$2,645,003	\$1,088,970	\$788,140	(\$767,893)
Special	785,075	0	560,692	(224,383)
Vocational	7,328	0	3,268	(4,060)
Student Intervention Services	10,084	0	0	(10,084)
Support Services:				
Pupils	192,928	0	0	(192,928)
Instructional Staff	382,298	0	272,856	(109,442)
Board of Education	12,061	0	0	(12,061)
Administration	543,471	0	0	(543,471)
Fiscal	184,418	0	0	(184,418)
Operation and Maintenance of Plant	457,309	0	0	(457,309)
Pupil Transportation	112,001	0	10,730	(101,271)
Central	56,459	0	5,000	(51,459)
Operation of Non-Instructional Services:				
Food Service Operations	250,047	11,366	224,044	(14,637)
Extracurricular Activities	106,612	32,199	8,452	(65,961)
Interest and Fiscal Charges	166,748	0	0	(166,748)
<b>Total Governmental Activities</b>	<b>\$5,911,842</b>	<b>\$1,132,535</b>	<b>\$1,873,182</b>	<b>(2,906,125)</b>
<b><u>General Revenues:</u></b>				
Property Taxes Levied for:				
				760,019
				212,134
				14,918
				1,811,979
				2,595
				151,151
				184,599
				<b>3,137,395</b>
				231,270
				21,243,494
				<b>\$21,474,764</b>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Balance Sheet  
Governmental Funds  
June 30, 2011

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$1,700,678	\$161,703	\$9,535,483	\$1,422,149	\$12,820,013
Receivables:					
Property Taxes	1,567,521	330,669	0	24,732	1,922,922
Intergovernmental	5,929	0	8,132,588	374,617	8,513,134
Interfund	83,522	0	0	0	83,522
Prepaid Items	4,369	0	10,892	4,798	20,059
Materials and Supplies Inventory	19,513	0	0	1,260	20,773
Inventory Held for Resale	0	0	0	7,439	7,439
<b>Total Assets</b>	<b>\$3,381,532</b>	<b>\$492,372</b>	<b>\$17,678,963</b>	<b>\$1,834,995</b>	<b>\$23,387,862</b>
<b><u>Liabilities and Fund Balances:</u></b>					
<b><u>Liabilities:</u></b>					
Accounts Payable	\$3,617	\$0	\$0	\$1,287	\$4,904
Contracts Payable	0	0	1,093,389	0	1,093,389
Accrued Wages and Benefits Payable	294,460	0	0	131,048	425,508
Intergovernmental Payable	95,980	0	0	33,451	129,431
Interfund Payable	0	0	0	83,522	83,522
Retainage Payable	0	0	23,483	0	23,483
Matured Compensated Absences Payable	21,186	0	0	0	21,186
Deferred Revenue	1,519,630	317,654	8,099,051	227,938	10,164,273
<b>Total Liabilities</b>	<b>1,934,873</b>	<b>317,654</b>	<b>9,215,923</b>	<b>477,246</b>	<b>11,945,696</b>
<b><u>Fund Balances:</u></b>					
Nonspendable	23,882	0	10,892	13,497	48,271
Restricted	0	174,718	8,452,148	1,349,785	9,976,651
Assigned	19,914	0	0	0	19,914
Unassigned (Deficit)	1,402,863	0	0	(5,533)	1,397,330
<b>Total Fund Balances</b>	<b>1,446,659</b>	<b>174,718</b>	<b>8,463,040</b>	<b>1,357,749</b>	<b>11,442,166</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$3,381,532</b>	<b>\$492,372</b>	<b>\$17,678,963</b>	<b>\$1,834,995</b>	<b>\$23,387,862</b>

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, 2011

**Total Governmental Fund Balances** \$11,442,166

*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	50,380	
Construction in progress	2,638,321	
Other capital assets	4,639,730	
Accumulated depreciation	<u>(2,783,690)</u>	
Total capital assets		4,544,741

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	782,767	
Intergovernmental	<u>8,303,172</u>	
		9,085,939

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis. 69,342

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (24,858)

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

Bond Premium	(74,256)	
Bonds Payable	(3,379,780)	
Compensated absences	(187,984)	
Special termination benefits	<u>(546)</u>	
Total liabilities		<u>(3,642,566)</u>

**Net Assets of Governmental Activities** \$21,474,764

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, 2011

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>					
Property Taxes	\$842,277	\$195,963	\$0	\$13,781	\$1,052,021
Intergovernmental	1,861,145	17,885	5,813,408	1,706,869	9,399,307
Investment Earnings	36,105	3,031	88,462	24,949	152,547
Tuition and Fees	1,052,970	0	0	0	1,052,970
Extracurricular Activities	0	0	0	32,199	32,199
Rent	36,000	0	0	0	36,000
Charges for Services	0	0	0	11,366	11,366
Contributions and Donations	2,595	0	0	9,452	12,047
Miscellaneous	184,232	0	0	367	184,599
<i>Total Revenues</i>	<u>4,015,324</u>	<u>216,879</u>	<u>5,901,870</u>	<u>1,798,983</u>	<u>11,933,056</u>
<b><u>Expenditures:</u></b>					
Current:					
Instruction:					
Regular	1,879,910	0	0	785,628	2,665,538
Special	335,052	0	0	426,159	761,211
Vocational	7,328	0	0	0	7,328
Student Intervention Services	3,268	0	0	6,192	9,460
Support Services:					
Pupils	182,813	0	0	5,709	188,522
Instructional Staff	130,420	0	0	240,943	371,363
Board of Education	12,061	0	0	0	12,061
Administration	494,578	0	0	35,469	530,047
Fiscal	173,739	5,660	0	398	179,797
Operation and Maintenance of Plant	449,355	0	0	6,949	456,304
Pupil Transportation	97,971	0	0	0	97,971
Central	49,259	0	0	5,051	54,310
Operation of Non-Instructional Services:					
Food Service Operations	1,082	0	0	241,771	242,853
Extracurricular Activities	61,785	0	0	44,416	106,201
Capital Outlay	0	0	1,809,156	641	1,809,797
Debt Service:					
Principal Retirement	0	40,000	0	0	40,000
Interest and Fiscal Charges	0	149,745	0	0	149,745
<i>Total Expenditures</i>	<u>3,878,621</u>	<u>195,405</u>	<u>1,809,156</u>	<u>1,799,326</u>	<u>7,682,508</u>
<i>Net Change in Fund Balances</i>	136,703	21,474	4,092,714	(343)	4,250,548
<i>Fund Balances at Beginning of Year - Restated</i> (See Note 20)					
	<u>1,309,956</u>	<u>153,244</u>	<u>4,370,326</u>	<u>1,358,092</u>	<u>7,191,618</u>
<i>Fund Balances at End of Year</i>	<u>\$1,446,659</u>	<u>\$174,718</u>	<u>\$8,463,040</u>	<u>\$1,357,749</u>	<u>\$11,442,166</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, 2011

**Net Change in Fund Balances - Total Governmental Funds** \$4,250,548

***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	225,432	
Construction in progress additions	1,656,611	
Depreciation expense	<u>(142,276)</u>	
Excess of capital outlay over depreciation expense		1,739,767

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	(64,950)	
Intergovernmental	<u>(5,724,994)</u>	
		(5,789,944)

Some expenses 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. The difference in the amount of interest on the Statement of Activities is the result of the following:

Amortization of bond issuance costs	(2,667)	
Amortization of bond premium	2,856	
Accretion on Bonds	(17,392)	
Decrease in Accrued Interest	<u>200</u>	
		(17,003)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Bond payments		40,000
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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	(7,917)	
Decrease in special termination benefits payable	<u>15,819</u>	
Total net change		<u>7,902</u>

**Change in Net Assets of Governmental Activities** \$231,270

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, 2011

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues:</u></b>				
Property Taxes	\$961,000	\$896,825	\$896,825	\$0
Intergovernmental	1,638,056	1,861,145	1,861,145	0
Investment Earnings	31,777	36,105	36,105	0
Tuition and Fees	926,754	1,052,970	1,052,970	0
Rent	31,685	36,000	36,000	0
Contributions and Donations	2,284	2,595	2,595	0
Miscellaneous	156,477	177,788	177,788	0
<i>Total Revenues</i>	<u>3,748,033</u>	<u>4,063,428</u>	<u>4,063,428</u>	<u>0</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	1,971,230	1,903,412	1,903,412	0
Special	276,526	335,483	335,483	0
Vocational	1,698	7,328	7,328	0
Student Intervention Services	3,292	3,292	3,292	0
Support Services:				
Pupils	175,705	182,777	182,777	0
Instructional Staff	128,795	131,415	131,415	0
Board of Education	12,679	12,524	12,524	0
Administration	516,805	496,518	496,518	0
Fiscal	186,973	175,267	175,267	0
Operation and Maintenance of Plant	439,842	437,216	437,216	0
Pupil Transportation	93,689	95,500	95,500	0
Central	51,319	49,605	49,605	0
Operation of Non-Instructional Services:				
Food Service Operations	1,421	1,082	1,082	0
Extracurricular Activities	64,033	61,659	61,659	0
<i>Total Expenditures</i>	<u>3,924,007</u>	<u>3,893,078</u>	<u>3,893,078</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(175,974)</u>	<u>170,350</u>	<u>170,350</u>	<u>0</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Refund of Prior Year Expenditures	0	515	515	0
Refund of Prior Year Receipts	(10,427)	(8,631)	(8,631)	0
Advances In	0	151	151	0
Advances Out	(155)	(83,521)	(83,521)	0
Transfers Out	(1,442)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(12,024)</u>	<u>(91,486)</u>	<u>(91,486)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(187,998)</u>	<u>78,864</u>	<u>78,864</u>	<u>0</u>
<i>Fund Balance at Beginning of Year - Restated (See Note 20)</i>	<u>1,572,687</u>	<u>1,572,687</u>	<u>1,572,687</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>23,812</u>	<u>23,812</u>	<u>23,812</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,408,501</u></u>	<u><u>\$1,675,363</u></u>	<u><u>\$1,675,363</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2011

	Private Purpose Trust	Agency
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$500	<u>\$63,734</u>
<b><u>Liabilities:</u></b>		
Undistributed Monies	0	\$19,464
Deposits Held and Due to Others	<u>0</u>	<u>44,270</u>
<i>Total Liabilities</i>	<u>0</u>	<u>\$63,734</u>
<b><u>Net Assets:</u></b>		
Held in Trust for Scholarships	<u>\$500</u>	

See accompanying notes to the basic financial statements



**NEW BOSTON LOCAL SCHOOL DISTRICT**  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust
	Scholarships
<b><u>Additions:</u></b>	
Gifts and Donations	\$1,000
<b><u>Deductions:</u></b>	
Scholarships	1,500
<i>Change in Net Assets</i>	(500)
<i>Net Assets at Beginning of Year - Restated (See Note 20)</i>	1,000
<i>Net Assets at End of Year</i>	\$500

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, 2011

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**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 22 non-certificated employees, 44 certificated teaching personnel and five administrative employees who provide services to 478 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 ensure 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 presented in Note 16 to the basic financial statements.

Jointly Governed Organization:  
South Central Ohio Computer Association

Public Entity Shared Risk Pools:  
Scioto County Schools Council  
Schools of Ohio Risk Sharing Authority

***NEW BOSTON LOCAL SCHOOL DISTRICT***

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**  
(continued)

Insurance Purchasing Pool:  
Ohio SchoolComp Workers' Compensation Group Rating Plan

**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.

**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 government-wide 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, 2011

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**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.

**Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. 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 are the School District's major governmental funds:

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.

Bond Retirement Fund – The Bond Retirement Debt Service Fund is established to account for the accumulation of resources for, and the payment of, general obligation bond principal and interest and certain other long-term obligations when the School District is obligated for the payment.

Classroom Facilities Fund - The Classroom Facilities Capital Projects Fund is used to account for the State resources in connection with contracts entered into by the School District and the Ohio School Facilities Commission for the school facilities project.

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, 2011

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**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 three fiduciary funds: a private purpose trust fund used to account for college scholarship programs for students; and two agency funds, which 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.

**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.

The private purpose trust fund is reported using the economic resources measurement focus.

**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, 2011

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**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 60 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 7). 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, 2011, but which were levied to finance fiscal year 2012 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, 2011

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**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.

**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, 2011

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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.

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 2011 amounted to \$36,105, which includes \$28,860 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.

**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.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2011, 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.

**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 \$1,000. 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.



**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

All reported capital assets, except land and construction in progress, 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

**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.

**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.

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the funds from which the employees are paid. The remaining portion of the liability is not reported.

**Accrued Liabilities and Long-Term Obligations**

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

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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. Long-term notes that will be paid from governmental funds are recognized as liabilities on fund financial statements when due.

**Fund Balance**

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

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

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

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

**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.

**Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Bond Premiums/Issuance Costs/Compounded Interest on Capital Appreciation Bonds**

In the government-wide financial statements, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. The liability for capital appreciation bonds is increased each year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable, whereas issuance costs are reported as deferred charges.

On the governmental fund financial statements, bond premiums and issuance costs are recognized in the period when the debt is issued. Interest on capital appreciation bonds is recorded as an expenditure when the debt becomes due.

As permitted by State statute, the School District paid bond issuance costs from the bond proceeds and therefore, does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element prevents one classification from being overstated while another is understated by the same amount.

**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.

**NOTE 3 - FUND BALANCES**

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

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

**NOTE 3 - FUND BALANCES** (continued)

Fund Balances	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>					
Prepays	\$4,369	\$0	\$10,892	\$4,798	\$20,059
Inventory	19,513	0	0	8,699	28,212
<b><i>Total Nonspendable</i></b>	<b>23,882</b>	<b>0</b>	<b>10,892</b>	<b>13,497</b>	<b>48,271</b>
<b><i>Restricted for</i></b>					
Debt Payment	0	174,718	0	0	174,718
Food Service Operations	0	0	0	96,928	96,928
Classroom Facilities Maintenance	0	0	0	58,995	58,995
Athletics	0	0	0	18,022	18,022
High Schools That Work	0	0	0	597	597
Race to the Top	0	0	0	1,034	1,034
Title VI-B	0	0	0	264	264
Title I	0	0	0	2,508	2,508
Misc. Grants	0	0	0	3,860	3,860
Capital Improvements	0	0	0	1,167,577	1,167,577
Classroom Facilities	0	0	8,452,148	0	8,452,148
<b><i>Total Restricted</i></b>	<b>0</b>	<b>174,718</b>	<b>8,452,148</b>	<b>1,349,785</b>	<b>9,976,651</b>
<b><i>Assigned to</i></b>					
Other Purposes	19,914	0	0	0	19,914
<b><i>Unassigned (Deficit)</i></b>	<b>1,402,863</b>	<b>0</b>	<b>0</b>	<b>(5,533)</b>	<b>1,397,330</b>
<b><i>Total Fund Balances</i></b>	<b>\$1,446,659</b>	<b>\$174,718</b>	<b>\$8,463,040</b>	<b>\$1,357,749</b>	<b>\$11,442,166</b>

**NOTE 4 - ACCOUNTABILITY**

At June 30, 2011, the Education Management Information System, Early Childhood Education and Title II - A Special Revenue Funds had deficit fund balances of \$51, \$4,812 and \$670, 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.

**NOTE 5 - 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.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

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	\$136,703
Adjustments:	
Revenue Accruals	48,619
Expenditure Accruals	2,227
Advances	(83,370)
Encumbrances	<u>(25,315)</u>
Budget Basis	<u><u>\$78,864</u></u>

**NOTE 6 - 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.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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.

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.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

*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. At fiscal year-end, all of the School District's bank balance of \$13,028,550 was either covered by the Federal Deposit Insurance Corporation or collateralized with pooled securities held by the pledging financial institution in the manner described below.

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 105 percent of the deposits being secured.

**NOTE 7 - 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 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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



**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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**NOTE 7 - PROPERTY TAXES** (continued)

The School District receives property taxes from Scioto County. The Scioto County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available 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, 2011, 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.

The amount available as an advance at June 30, 2011, was \$47,891 in the General Fund, \$915 in the Classroom Facilities Maintenance Fund, and \$13,015 in the Bond Retirement Fund. The amount available as an advance at June 30, 2010, was \$102,439 in the General Fund, \$1,442 in the Classroom Facilities Maintenance Fund, and \$20,511 in the Bond Retirement Fund.

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 has been deferred.

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

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$27,070,920	88.75%	\$26,728,380	86.79%
Public Utility Personal	3,433,020	11.25%	4,069,530	13.21%
Total Assessed Value	<u>\$30,503,940</u>	<u>100.00%</u>	<u>\$30,797,910</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$49.65		\$41.45	

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2011, consisted of property taxes, intergovernmental grants, and interfund. All receivables are considered collectible in full and will be received within one fiscal year with the exception of the property taxes and the Ohio School Facilities Commission Grant. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Ohio School Facilities Commission Grant monies will be collected over the life of the construction of the new facility.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities:</u>	
Ohio School Facilities Commission Grant	\$8,132,588
Title I	88,384
Title I ARRA	4,001
Education Jobs Grant	123,717
Reading First	16,662
Title IDEA-B, Rural and Low Income	3,570
Title II-A	5,872
Ohio Appalachian Collaborative Race to the Top	43,978
Race to the Top	37,310
Reimbursement from School Employees	
Retirement System	5,929
Teacher Incentive Fund Grant	46,866
Early Childhood Education	4,257
Total Intergovernmental Receivables	<u><u>\$8,513,134</u></u>

The School District was awarded a grant in the amount of \$16,896,209 on August 4, 2008, from the Ohio School Facilities Commission for the construction of a new Pre-K-12 facility, as well as to demolish the existing instructional buildings.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

**NOTE 9 - CAPITAL ASSETS**

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

	<u>Balance at</u> <u>6/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>6/30/11</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$50,380	\$0	\$0	\$50,380
Construction in Progress	981,710	1,656,611	0	2,638,321
Total Capital Assets Not Being Depreciated	<u>1,032,090</u>	<u>1,656,611</u>	<u>0</u>	<u>2,688,701</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	2,316,657	0	0	2,316,657
Furniture, Fixtures and Equipment	1,337,640	225,432	(12,950)	1,550,122
Textbooks	486,779	0	0	486,779
Vehicles	286,172	0	0	286,172
Total Capital Assets Being Depreciated	<u>4,427,248</u>	<u>225,432</u>	<u>(12,950)</u>	<u>4,639,730</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(811,614)	(75,935)	0	(887,549)
Furniture, Fixtures and Equipment	(1,160,452)	(50,284)	12,950	(1,197,786)
Textbooks	(484,657)	(2,122)	0	(486,779)
Vehicles	(197,641)	(13,935)	0	(211,576)
Total Accumulated Depreciation	<u>(2,654,364)</u>	<u>(142,276) *</u>	<u>12,950</u>	<u>(2,783,690)</u>
Total Capital Assets Being Depreciated, Net	<u>1,772,884</u>	<u>83,156</u>	<u>0</u>	<u>1,856,040</u>
Governmental Activities				
Capital Assets, Net	<u>\$2,804,974</u>	<u>\$1,739,767</u>	<u>\$0</u>	<u>\$4,544,741</u>

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**NOTE 9 - CAPITAL ASSETS** (continued)

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$57,751
Special	22,611
Student Intervention Services	196
Support Services:	
Pupils	3,623
Instructional Staff	9,941
Administration	10,870
Fiscal	3,243
Operation and Maintenance of Plant	9,886
Pupil Transportation	13,935
Central	1,133
Operation of Non-Instructional Services:	
Food Service Operations	8,676
Extracurricular Activities	411
Total Depreciation Expense	<u><u>\$142,276</u></u>

**NOTE 10 - 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 2011, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) (Note 16) for property and fleet insurance.

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, 2011

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**NOTE 10 - RISK MANAGEMENT** (continued)

For fiscal year 2011, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). 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 participants is calculated as one experience and a common premium rate is applied to all participants 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 participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. 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 11 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$72,215, \$92,265, and \$62,582, respectively. For fiscal year 2011, 56.01 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** (continued)

**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](http://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 multiplied by 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 DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of 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 – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** (continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$296,875, \$270,227, and \$256,230, respectively. For fiscal year 2011, 82.00 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions to STRS Ohio for the DC Plan and for fiscal year 2011 were \$4,426 made by the School District and \$3,161 made by the plan members.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System**

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System 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 obligation 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 can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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 105(e). For 2011, 1.43 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 2011, this amount was \$35,800. During fiscal year 2011, the School District paid \$10,059 in surcharge.

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.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**NOTE 12 - POSTEMPLOYMENT BENEFITS** (continued)

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$18,803, \$13,162, and \$41,685, respectively. For fiscal year 2011, 56.01 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$4,647, \$5,487, and \$5,163, respectively. For fiscal year 2011, 56.01 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

**State Teachers Retirement System of Ohio**

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$22,837, \$20,787, and \$19,710, respectively. For fiscal year 2011 82.00 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.



**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**NOTE 13 - EMPLOYEE BENEFITS**

**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 10 to 20 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.

**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.

**Insurance Benefits**

The School District provides life insurance to its employees through Metropolitan Education Council (MEC). 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.

**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.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

**NOTE 14 - LONG-TERM OBLIGATIONS**

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

	Amount Outstanding 6/30/10	Additions	Deductions	Amount Outstanding 6/30/11	Amount Due Within One Year
2009 School Facilities Construction and Improvement General Obligation Bonds - 3.0% to 5.0%					
Serial Bonds	\$355,000	\$0	\$40,000	\$315,000	\$45,000
Term Bonds	2,935,000	0	0	2,935,000	0
Capital Appreciation Bonds	107,336	0	0	107,336	0
Accretion on Capital Appreciation Bonds	5,052	17,392	0	22,444	0
Unamortized Premium	77,112	0	2,856	74,256	0
Compensated Absences	180,067	69,808	61,891	187,984	41,169
Special Termination Benefits	16,365	0	15,819	546	0
Total General Long-Term Obligations	<u>\$3,675,932</u>	<u>\$87,200</u>	<u>\$120,566</u>	<u>\$3,642,566</u>	<u>\$86,169</u>

On July 8, 2009, the School District issued \$3,462,336 in general obligation bonds for the purpose of paying off the December 2008 bond anticipation notes. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$420,000, \$2,935,000, and \$107,336, respectively. The bonds were issued for a 28 year period with first maturity at November 1, 2009, and final maturity at November 1, 2036.

The serial bonds issued at \$420,000 and with final maturity dates after November 1, 2018, are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the School District and by lot within a maturity, at the option of the Board of Education on or after November 1, 2018, at the redemption price of 100 percent.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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**NOTE 14 - LONG-TERM OBLIGATIONS** (continued)

The term bonds were issued at \$2,935,000. The term bonds that mature on November 1, 2036, are subject to mandatory sinking fund redemption on November 1, 2020, November 1, 2022, November 1, 2024, November 1, 2026, November 1, 2029, November 1, 2034, and November 1, 2036, at 100 percent of the principal amount thereof plus accrued interest to the date of redemptions according to the following schedule:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$225,000
2023	240,000
2025	265,000
2027	285,000
2030	485,000
2035	975,000
2037	460,000
Total	<u><u>\$2,935,000</u></u>

The capital appreciation bonds, issued at \$107,336, are not subject to prior redemption. The fiscal year 2011 accretion amount was \$17,392. The remaining capital appreciation bonds will mature November 1, 2016, through 2018 as follows:

<u>Fiscal Year</u>	<u>Maturity Amount</u>
2017	\$100,000
2018	110,000
2019	110,000
Total	<u><u>\$320,000</u></u>

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

**NOTE 14 - LONG-TERM OBLIGATIONS** (continued)

Principal and interest requirements to retire the School District's outstanding debt at June 30, 2011, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds					
	Serial Bonds		Term Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$45,000	\$148,470	\$0	\$0	\$0	\$0
2013	50,000	147,045	0	0	0	0
2014	65,000	145,320	0	0	0	0
2015	75,000	143,220	0	0	0	0
2016	80,000	140,795	0	0	0	0
2017-2021	0	0	225,000	688,298	107,336	212,664
2022-2026	0	0	645,000	582,814	0	0
2027-2031	0	0	805,000	416,034	0	0
2032-2036	0	0	1,025,000	191,875	0	0
2037	0	0	235,000	5,875	0	0
Totals	<u>\$315,000</u>	<u>\$724,850</u>	<u>\$2,935,000</u>	<u>\$1,884,896</u>	<u>\$107,336</u>	<u>\$212,664</u>

As of June 30, 2011, \$83,436 of the debt proceeds had been spent toward the project.

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

The School District's overall legal debt margin was (\$410,806) with an unvoted debt margin of \$30,798 at June 30, 2011. Ohio Revised Code section 133.06(I) allows a school district to incur net indebtedness in excess of the legal debt limitation when necessary to raise the school district's portion of Ohio School Facilities construction project costs. The School District submitted the issuance of the School Construction Bonds to the electors prior to the adoption of H.B. 530. In addition, H.B. 530 now excludes tangible personal property used in business, telephone, or telegraph property, interexchange telecommunications company property, or personal property owned or leased by a railroad company and used in railroad operations from the definition of tax valuation for the purpose of calculating the legal debt margin for school districts.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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**NOTE 15 - INTERFUND ACTIVITY**

**Advances**

Interfund balances at June 30, 2011, consist of the following individual interfund receivable and payable:

		<b>Receivable</b>
		<u>General Fund</u>
<b>Payable</b>	Other Governmental Funds	<u>\$83,522</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 16 - JOINTLY GOVERNED ORGANIZATION, PUBLIC ENTITY SHARED RISK POOLS, AND INSURANCE PURCHASING POOL**

**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 \$7,584 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, 2011

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATION, PUBLIC ENTITY SHARED RISK POOLS, AND INSURANCE PURCHASING POOL** (continued)

**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.

**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 62 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 \$15,634 for property and automobile physical damage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

**Ohio SchoolComp Workers’ Compensation Group Rating Plan**

The School District participates in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the Group Rating Plan. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**NOTE 17 - 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 Balance as of June 30, 2010	<u>(\$24,964)</u>	<u>\$0</u>
Current Fiscal Year Set-aside Requirement	61,091	61,091
Current year Offsets	0	(378,435)
Qualifying Disbursements	<u>(50,154)</u>	<u>0</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$14,027)</u>	<u>(\$317,344)</u>
Set-aside Balance as of June 30, 2011	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Although the School District had offsets and qualifying expenditures during the fiscal year that reduced the set-aside amounts below zero for textbooks and instructional materials and capital acquisitions, only the amount for textbooks and instructional materials set-aside may be used to reduce the set-aside requirement of future years.

**NOTE 18 - LEASE**

During fiscal year 2010, the School District entered into an operating lease with Nextel Spectrum Acquisition Corporation (Nextel) for the right to use the School District's four Educational Broadband Service channels. The lease automatically renews in five year increments, which includes an increase in the monthly lease payments for each five year renewal. The monthly lease payment and one-time lump sum payment is refundable to Nextel on a pro rata basis if the contract is terminated, or the bandwidth, megahertz, Geographical Service Area (GSA) and population decreases during the life of the lease. The lease payments to the School District are receipted into the General Fund. During fiscal year 2011, the School District received \$36,000 in lease payments.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

**NOTE 19 - CONSTRUCTION COMMITMENTS**

The School District contracted for constructing its new Pre-K-12 facility, as well as to demolish the existing instructional buildings. The outstanding construction commitments at June 30, 2011, are:

Contractor	Contract Amount	Amount Expended	Balance At June 30, 2011
Legat and Kingston	\$1,084,380	\$829,703	\$254,677
DCK Construction	992,221	491,864	500,357
Mechanical Construction	2,748,200	110,722	2,637,478
Accurate Electric	3,281,610	77,143	3,204,467
Central Fire Protection	137,727	9,092	128,635
R. W. Setterlin	10,399,000	943,162	9,455,838
Stan and Associates	46,897	10,730	36,167
CTL Engineering	60,000	10,525	49,475
Total	<u>\$18,750,035</u>	<u>\$2,482,941</u>	<u>\$16,267,094</u>

**NOTE 20 - CHANGE IN ACCOUNTING PRINCIPLES**

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the following change to fund balances at June 30, 2010, as previously reported:

	General Fund	Governmental Activities	Private Purpose Trust Fund
Fund Balance, June 30, 2010, as Previously Reported	\$1,310,956	\$21,244,494	\$0
Restatement of Fund Balance	(1,000)	(1,000)	1,000
Fund Balance, June 30, 2010, as Restated	<u>\$1,309,956</u>	<u>\$21,243,494</u>	<u>\$1,000</u>
Net Assets, June 30, 2010, as Previously Reported			
Restatement of Net Assets			
Net Assets, June 30, 2010, as Restated			

The School District removed the Lease Receivable from its financial statements because the determination was made that it should be reported as an operating lease rather than as a capital lease. This change had no effect on Fund Balance or Net Assets since the entire lease receivable was being reported as Deferred Revenue on the Balance Sheet and the Statement of Net Assets.



***NEW BOSTON LOCAL SCHOOL DISTRICT***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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**NOTE 21 - CONTINGENCIES**

**Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2011.

**Litigation**

The School District is not party to any legal proceedings.

**New Boston Local School District**  
**Scioto County**  
*Schedule of Federal Awards Expenditures*  
*For the Fiscal Year Ended June 30, 2011*

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	3L70	10.553	\$58,812	\$0	\$58,812	\$0
National School Lunch Program	3L60	10.555	130,616	15,901	130,616	15,901
Total Child Nutrition Cluster			189,428	15,901	189,428	15,901
Child Nutrition Discretionary Grants Limited Availability	3EF0	10.579	5,350	0	5,350	0
<b>Total United States Department of Agriculture</b>			<b>194,778</b>	<b>15,901</b>	<b>194,778</b>	<b>15,901</b>
<b>United States Department of Education</b>						
<i>Passed through the Ohio Department of Education</i>						
Special Education Cluster:						
Special Education Grants to States	3M20	84.027	89,194	0	88,431	0
Special Education Grants to States, Recovery Act	3DJ0	84.391	34,870	0	38,648	0
Total Special Education Cluster			124,064	0	127,079	0
Title I Cluster:						
Title I Grants to Local Educational Agencies	3M00	84.010	369,735	0	419,217	0
Title I Grants to Local Educational Agencies, Recovery Act	3DK0	84.389	208,655	0	194,455	0
Total Title I Cluster			578,390	0	613,672	0
State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act	GRF	84.394	134,159	0	135,295	0
Educational Technology State Grants	3S20	84.318	1,045	0	1,045	0
Reading First State Grants	3Y40	84.357	353,613	0	348,414	0
Improving Teacher Quality State Grants	3Y60	84.367	51,646	0	52,207	0
Teacher Incentive Fund, Recovery Act	3EC0	84.385	8,779	0	42,128	0
State Fiscal Stabilization Fund (SFSF)-Race-to-the-Top Incentive Grants, Recovery Act	3FD0	84.395	11,601	0	57,439	0
<b>Total United States Department of Education</b>			<b>1,263,297</b>	<b>0</b>	<b>1,377,279</b>	<b>0</b>
<b>Total Federal Financial Assistance</b>			<b>\$1,458,075</b>	<b>\$15,901</b>	<b>\$1,572,057</b>	<b>\$15,901</b>

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

**New Boston Local School District**  
**Scioto County**  
*Notes to the Schedule of Federal Awards Expenditures*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 1 – Significant Accounting Policies**

The accompanying schedule of federal awards expenditures includes the federal grant activity of the School District and has been prepared on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2 – Child Nutrition Cluster**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first. Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the schedule using the entitlement value of the commodities received. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**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***

Board of Education  
New Boston Local School District  
522 Glenwood Avenue  
New Boston, Ohio 45662

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Boston Local School District, Scioto County (the School District) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 23, 2011, wherein we noted the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

New Boston Local School District  
Scioto County

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*

Page 2

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



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

November 23, 2011

**Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Board of Education  
New Boston Local School District  
522 Glenwood Avenue  
New Boston, Ohio 45662

**Compliance**

We have audited New Boston Local School District's, Scioto County (the School District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2011. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

New Boston Local School District  
Scioto County

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Page 2

### **Internal Control Over Compliance (Continued)**

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

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

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



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

November 23, 2011

**New Boston Local School District**  
**Scioto County**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133 Section .505*  
*For the Fiscal Year Ended June 30, 2011*

**Section I – Summary of Auditor’s Results**

<i>Financial Statements</i>		
Type of financial statement opinion:		Unqualified
Internal control over financial reporting:		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?		No
<i>Federal Awards</i>		
Internal control over major program(s):		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:		Unqualified
Any auditing findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?		No
Identification of major program(s):		Title I Cluster (CFDA #84.010 and #84.389)  Reading First State Grants (CFDA #84.357)
Dollar threshold used to distinguish between type A and type B programs:		\$300,000
Auditee qualified as low-risk auditee?		Yes

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None



**Independent Accountant's Report on Applying Agreed-Upon Procedures**

Board of Education  
New Boston Local School District  
522 Glenwood Avenue  
New Boston, Ohio 45662

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on January 13, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

November 23, 2011

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# Dave Yost • 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  
JANUARY 31, 2012