

New Boston Local School District
Scioto County, Ohio

Single Audit

July 1, 2008, through June 31, 2009
Fiscal Years Audited Under GAGAS: 2009



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the New Boston Local School District, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 19, 2010

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New Boston Local School District
Scioto County
TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government – Wide Financial Statements:	
Statement of Net Assets.....	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 Assets and Liabilities – Agency Funds	18
Notes to the Basic Financial Statements.....	19
Schedule of Federal Awards Expenditures.....	48
Notes to the Schedule of Federal Awards Expenditures.....	49
Report on Internal Control Over Financial Reporting And Compliance and Other Matters Required by <i>Government Auditing Standards</i>	50
Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	52
Schedule of Findings – OMB Circular A-133 § 505.....	54
Independent Auditor’s Report on Applying Agreed-Upon Procedures.....	56



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Boston Local School District, Scioto County, Ohio, (the School District) as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

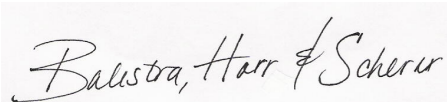
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2009, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Balestra, Harr & Scherer, CPAs, Inc.

November 20, 2009

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

As management of the New Boston Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. 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 \$17,281,447, which is a significant increase from the prior fiscal year. The biggest difference reflected is related to an increase in intergovernmental receivables due to the Ohio School Facilities Commission Grant that the School District was awarded for the construction of its new facility.

General revenues accounted for \$20,218,977 of total revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,339,972 of total revenues of \$22,558,949.

The School District had \$5,277,502 in expenses related to governmental activities; only \$2,339,972 of these expenses were offset by program specific charges for services and sales, operating and capital grants, contributions, and interest. General revenues (primarily grants, entitlements and property taxes) of \$20,218,977 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 Building and Classroom Facilities Capital Projects Funds.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

Reporting the School District as a Whole

One of the most important questions asked about the School District is “How did we do financially during fiscal year 2009?”

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 Building and Classroom Facilities Capital Projects Funds.

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

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

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 2009 and 2008:

(Table 1)
Net Assets

	<u>Governmental Activities</u>		
	<u>2009</u>	<u>2008</u>	<u>Increase/ (Decrease)</u>
Assets			
Current Assets	\$23,927,765	\$2,823,835	\$21,103,930
Capital Assets, Net	2,176,445	1,920,790	255,655
Total Assets	<u>26,104,210</u>	<u>4,744,625</u>	<u>21,359,585</u>
Liabilities			
Other Liabilities	2,158,356	1,560,876	597,480
Long-Term Liabilities	3,642,355	161,697	3,480,658
Total Liabilities	<u>5,800,711</u>	<u>1,722,573</u>	<u>4,078,138</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	2,143,624	1,920,790	222,834
Restricted	16,980,306	216,980	16,763,326
Unrestricted	1,179,569	884,282	295,287
Total Net Assets	<u>\$20,303,499</u>	<u>\$3,022,052</u>	<u>\$17,281,447</u>

Total assets of governmental activities increased \$21,359,585. This increase is reflected primarily in current and other assets, and for fiscal year 2009, almost entirely involved the intergovernmental receivable account. The primary factor for this increase is the Ohio School Facilities Commission Grant that the School District was awarded for the construction of its new facility. Capital assets increased \$255,655 due primarily to an increase in construction in progress relating to the construction of the School District's new facility.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

Total liabilities also had a significant increase of \$4,078,138 for fiscal year 2009 when compared to the prior fiscal year. A significant increase occurred within other liabilities of the School District as a result a couple of factors. First, the School District experienced an increase in the recognition of contracts payable as work progressed on the School District's new facility. The School District also experienced an increase in deferred revenue with the anticipation of an increase in the amount of property taxes to be received with the passage of a 7.11 mil bond levy and a half mil improvement levy. A sizable increase also occurred within long-term liabilities due to the issuance of notes by the School District.

Invested in capital assets, net of related debt for governmental activities increased \$222,834. The increase is due to construction in progress relating to the classroom facilities project. Restricted net assets increased \$16,763,326 as a result of the School District recognizing revenue relating to the Ohio School Facilities Commission Grant that has not been spent and having unspent note proceeds at fiscal year-end. Unrestricted net assets for governmental activities increased \$295,287 which resulted primarily from an increase in revenue from the State foundation program.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2009 and 2008. 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.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

(Table 2)
Change in Net Assets

	Governmental Activities		Increase/ (Decrease)
	2009	2008	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$985,297	\$858,668	\$126,629
Operating Grants, Contributions, and Interest	1,351,867	1,562,112	(210,245)
Capital Grants and Contributions	2,808	6,437	(3,629)
Total Program Revenues	<u>2,339,972</u>	<u>2,427,217</u>	<u>(87,245)</u>
General Revenues:			
Property Taxes	1,279,985	1,107,836	172,149
Grants and Entitlements not Restricted to Specific Programs	18,640,117	1,411,316	17,228,801
Contributions not Restricted to Specific Programs	9,974	10,807	(833)
Investment Earnings	77,854	35,334	42,520
Miscellaneous	211,047	153,538	57,509
Total General Revenues	<u>20,218,977</u>	<u>2,718,831</u>	<u>17,500,146</u>
Total Revenues	<u>22,558,949</u>	<u>5,146,048</u>	<u>17,412,901</u>
Program Expenses			
Instruction:			
Regular	2,278,807	2,302,581	(23,774)
Special	582,140	580,262	1,878
Vocational	7,460	0	7,460
Student Intervention Services	75,126	83,813	(8,687)
Support Services:			
Pupils	175,373	168,799	6,574
Instructional Staff	418,336	451,251	(32,915)
Board of Education	16,763	11,070	5,693
Administration	485,848	476,746	9,102
Fiscal	213,733	216,530	(2,797)
Operation and Maintenance of Plant	411,085	484,171	(73,086)
Pupil Transportation	163,402	72,113	91,289
Central	51,091	8,952	42,139
Operation of Non-Instructional Services:			
Food Service Operations	224,633	210,171	14,462
Extracurricular Activities	106,088	103,165	2,923
Interest and Fiscal Charges	67,617	0	67,617
Total Expenses	<u>5,277,502</u>	<u>5,169,624</u>	<u>107,878</u>
Change in Net Assets	<u>17,281,447</u>	<u>(23,576)</u>	<u>(26,350)</u>
Net Assets at Beginning of Year	<u>3,022,052</u>	<u>3,045,628</u>	<u>(23,576)</u>
Net Assets at End of Year	<u>\$20,303,499</u>	<u>\$3,022,052</u>	<u>(\$49,926)</u>

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

Governmental Activities

Program revenues, which are primarily represented by charges for tuition, fees, sales, and extracurricular activities, as well as restricted intergovernmental revenues were \$2,339,972 of total revenues for fiscal year 2009 and varied insignificantly from fiscal year 2008.

As previously mentioned, general revenues were \$20,218,977 of total revenues for fiscal year 2009 and were significantly greater than the prior fiscal year. Grants and entitlements not restricted to specific programs increased \$17,228,801 from the prior fiscal year. This increase resulted from the School District receiving its Ohio School Facilities grant award.

As should be expected, instruction costs represent the largest of the School District's expenses, \$2,943,533 for fiscal year 2009. 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 \$757,111 of governmental expenses. Maintenance of the School District's facilities also represents a significant expense of \$411,085. However, when compared to fiscal year 2008, no significant changes occurred within the various expenses of the School District.

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 \$7,243,640 and expenditures of \$5,453,077. The net change in fund balance for the year was most significant in the Classroom Facilities Capital Projects Fund with an increase of \$3,689,990, which, as previously stated, was the result of the Ohio School Facilities Commission Grant that the School District will be receiving and proceeds from notes issued by the School District for the construction of its new facility.

The net change in fund balance for the fiscal year in the General Fund was an increase of \$246,389. This increase was a result of the School District continuing to monitor expenditures. As a result, total current fiscal year revenues exceeded total current fiscal year expenditures.

The Bond Retirement Debt Service Fund had a fund balance of \$131,827. This is the result of the School District receiving property tax revenue during the fiscal year but not incurring any debt payments.

The Building Capital Projects Fund had a fund balance of \$1,148,777. This is the result of the School District issuing notes to provide the resources for its local share of the construction project.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

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 2009, 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 \$410,808 between the original budget and final budget revenues. This was primarily the result of intergovernmental revenues being underestimated at the beginning of the fiscal year for State foundation monies and the tangible personal property tax reimbursement.

The decrease in expenditures from the original to the final budget was \$142,546, an insignificant decrease.

Actual General Fund revenues and other financing sources were greater than expenditures and other financing uses by \$317,994. This increase was primarily due to the School District continuing to monitor expenditures throughout the fiscal year.

Capital Assets

At the end of fiscal year 2009, the School District had \$2,176,445 invested in land, construction in progress, buildings and improvements, furniture, fixtures and equipment, textbooks, and vehicles which represented an increase of \$255,655. 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 8 in the notes to the basic financial statements.

Debt Administration

At June 30, 2009, the School District had \$3,463,000 in total outstanding debt consisting of School Facilities Construction and Improvement Notes. At June 30, 2009, the School District's overall legal debt margin was \$2,910,018 and the unvoted debt margin was \$162,696. For more information on debt administration, refer to Note 13 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, 2009

Unaudited

Current Financial Issues and Concerns

A bond issue was passed in November 2008, to construct a new PK-12 school building. The Ohio School Facilities Commission is funding 83 percent of the total project cost. Legat and Kingscott are the architects for the project. The project was still in the initial planning stages at June 30, 2009.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Donna Grimm, Treasurer at New Boston Local School District, 522 Glenwood Avenue, New Boston, Ohio 45662, or email dgrimm@newboston.k12.oh.us.

NEW BOSTON LOCAL SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 6,411,850
Materials and Supplies Inventory	23,587
Intergovernmental Receivable	15,282,163
Prepaid Items	4,109
Property Taxes Receivable	2,206,056
Capital Assets:	
Land and Construction in Progress	303,560
Depreciable Capital Assets, Net	<u>1,872,885</u>
<i>Total Assets</i>	<u>26,104,210</u>
<u>Liabilities:</u>	
Accounts Payable	24,328
Contracts Payable	190,554
Accrued Wages and Benefits Payable	394,132
Intergovernmental Payable	127,607
Accrued Interest Payable	62,422
Deferred Revenue	1,359,313
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	40,261
Due in More Than One Year	<u>3,602,094</u>
<i>Total Liabilities</i>	<u>5,800,711</u>
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	2,143,624
Restricted for Debt Service	189,799
Restricted for Capital Outlay	16,619,438
Restricted for Other Purposes	155,279
Restricted for Set-Asides	15,790
Unrestricted	<u>1,179,569</u>
<i>Total Net Assets</i>	<u>\$ 20,303,499</u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Total Governmental Activities
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$ 2,278,807	\$ 932,077	\$ 460,576	\$ -	\$ (886,154)
Special	582,140	-	558,917	-	(23,223)
Vocational	7,460	-	-	-	(7,460)
Student Intervention Services	75,126	-	-	-	(75,126)
Support Services:					
Pupils	175,373	-	3,293	-	(172,080)
Instructional Staff	418,336	-	90,436	-	(327,900)
Board of Education	16,763	-	-	-	(16,763)
Administration	485,848	-	-	-	(485,848)
Fiscal	213,733	-	-	-	(213,733)
Operation and Maintenance of Plant	411,085	-	-	-	(411,085)
Pupil Transportation	163,402	-	4,249	2,808	(156,345)
Central	51,091	-	5,000	-	(46,091)
Operation of Non-Instructional Services:					
Food Service Operations	224,633	15,984	222,437	-	13,788
Extracurricular Activities	106,088	37,236	6,959	-	(61,893)
Interest and Fiscal Charges	67,617	-	-	-	(67,617)
Total Governmental Activities	\$ 5,277,502	\$ 985,297	\$ 1,351,867	\$ 2,808	(2,937,530)

General Revenues:

Property Taxes Levied for:	
General Purposes	1,017,882
Debt Service	244,883
Capital Outlay	17,220
Grants and Entitlements not Restricted to Specific Programs:	
Operating	3,429,267
Capital	15,210,850
Contributions not Restricted to Specific Programs	
Investment Earnings	9,974
Miscellaneous	77,854
	<u>211,047</u>
Total General Revenues	20,218,977
Change in Net Assets	17,281,447
Net Assets at Beginning of Year	<u>3,022,052</u>
Net Assets at End of Year	<u>\$ 20,303,499</u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2009

	General	Bond Retirement	Building Fund	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 1,003,095	\$ 121,112	\$ 1,148,777	\$ 3,880,544	\$ 242,532	\$ 6,396,060
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	15,790	-	-	-	-	15,790
Receivables:						
Property Taxes	1,849,093	333,524	-	-	23,439	2,206,056
Intergovernmental	-	-	-	15,210,850	71,313	15,282,163
Interfund	16,602	-	-	-	-	16,602
Prepaid Items	4,109	-	-	-	-	4,109
Materials and Supplies Inventory	14,290	-	-	-	9,297	23,587
Total Assets	\$ 2,902,979	\$ 454,636	\$ 1,148,777	\$ 19,091,394	\$ 346,581	\$ 23,944,367
<u>Liabilities and Fund Balances:</u>						
<u>Liabilities:</u>						
Accounts Payable	\$ 4,091	\$ -	\$ -	\$ -	\$ 20,237	\$ 24,328
Contracts Payable	-	-	-	190,554	-	190,554
Accrued Wages and Benefits Payable	279,169	-	-	-	114,963	394,132
Intergovernmental Payable	93,630	-	-	-	33,977	127,607
Interfund Payable	-	-	-	-	16,602	16,602
Deferred Revenue	1,800,519	322,809	-	15,210,850	22,686	17,356,864
Total Liabilities	2,177,409	322,809	-	15,401,404	208,465	18,110,087
<u>Fund Balances:</u>						
Reserved for Encumbrances	9,228	-	-	-	19,522	28,750
Reserved for Property Taxes	48,574	10,715	-	-	753	60,042
Reserved for Textbooks and Instructional Materials	15,790	-	-	-	-	15,790
Unreserved, Undesignated, Reported in:						
General Fund	651,978	-	-	-	-	651,978
Special Revenue Funds	-	-	-	-	117,841	117,841
Debt Service Fund	-	121,112	-	-	-	121,112
Capital Projects Funds	-	-	1,148,777	3,689,990	-	4,838,767
Total Fund Balances	725,570	131,827	1,148,777	3,689,990	138,116	5,834,280
Total Liabilities and Fund Balances	\$ 2,902,979	\$ 454,636	\$ 1,148,777	\$ 19,091,394	\$ 346,581	\$ 23,944,367

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, 2009

Total Governmental Fund Balances \$5,834,280

*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	253,180	
Other capital assets	4,685,840	
Accumulated depreciation	<u>(2,812,955)</u>	
Total capital assets		2,176,445

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	786,701	
Intergovernmental	<u>15,210,850</u>	
		15,997,551

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

Long-term notes	(3,463,000)	
Accrued interest on notes	(62,422)	
Compensated absences	(165,048)	
Special termination benefits	<u>(14,307)</u>	
Total liabilities		<u>(3,704,777)</u>

Net Assets of Governmental Activities \$20,303,499

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, 2009

	General	Bond Retirement	Building Fund	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>						
Property Taxes	\$ 1,036,005	\$ 124,489	\$ -	\$ -	\$ 8,754	\$ 1,169,248
Intergovernmental	1,635,623	8,870	-	1,685,359	1,450,917	4,780,769
Investment Earnings	25,718	1,169	15,043	35,552	1,408	78,890
Tuition and Fees	932,077	-	-	-	-	932,077
Extracurricular Activities	-	-	-	-	37,236	37,236
Charges for Services	-	-	-	-	15,984	15,984
Contributions and Donations	11,345	-	-	-	7,044	18,389
Miscellaneous	184,935	-	22,656	3,456	-	211,047
<i>Total Revenues</i>	<u>3,825,703</u>	<u>134,528</u>	<u>37,699</u>	<u>1,724,367</u>	<u>1,521,343</u>	<u>7,243,640</u>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	1,743,935	-	-	-	458,442	2,202,377
Special	263,687	-	-	-	299,656	563,343
Vocational	7,460	-	-	-	-	7,460
Student Intervention Services	1,055	-	-	-	74,071	75,126
Support Services:						
Pupils	85,445	-	-	-	84,868	170,313
Instructional Staff	113,130	-	-	-	291,880	405,010
Board of Education	16,763	-	-	-	-	16,763
Administration	467,810	-	-	-	-	467,810
Fiscal	178,514	2,701	17,077	-	8,489	206,781
Operation and Maintenance of Plant	437,208	-	-	-	6,598	443,806
Pupil Transportation	152,733	-	-	-	2,539	155,272
Central	43,356	-	-	-	5,000	48,356
Operation of Non-Instructional Services:						
Food Service Operations	1,500	-	-	-	214,553	216,053
Extracurricular Activities	66,718	-	-	-	38,667	105,385
Capital Outlay	-	-	29,077	334,950	-	364,027
Debt Service:						
Interest and Fiscal Charges	-	-	1,739	3,456	-	5,195
<i>Total Expenditures</i>	<u>3,579,314</u>	<u>2,701</u>	<u>47,893</u>	<u>338,406</u>	<u>1,484,763</u>	<u>5,453,077</u>
Excess of Revenues Over (Under) Expenditures	246,389	131,827	(10,194)	1,385,961	36,580	1,790,563
<u>Other Financing Sources:</u>						
Proceeds from Sale of Notes	-	-	1,158,971	2,304,029	-	3,463,000
<i>Net Change in Fund Balances</i>	246,389	131,827	1,148,777	3,689,990	36,580	5,253,563
<i>Fund Balances at Beginning of Year</i>	479,181	-	-	-	101,536	580,717
<i>Fund Balances at End of Year</i>	<u>\$ 725,570</u>	<u>\$ 131,827</u>	<u>\$ 1,148,777</u>	<u>\$ 3,689,990</u>	<u>\$ 138,116</u>	<u>\$ 5,834,280</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, 2009

Net Change in Fund Balances - Total Governmental Funds \$ 5,253,563

*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	155,371	
Construction in progress additions	253,180	
Depreciation expense	<u>(152,896)</u>	
Excess of capital additions over depreciation expense		255,655

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	110,737	
Intergovernmental	<u>15,204,572</u>	
		15,315,309

Long term note proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.

Proceeds of notes		(3,463,000)
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Accrued interest payable on the bonds are not reported in the funds, but is allocated as an expense over the life of the debt in the Statement of Activities. (62,422)

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	(16,750)	
Increase in special termination benefits payable	<u>(908)</u>	
Total increase		<u>(17,658)</u>

Change in Net Assets of Governmental Activities \$ 17,281,447

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, 2009

	Budget Amounts			Variance With Final Budget Over/(Under)
	Original	Final	Actual	
<u>Revenues:</u>				
Property Taxes	\$1,075,000	\$1,075,810	\$1,075,810	\$0
Intergovernmental	1,382,200	1,635,623	1,635,623	0
Investment Earnings	24,000	25,718	25,718	0
Tuition and Fees	806,200	932,077	932,077	0
Contributions and Donations	11,000	11,345	11,345	0
Miscellaneous	156,300	184,935	184,935	0
<i>Total Revenues</i>	<u>3,454,700</u>	<u>3,865,508</u>	<u>3,865,508</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	1,734,440	1,730,806	1,730,806	0
Special	242,002	262,237	262,237	0
Vocational	0	7,460	7,460	0
Student Intervention Services	197	621	621	0
Support Services:				
Pupils	126,848	79,459	79,459	0
Instructional Staff	117,369	110,620	110,620	0
Board of Education	8,376	16,562	16,562	0
Administration	460,447	455,072	455,072	0
Fiscal	180,986	173,614	173,614	0
Operation and Maintenance of Plant	604,991	461,366	461,366	0
Pupil Transportation	150,026	154,990	154,990	0
Central	2,598	40,613	40,613	0
Operation of Non-Instructional Services:				
Food Service Operations	1,635	1,501	1,501	0
Extracurricular Activities	73,760	66,208	66,208	0
<i>Total Expenditures</i>	<u>3,703,675</u>	<u>3,561,129</u>	<u>3,561,129</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(248,975)</u>	<u>304,379</u>	<u>304,379</u>	<u>0</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	300	0	0	0
Advances In	29,136	29,136	29,136	0
Advances Out	(30,010)	(15,521)	(15,521)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(574)</u>	<u>13,615</u>	<u>13,615</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(249,549)	317,994	317,994	0
<i>Fund Balance at Beginning of Year</i>	554,690	554,690	554,690	0
<i>Prior Year Encumbrances Appropriated</i>	<u>130,933</u>	<u>130,933</u>	<u>130,933</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$436,074</u>	<u>\$1,003,617</u>	<u>\$1,003,617</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets:

Equity in Pooled Cash and Cash Equivalents	<u><u>\$57,062</u></u>
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Liabilities:

Undistributed Monies	\$16,324
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Deposits Held and Due to Others	<u>40,738</u>
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<i>Total Liabilities</i>	<u><u>\$57,062</u></u>
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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, 2009

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 20 non-certificated employees, 40 certificated full-time teaching personnel and five administrative employees who provide services to 448 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 15 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, 2009

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

(continued)

Insurance Purchasing Pool:

Ohio School Boards Association 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, 2009

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.

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

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, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

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

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.

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, 2009

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 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 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, 2009

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, 2009

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.

During fiscal year 2009, investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio).

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2009.

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 2009 amounted to \$25,718, which includes \$19,546 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.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash equivalents legally required to be set aside by the School District for textbooks and instructional materials. See Note 16 for additional information regarding set-asides.

Inventory

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, 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 \$500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land 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.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

Estimates

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 3 - ACCOUNTABILITY

At June 30, 2009, the Title VI-B, Reducing Class Size and Federal Miscellaneous Grant Special Revenue Funds had deficit fund balances of \$198, \$1,174, and \$14,786, 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 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$246,389
Adjustments:	
Revenue Accruals	39,805
Expenditure Accruals	33,453
Advances	13,615
Encumbrances	<u>(15,268)</u>
Budget Basis	<u><u>\$317,994</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$6,135,671 of the School District's bank balance of \$6,385,671 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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.

Investments

As of June 30, 2009, the School District had the following investment:

	<u>Fair Value</u>	<u>Average Maturity</u>
STAROhio	<u>\$132,048</u>	58.1 days

Interest Rate Risk

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

Credit Risk

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

NOTE 6 - PROPERTY TAXES

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 6 - PROPERTY TAXES (continued)

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 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, 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 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008, and are collected in calendar year 2009 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2009 (other than public utility property tax) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value as of December 31, 2008. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent of true value for inventory. The tangible personal property tax has been phased out. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 6 - PROPERTY TAXES (continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

The amount available as an advance at June 30, 2009, was \$60,042 and is recognized as revenue: \$48,574 in the General Fund, \$753 in the Classroom Facilities Maintenance Fund, and \$10,715 in the Debt Service Fund. The amount available as an advance at June 30, 2008, was \$88,379 in the General Fund.

The assessed values upon which fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$26,186,050	78.08%	\$27,699,240	88.76%
Public Utility Personal	3,567,580	10.64%	3,508,360	11.24%
General Business Personal	3,783,810	11.28%	0	0.00%
Total Assessed Value	<u>\$33,537,440</u>	<u>100.00%</u>	<u>\$31,207,600</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$41.84		\$49.65	

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009, 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	\$15,210,850
Title I	51,636
Food Service	338
Reading First	2,746
Title IDEA-B, Rural and Low Income	2,941
Title II-A	3,424
Safe and Drug Free School	228
Early Childhood Education	10,000
Total Intergovernmental Receivables	<u><u>\$15,282,163</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, 2009

NOTE 8 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Balance at</u> <u>6/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>6/30/09</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$21,303	\$29,077	\$0	\$50,380
Construction in Progress	0	253,180	0	253,180
Total Capital Assets Not Being Depreciated	<u>21,303</u>	<u>282,257</u>	<u>0</u>	<u>303,560</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	2,317,157	0	0	2,317,157
Furniture, Fixtures and Equipment	1,577,612	38,904	0	1,616,516
Textbooks	486,779	0	0	486,779
Vehicles	177,998	87,390	0	265,388
Total Capital Assets Being Depreciated	<u>4,559,546</u>	<u>126,294</u>	<u>0</u>	<u>4,685,840</u>
Less Accumulated Depreciation:				
Building and Improvements	(659,874)	(75,948)	0	(735,822)
Furniture, Fixtures and Equipment	(1,346,026)	(63,961)	0	(1,409,987)
Textbooks	(476,161)	(4,248)	0	(480,409)
Vehicles	(177,998)	(8,739)	0	(186,737)
Total Accumulated Depreciation	<u>(2,660,059)</u>	<u>(152,896) *</u>	<u>0</u>	<u>(2,812,955)</u>
Total Capital Assets Being Depreciated, Net	<u>1,899,487</u>	<u>(26,602)</u>	<u>0</u>	<u>1,872,885</u>
Governmental Activities				
Capital Assets, Net	<u>\$1,920,790</u>	<u>\$255,655</u>	<u>\$0</u>	<u>\$2,176,445</u>

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 8 - CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$69,080
Special	24,819
Support Services:	
Pupils	4,276
Instructional Staff	13,832
Administration	8,748
Fiscal	3,276
Operation and Maintenance of Plant	10,799
Pupil Transportation	8,057
Central	1,133
Operation of Non-Instructional Services:	
Food Service Operations	8,173
Extracurricular Activities	703
Total Depreciation Expense	<u>\$152,896</u>

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) (Note 15) for property and fleet insurance. The types and amounts of coverage follow:

Building and Contents replacement cost	\$22,013,179
Earthquake Limit (\$50,000 deductible)	2,000,000
Flood Limit (\$50,000 deductible)	2,000,000
Automobile Liability:	
Bodily Injury and Property Damage	3,000,000
Uninsured/Underinsured Motorists	1,000,000

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 9 - RISK MANAGEMENT (continued)

Educational General Liability Coverage Form:

Bodily Injury and Property Damage Limit - Each Occurrence	\$3,000,000
Personal and Advertising Injury Limit - Each Offense	3,000,000
Electronic Data Processing Equipment Limit - Each Incident	1,250,000
Fire Damage Limit	500,000
Medical Expense - Any One Person Limit	5,000
Medical Expense - Aggregate	25,000
General Aggregate Limit	5,000,000
Employee Benefits Liability	3,000,000
Products - Completed Operations	3,000,000

Employer's Liability - Stop Gap Coverage Endorsement:

Bodily Injury by Accident - Each Accident	1,000,000
Bodily Injury by Disease	1,000,000
Bodily Injury by Disease - Each Employee	1,000,000
General Annual Aggregate Limit	1,000,000

Educational Legal Liability Coverage - Claims Made (\$4,000 deductible):

Errors and Omissions Injury Limit	1,000,000
Employment Practices - Each Wrongful Act Limit	3,000,000
Employment Practices Injury Aggregate Limit	3,000,000

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

The School District is a member of the Scioto County Schools Council, a public entity shared risk pool (Note 15), 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, 2009

NOTE 9 - RISK MANAGEMENT (continued)

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the 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 Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$62,582, \$52,830, and \$59,744, respectively; 50.35 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 10 - 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.

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

A DB or Combined Plan member with five or more years 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 – For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$256,230, \$264,572, and \$248,705, respectively; 82.29 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$8 made by the School District and \$178 made by the plan members.

NOTE 11 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 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 2009, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$41,685, \$36,267, and \$30,841, respectively; 50.35 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$5,163, \$3,807, and \$4,063, respectively; 50.35 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$19,710, \$20,352 and \$19,131, respectively; 82.29 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 12 - 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.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 12 - EMPLOYEE BENEFITS (continued)

Insurance Benefits

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

Deferred Compensation

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

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	Amount Outstanding 6/30/08	Additions	Deductions	Amount Outstanding 6/30/09	Amount Due Within One Year
2008 School Facilities Construction and Improvement Notes	\$0	\$3,463,000	\$0	\$3,463,000	\$0
Compensated Absences	148,298	59,656	42,906	165,048	40,261
Special Termination Benefits	13,399	1,259	351	14,307	0
Total General Long-Term Obligations	<u>\$161,697</u>	<u>\$3,523,915</u>	<u>\$43,257</u>	<u>\$3,642,355</u>	<u>\$40,261</u>

On December 30, 2008, the School District issued \$3,463,000 in school facilities construction and improvement notes. The notes will mature on September 30, 2009. The notes were issued to pay the local share of the school construction under the Ohio Classroom Facilities Assistance Program. The notes will be retired from the proceeds received from the 2009 School Construction and Improvement Bonds that were issued on July 8, 2009.

As of June 30, 2009, \$32,821 of the note 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 \$2,910,018 with an unvoted debt margin of \$162,696 at June 30, 2009.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 14 - INTERFUND ACTIVITY

Interfund balances at June 30, 2009, consist of the following individual interfund receivable and payable:

		Receivable
		<u>General Fund</u>
Payable	Other	
	Governmental Funds	<u><u>\$16,602</u></u>

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

NOTE 15 - JOINTLY GOVERNED ORGANIZATION, 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 \$6,800 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, 2009

NOTE 15 - 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 \$15,272 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 School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Board Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 16 - SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Textbooks and Instructional Materials	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2008	\$14,906	\$96,115
Current Fiscal Year Set-aside Requirement	60,387	60,387
Current year Offsets	0	(239,431)
Qualifying Disbursements	(59,503)	(24,968)
Set-aside Balance Carried Forward to Future Fiscal Years	\$15,790	(\$107,897)
Set-aside Reserve Balance as of June 30, 2009	\$15,790	\$0

Although the School District had offsets and qualifying expenditures for capital acquisitions that exceeded the set-aside requirements, these amounts may not be used to reduce the set-aside requirements for future fiscal years and therefore are not presented as being carried forward to the next fiscal year.

NOTE 17 - 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, 2009.

Litigation

The School District is not party to any legal proceedings.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 18 - SUBSEQUENT EVENT

On July 8, 2009, the School District issued School Facilities Construction and Improvement Bonds, Series 2009. The bonds were issued in the amount of \$3,462,336 with interest rates varying from 3.0 to 5.1 percent. The bonds will be repaid over a 28 year period.

New Boston Local School District
Scioto County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
National School Breakfast Program	05PU	10.553	\$ 65,875	\$ -	\$ 65,875	\$ -
National School Lunch Program	LLP4	10.555	137,629	11,417	137,629	11,417
Total Nutrition Cluster			203,504	11,417	203,504	11,417
Total United States Department of Agriculture			203,504	11,417	203,504	11,417
United States Department of Education						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Education Agencies	C1S1	84.010	307,741	-	300,812	-
Special Education Grants to States	6BSF	84.027	85,959	-	82,103	-
Safe & Drug Free Schools and Communities - State Grants	DRS1	84.186	3,065	-	2,723	-
State Grants for Innovative Programs	C2S1	84.298	895	-	895	-
Education Technology State Grants	TJS1	84.318	3,012	-	3,012	-
Improving Teacher Quality - State Grants	TRS1	84.367	50,700	-	45,622	-
Reading First State Grants	RSS1	84.357	282,165	-	252,521	-
Rural Education	RUS1	84.358	13,629	-	13,629	-
Total United States Department of Education			747,166	11,417	701,317	11,417
United States Department of Health and Human Services						
<i>Passed Through Job and Family Services:</i>						
Temporary Assistance for Needy Families	NA	93.558	27,680	-	27,615	-
Total United States Department of Health and Human Services			27,680	-	27,615	-
Total Federal Financial Assistance			\$ 978,350	\$ 11,417	\$ 932,436	\$ 11,417

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

**NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

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

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



**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

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

We have audited the financial statements of the governmental activities, Each major fund, and the aggregate remaining fund information of the New Boston Local School District, (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

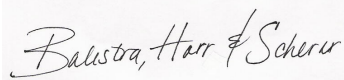
A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

Balestra, Harr & Scherer, CPAs, Inc.

November 20, 2009



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

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

Compliance

We have audited the compliance of the New Boston Local School District, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

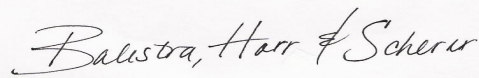
A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect noncompliance with a federal program's compliance requirement on a timely basis. A significant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

Internal Control Over Compliance (Continued)

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

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

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



Balestra, Harr & Scherer, CPAs, Inc.

November 20, 2009

New Boston Local School District
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 Section .505
 For the Fiscal Year Ended June 30, 2009

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Title I, CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

New Boston Local School District
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Fiscal Year Ended June 30, 2009

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

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Independent Auditor's Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether New Boston Local School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. 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 these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on April 12, 2007.
2. We read the policy, noting it included the following requirements from the Ohio Rev. Code Section 3313.666(B)
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.66;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - 6) A procedure for documenting any prohibited incident that is reported;

- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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 these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

November 20, 2009



Mary Taylor, CPA
Auditor of State

NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 4, 2010