



**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountant .....	1
Combined Balance Sheet - All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types .....	9
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual ( Budget Basis) - All Governmental Fund Types .....	10
Statement of Revenues, Expenses and Changes in Fund Equity - Enterprise Fund .....	12
Statement of Revenues, Expenses and Changes in Fund Equity Budget and Actual ( Budget Basis) - Enterprise Fund .....	13
Statement of Cash Flows - Enterprise Fund .....	14
Notes to the General Purpose Financial Statements .....	15
Schedule of Federal Awards Receipts and Expenditures .....	42
Notes to the Schedule of Federal Awards Expenditures .....	43
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	45
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....	47
Schedule of Findings - <i>OMB Circular A-133 Section .505</i> .....	49

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

New Boston Local School District  
Scioto County  
522 Glenwood Avenue  
New Boston, Ohio 45662

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2000, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

December 1, 2000

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**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000**

	Governmental Fund Types	
	General	Special Revenue
<i>Assets and Other Debits:</i>		
<i>Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$531,016	\$42,181
Receivables:		
Taxes	934,532	0
Intergovernmental	0	70,114
Interfund Receivable	1,418	0
Prepaid Items	9,425	0
Inventory Held for Resale	0	0
Materials and Supplies Inventory	30,832	376
Restricted Assets:		
Equity in Pooled Cash and Cash Equivalents	31,746	0
Fixed Assets (Net of Accumulated Depreciation)	0	0
 <i>Other Debits:</i>		
Amount to be Provided from General Government Resources	0	0
 <b>Total Assets and Other Debits</b>	 <b>\$1,538,969</b>	 <b>\$112,671</b>



Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$11,831	\$33,972	\$0	\$0	\$619,000
0	0	0	0	934,532
11,544	0	0	0	81,658
0	0	0	0	1,418
0	0	0	0	9,425
4,098	0	0	0	4,098
250	0	0	0	31,458
0	0	0	0	31,746
23,635	0	417,917	0	441,552
0	0	0	195,818	195,818
<b>\$51,358</b>	<b>\$33,972</b>	<b>\$417,917</b>	<b>\$195,818</b>	<b>\$2,350,705</b>

NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000  
(Continued)

	Governmental Fund Types	
	General	Special Revenue
<i>Liabilities, Fund Equity and Other Credits:</i>		
<i>Liabilities:</i>		
Accounts Payable	\$3,522	\$0
Accrued Wages and Benefits	201,541	33,063
Compensated Absences Payable	17,221	0
Special Termination Benefits Payable	0	0
Interfund Payable	0	1,418
Intergovernmental Payable	49,912	5,338
Deferred Revenue	900,046	0
Undistributed Monies	0	0
	-----	-----
Total Liabilities	1,172,242	39,819
	-----	-----
<i>Fund Equity and Other Credits:</i>		
Investment in General Fixed Assets	0	0
Contributed Capital	0	0
Retained Earnings:		
Unreserved	0	0
Fund Balance:		
Reserved for Encumbrances	34,993	19,645
Reserved for Inventory	30,832	376
Reserved for Property Taxes	34,486	0
Reserved for Capital Improvements	7,494	0
Reserved for Budget Stabilization	24,252	0
Unreserved:		
Undesignated	234,670	52,831
	-----	-----
Total Fund Equity and Other Credits	366,727	72,852
	-----	-----
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$1,538,969</b>	<b>\$112,671</b>
	=====	=====

*See accompanying notes to the general purpose financial statements.*

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$0	\$0	\$0	\$0	\$3,522
6,694	0	0	0	241,298
6,379	0	0	149,642	173,242
0	0	0	27,547	27,547
0	0	0	0	1,418
3,824	0	0	18,629	77,703
2,104	0	0	0	902,150
0	33,972	0	0	33,972
-----	-----	-----	-----	-----
19,001	33,972	0	195,818	1,460,852
-----	-----	-----	-----	-----
0	0	417,917	0	417,917
15,659	0	0	0	15,659
16,698	0	0	0	16,698
0	0	0	0	54,638
0	0	0	0	31,208
0	0	0	0	34,486
0	0	0	0	7,494
0	0	0	0	24,252
0	0	0	0	287,501
-----	-----	-----	-----	-----
32,357	0	417,917	0	889,853
-----	-----	-----	-----	-----
<b>\$51,358</b>	<b>\$33,972</b>	<b>\$417,917</b>	<b>\$195,818</b>	<b>\$2,350,705</b>
=====	=====	=====	=====	=====

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NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Type			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Revenues:</b>				
Property Taxes	\$964,194	\$0	\$0	\$964,194
Intergovernmental	1,464,982	609,024	0	2,074,006
Interest	35,590	383	0	35,973
Tuition and Fees	270,479	0	0	270,479
Rent	1,000	0	0	1,000
Extracurricular Activities	0	26,603	0	26,603
Gifts and Donations	11,000	2,708	0	13,708
Miscellaneous	407	0	0	407
	-----	-----	-----	-----
Total Revenues	2,747,652	638,718	0	3,386,370
	-----	-----	-----	-----
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	1,087,726	191,047	9,433	1,288,206
Special	112,068	261,355	0	373,423
Other	4,227	0	0	4,227
Support Services:				
Pupils	179,511	8,379	0	187,890
Instructional Staff	71,190	45,582	0	116,772
Board of Education	11,814	0	0	11,814
Administration	411,661	0	0	411,661
Fiscal	146,222	0	0	146,222
Operation and Maintenance of Plant	364,055	18,386	0	382,441
Pupil Transportation	100,240	0	0	100,240
Central	6,521	0	0	6,521
Extracurricular Activities	49,808	26,959	0	76,767
Intergovernmental	0	29,435	0	29,435
	-----	-----	-----	-----
Total Expenditures	2,545,043	581,143	9,433	3,135,619
	-----	-----	-----	-----
Excess of Revenues Over (Under) Expenditures	202,609	57,575	(9,433)	250,751
	-----	-----	-----	-----
<b>Other Financing Sources:</b>				
Proceeds from Sale of Fixed Assets	625	0	0	625
	-----	-----	-----	-----
Total Other Financing Sources	625	0	0	625
	-----	-----	-----	-----
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	203,234	57,575	(9,433)	251,376
	-----	-----	-----	-----
Fund Balances at Beginning of Year	169,032	15,275	9,433	193,740
	-----	-----	-----	-----
Decrease in Reserve for Inventory	(5,539)	2	0	(5,537)
	-----	-----	-----	-----
<b>Fund Balances at End of Year</b>	<b>\$366,727</b>	<b>\$72,852</b>	<b>\$0</b>	<b>\$439,579</b>
	=====	=====	=====	=====

See accompanying notes to the general purpose financial statements.

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$948,709	\$948,709	\$0	\$0	\$0	\$0
Intergovernmental	1,464,981	1,464,982	1	507,934	507,934	0
Interest	35,500	35,488	(12)	383	383	0
Tuition and Fees	270,480	270,479	(1)	0	0	0
Rent	1,000	1,000	0	0	0	0
Extracurricular Activities	0	0	0	26,603	26,603	0
Gifts and Donations	11,000	11,000	0	2,708	2,708	0
Miscellaneous	250	250	0	0	0	0
<b>Total Revenues</b>	<b>2,731,920</b>	<b>2,731,908</b>	<b>(12)</b>	<b>537,628</b>	<b>537,628</b>	<b>0</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	1,121,414	1,118,630	2,784	207,153	207,422	(269)
Special	119,004	119,004	0	258,771	257,967	804
Other	4,227	4,227	0	0	0	0
<b>Support Services:</b>						
Pupils	187,919	187,918	1	8,032	8,032	0
Instructional Staff	74,084	74,084	0	48,504	49,039	(535)
Board of Education	11,757	11,757	0	0	0	0
Administration	412,617	412,617	0	0	0	0
Fiscal	149,470	149,470	0	0	0	0
Operation and Maintenance of Plant	380,131	380,131	0	18,386	18,386	0
Pupil Transportation	100,693	100,693	0	0	0	0
Central	6,516	6,516	0	0	0	0
Extracurricular Activities	51,167	51,167	0	26,959	26,959	0
<b>Total Expenditures</b>	<b>2,618,999</b>	<b>2,616,214</b>	<b>2,785</b>	<b>567,805</b>	<b>567,805</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	112,921	115,694	2,773	(30,177)	(30,177)	0
<b>Other Financing Sources (Uses):</b>						
Operating Transfers - In	0	0	0	32,768	32,768	0
Operating Transfers - Out	0	0	0	(32,768)	(32,768)	0
Advances - In	0	0	0	1,418	1,418	0
Advances - Out	(1,418)	(1,418)	0	0	0	0
Proceeds from Sale of Fixed Assets	625	625	0	0	0	0
Refund of Prior Year Expenditure	141	157	16	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(652)</b>	<b>(636)</b>	<b>16</b>	<b>1,418</b>	<b>1,418</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	112,269	115,058	2,789	(28,759)	(28,759)	0
Fund Balances at Beginning of Year	381,581	381,581	0	51,295	51,295	0
Prior Year Encumbrances Appropriated	27,506	27,506	0	0	0	0
<b>Fund Balances at End of Year</b>	<b>\$521,356</b>	<b>\$524,145</b>	<b>\$2,789</b>	<b>\$22,536</b>	<b>\$22,536</b>	<b>\$0</b>

See accompanying notes to the general purpose financial statements.

Capital Projects Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$948,709	\$948,709	\$0
0	0	0	1,972,915	1,972,916	1
0	0	0	35,883	35,871	(12)
0	0	0	270,480	270,479	(1)
0	0	0	1,000	1,000	0
0	0	0	26,603	26,603	0
0	0	0	13,708	13,708	0
0	0	0	250	250	0
0	0	0	3,269,548	3,269,536	(12)
9,433	9,433	0	1,338,000	1,335,485	2,515
0	0	0	377,775	376,971	804
0	0	0	4,227	4,227	0
0	0	0	195,951	195,950	1
0	0	0	122,588	123,123	(535)
0	0	0	11,757	11,757	0
0	0	0	412,617	412,617	0
0	0	0	149,470	149,470	0
0	0	0	398,517	398,517	0
0	0	0	100,693	100,693	0
0	0	0	6,516	6,516	0
0	0	0	78,126	78,126	0
9,433	9,433	0	3,196,237	3,193,452	2,785
(9,433)	(9,433)	0	73,311	76,084	2,773
0	0	0	32,768	32,768	0
0	0	0	(32,768)	(32,768)	0
0	0	0	1,418	1,418	0
0	0	0	(1,418)	(1,418)	0
0	0	0	625	625	0
0	0	0	141	157	16
0	0	0	766	782	16
(9,433)	(9,433)	0	74,077	76,866	2,789
9,433	9,433	0	442,309	442,309	0
0	0	0	27,506	27,506	0
<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$543,892</b>	<b>\$546,681</b>	<b>\$2,789</b>

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND EQUITY  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Food Service
<b><i>Operating Revenues:</i></b>	
Sales	\$37,537
	-----
Total Operating Revenues	37,537
	-----
<b><i>Operating Expenses:</i></b>	
Salaries	49,413
Fringe Benefits	10,683
Purchased Services	7,011
Materials and Supplies	3,937
Cost of Sales	82,600
Depreciation	2,177
Other	236
	-----
Total Operating Expenses	156,057
	-----
Operating Loss	(118,520)
	-----
<b><i>Non-Operating Revenues:</i></b>	
Federal Donated Commodities	9,468
Federal and State Subsidies	100,451
Interest	869
	-----
Total Non-Operating Revenues	110,788
	-----
Net Loss	(7,732)
	-----
Retained Earnings at Beginning of Year	24,430
	-----
Retained Earnings at End of Year	16,698
	-----
Contributed Capital at Beginning and End of Year	15,659
	-----
<b>Fund Equity at End of Year</b>	<b>\$32,357</b>
	=====

*See accompanying notes to the general purpose financial statements.*



**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Sales	\$37,537	\$37,537	\$0
Interest	869	869	0
Federal and State Subsidies	101,449	101,449	0
	-----	-----	-----
Total Revenues	139,855	139,855	0
	-----	-----	-----
<b>Expenses:</b>			
Salaries	50,792	50,792	0
Fringe Benefits	9,408	9,408	0
Purchased Services	7,356	7,356	0
Materials and Supplies	77,794	77,794	0
Other	236	236	0
	-----	-----	-----
Total Expenses	145,586	145,586	0
	-----	-----	-----
Excess of Revenues Under Expenses	(5,731)	(5,731)	0
Fund Equity at Beginning of Year	16,720	16,720	0
Prior Year Encumbrances Appropriated	496	496	0
	-----	-----	-----
<b>Fund Equity at End of Year</b>	<b>\$11,485</b>	<b>\$11,485</b>	<b>\$0</b>
	=====	=====	=====

*See accompanying notes to the general purpose financial statements.*

NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY

STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Food Service
<i><b>Increase (Decrease) in Cash and Cash Equivalents:</b></i>	
<i><b>Cash Flows from Operating Activities:</b></i>	
Cash Received from Customers	\$37,537
Cash Payments to Suppliers for Goods and Services	(84,804)
Cash Payments to Employees for Services	(50,792)
Cash Payments for Employee Benefits	(9,408)
Cash Payments for Other Operating Expenses	(236)
	-----
Net Cash Used for Operating Activities	(107,703)
 <i><b>Cash Flows from Noncapital Financing Activities:</b></i>	
Operating Grants Received	101,449
 <i><b>Cash Flows from Investing Activities:</b></i>	
Interest	869
	-----
Net Decrease in Cash and Cash Equivalents	(5,385)
Cash and Cash Equivalents at Beginning of Year	17,216
	-----
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$11,831</b>
	=====
 <i><b>Reconciliation of Operating Loss to Net</b></i>	
<i><b>Cash Used for Operating Activities:</b></i>	
Operating Loss	(\$118,520)
	-----
<i><b>Adjustments to Reconcile Operating</b></i>	
<i><b>Loss to Net Cash Used for Operating Activities:</b></i>	
Depreciation	2,177
Donated Commodities Used During Year	9,468
<i><b>Changes in Assets and Liabilities:</b></i>	
Increase in Materials and Supplies Inventory	(60)
Decrease in Accrued Wages and Benefits Payable	(1,352)
Increase in Compensated Absences Payable	1,760
Decrease in Intergovernmental Payable	(1,176)
	-----
Total Adjustments	10,817
	-----
<b>Net Cash Used For Operating Activities</b>	<b>(\$107,703)</b>
	=====

*See accompanying notes to the general purpose financial statements.*

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

The New Boston Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or 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 6 square miles. It is located in Scioto County, and includes all of the Village of New Boston. It is staffed by 17 non-certificated employees, 38 certificated full-time teaching personnel and 6 administrative employees who provide services to 465 students and other community members. The School District currently operates three instructional buildings, one stadium, and one garage.

*Reporting Entity:*

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

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

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

- < Parent Teacher Organizations
- < Scioto County Educational Service Center
- < Village of New Boston

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

The School District is associated with five organizations, three of which are defined as jointly governed organizations, one as a public entity shared risk pool, and one as an insurance purchasing pool. These organizations are the South Central Ohio Computer Association, the Scioto County Joint Vocational School, the Coalition of Rural and Appalachian Schools, the Scioto County Schools Council, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15, 16 and 17 to the general purpose financial statements.

**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 proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**A. Basis Of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

*Governmental Fund Types:*

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The following are the School District's governmental fund types:

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

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

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

*Proprietary Fund Type:*

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

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

*Fiduciary Fund Type:*

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

*Account Groups:*

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

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

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

**B. Measurement Focus and Basis of Accounting**

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

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance and grants.

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

*Tax Budget:*

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

By no later than January 20, the Board-adopted budget is filed with the Scioto County Budget Commission for rate determination.

*Estimated Resources:*

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

*Appropriations:*

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, one supplemental appropriation, which was significant, was legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed by the Board of Education as a management control device during the year for all funds at the function level other than agency funds, consistent with statutory provisions.

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary



**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

*Lapsing of Appropriations:*

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

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$35,590, which includes \$5,892 from other School District funds. The special revenue funds and the enterprise fund also received interest revenue of \$383 and \$869, respectively.

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

**E. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food and purchased food and are expensed when used.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, 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 year in which services are consumed.

**G. Fixed Assets and Depreciation**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are depreciated using the straight-line method over a useful life of fifty years for buildings, twenty to twenty-five years for improvements, five to ten years for vehicles, and five to eight years for textbooks. Depreciation of furniture and equipment in the general fixed assets account group and in the enterprise funds is computed using the straight-line method over an estimated useful life of ten to twenty years.

**H. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated.

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

**I. Intergovernmental Revenues**

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

The School District currently participates in several State and Federal programs, categorized as follows:

*Entitlements*

*General Fund*

State Foundation Program  
State Property Tax Relief

*Non-Reimbursable Grants*

*Special Revenue Funds*

Education Management Information Systems  
Disadvantaged Pupil Impact Aid  
Title I  
Title II  
Title VI  
Title VI-B  
Title VI-R  
Drug-Free Schools  
Professional Development Block Grant  
Ohio Reads  
E-Rate

*Capital Projects Fund*

School Net  
School Net Plus

*Reimbursable Grants*

*General Fund*

Driver Education  
Family and Children First Parent Intervention

*Proprietary Funds*

National School Lunch Program  
National School Breakfast Program

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

Government Donated Commodities

Grants and entitlements received in governmental funds amounted to approximately sixty-one percent of governmental fund revenue during the 2000 fiscal year.

**J. Interfund Assets/Liabilities**

Short-term interfund loans are classified as “interfund receivables” and “interfund payables.”

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment 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.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**L. Accrued Liabilities and Long-Term Obligations**

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

Obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**M. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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

**N. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set aside by the School District for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**O. 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 equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, capital improvements, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set aside by statute to protect against cyclical changes in revenues and expenditures.

**P. 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.

**Q. Total Columns on General Purpose Financial Statements**

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

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**NOTE 3 - COMPLIANCE**

The following fund had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2000.

Fund Fund/Type	Estimated Resources	Appropriations	Excess
Family and Children First Parent Intervention Special Revenue Fund	\$409	\$5,593	(\$5,184)

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$203,234	\$57,575	(\$9,433)
Revenue Accruals	(15,587)	(101,090)	0
Expenditure Accruals	(32,656)	32,983	0
Advances	(1,418)	1,418	0
Encumbrances	(38,515)	(19,645)	0
Budget Basis	\$115,058	(\$28,759)	(\$9,433)

Net Loss/Excess of Revenues Under Expenses  
Enterprise Fund

GAAP Basis	(\$7,732)
Revenue Accruals	998
Expense Accruals	(828)
Depreciation Expense	2,177
Encumbrances	(346)
Budget Basis	(\$5,731)

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

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

Interim deposits are deposits of interim monies. Interim monies are those monies 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 accounts, including passbook accounts.

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

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;



**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in *GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including repurchase agreements) and Reverse Repurchase Agreements"*.

*Deposits:* At fiscal year end, the carrying amount of the School District's deposits was \$(36,026) and the bank balance was \$169,548. Of the bank balance, \$100,000 was covered by federal depository insurance and \$69,548 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

*Investments:* The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investments in STAROhio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

	Fair Value
STAROhio	\$686,772

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in *GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Fund and Governmental Entities that use Proprietary Fund Accounting"*.

A reconciliation between the classifications of cash and investments and investments on the combined financial statements and the classifications of deposits and investments presented above per *GASB Statement No. 3* is as follows:

	Cash and Cash Equivalents /Deposits	Investments
<i>GASB Statement No. 9</i>	\$650,746	\$0
Investments:		
STAROhio	(686,772)	686,772
<i>GASB Statement No. 3</i>	(\$36,026)	\$686,772

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000 on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2000 real property taxes are collected in and intended to finance fiscal year 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**NOTE 6 - PROPERTY TAXES** (continued)

taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

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

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

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$20,990,560	61.51%	\$21,140,190	62.00%
Public Utility	5,694,150	16.69%	5,336,120	15.65%
Tangible Personal Property	7,439,830	21.80%	7,621,450	22.35%
Total Assessed Value	<u>\$34,124,540</u>	<u>100.00%</u>	<u>\$34,097,760</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$33.84		\$33.84	

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, 2000, are available to finance fiscal year 2000 operations. The available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$34,486 in the General Fund.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Special Revenue Funds:	
Family and Children First Parent Intervention Grant	\$409
Title I Grant	<u>69,705</u>
Total Special Revenue Funds	70,114
Enterprise Fund	
Federal and State Subsidies	<u>11,544</u>
Total Intergovernmental Receivables	<u><u>\$81,658</u></u>

**NOTE 8 - FIXED ASSETS**

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

Furniture and Equipment	\$79,553
Vehicles	9,000
Total Assets	<u>88,553</u>
Less Accumulated Depreciation	<u>(64,918)</u>
Net Fixed Assets	<u><u>\$23,635</u></u>

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 8 - FIXED ASSETS** (continued)

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

<u>Asset Category</u>	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/00</u>
Land and Improvements	\$19,543	\$0	\$0	\$19,543
Buildings and Improvements	625,179	0	0	625,179
Furniture, Fixtures and Equipment	1,220,428	80,320	97,083	1,203,665
Textbooks	444,302	0	0	444,302
Vehicles	138,898	71,350	41,250	168,998
Totals	<u>\$2,448,350</u>	<u>\$151,670</u>	<u>\$138,333</u>	2,461,687
Less: Depreciation				<u>(2,043,770)</u>
Total General Fixed Assets				<u>\$417,917</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 2000, the School District contracted with Vern Riffe Insurance for property, fleet, and inland marine insurance, and with Nationwide Insurance for liability insurance. Coverages are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$12,311,102
Inland Marine Coverage (\$500 deductible)	12,311,102
Boiler and Machinery	No limit
Crime Insurance	3,500
Automobile Liability (\$100 deductible)	1,000,000
Uninsured Motorists (\$100 deductible)	1,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

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

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**NOTE 9 - RISK MANAGEMENT** (continued)

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement 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, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current 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 2000, 5.5 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, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$19,344, \$37,886, and \$45,846, respectively; 41.00 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$99,405, \$155,304, and \$184,217, respectively; 83.82 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$16,080 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund.. For the School District, this amount equaled \$132,540 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**NOTE 11 - POSTEMPLOYMENT BENEFITS** (continued)

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$31,717.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from board approved benefits and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 212 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 53 days for all employees.

**B. Life Insurance**

The School District provides life insurance to employees through CoreSource.



**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

**C. Special Termination Benefit Payable**

Employees who retire are given a special termination benefit. 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 for severance pay. An estimation of future special termination benefits payable are included in the General Long-Term Obligations Account Group.

**D. Deferred Compensation**

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

**NOTE 13 - LONG-TERM OBLIGATIONS**

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

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Pension Obligation	\$20,174	\$18,629	\$20,174	\$18,629
Compensated Absences	126,837	22,805	0	149,642
Special Termination Benefits Payable	27,547	0	0	27,547
Total General Long-Term Obligations	<u>\$174,558</u>	<u>\$41,434</u>	<u>\$20,174</u>	<u>\$195,818</u>

Compensated absences, special termination benefits, and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$3,068,798 with an unvoted debt margin of \$34,098 at June 30, 2000.

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 14 - INTERFUND ACTIVITY**

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$1,418	\$0
<u>Special Revenue Funds:</u>		
Family and Children First Parent	0	409
Title I	0	1,009
Total Special Revenue Funds	0	1,418
Total All Funds	<u>\$1,418</u>	<u>\$1,418</u>

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS**

*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 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 of the participating counties, two representatives of the school treasurers, and one representative from the fiscal agent. The School District paid SCOCA \$1,868 for services provided during the 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.

*Scioto County Joint Vocational School* - The Scioto County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the county school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Scioto County Joint Vocational School, at P.O. Box 766, Lucasville, Ohio 45648.

*Coalition of Rural and Appalachian Schools* - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS** (continued)

and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Council. The School District paid \$300 to the Coalition for services provided during the year.

**NOTE 16 - PUBLIC ENTITY SHARED RISK POOL**

*Scioto County Schools Council* - The School District is a member of the Scioto County Schools 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 a program of health insurance for the benefit of the council members' employees and their dependents, to obtain lower costs for health 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 at Fourth and Court Streets, Portsmouth, Ohio 45662.

**NOTE 17 - INSURANCE PURCHASING POOL**

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

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**NOTE 18 - SCHOOL FUNDING**

On March 24, 1997 the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$1,039,134 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

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

**NOTE 19 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 19 - CONTINGENCIES** (continued)

**B. Litigation**

The School District is currently not party to any legal proceedings.

**NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

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

	Textbooks	Capital Aquisitions	Budget Stabilization
Set-aside Reserve Balance as of June 30, 1999	\$0	\$0	\$24,252
Current year set-aside requirement	50,888	50,888	0
Current year offsets	0	0	0
Qualifying disbursements	(55,049)	(43,394)	0
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>(\$4,161)</u>	<u>\$7,494</u>	<u>\$24,252</u>
Set-Aside Reserve Balance as of June 30, 2000		<u>\$7,494</u>	<u>\$24,252</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$31,746.

NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2000

Federal Grantor <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutritional Cluster:						
Food Distribution Program	NN-N1	10.550	\$	\$9,613	\$	\$9,471
School Breakfast Program	05-PU	10.553	21,530		21,530	
National School Lunch Program	04-PU	10.555	<u>72,429</u>		<u>72,429</u>	
Total Nutrition Cluster			<u>93,959</u>	<u>9,613</u>	<u>93,959</u>	<u>9,471</u>
Total U. S. Department of Agriculture			93,959	9,613	93,959	9,471
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1	84.010	216,092		216,092	
Special Education - Grants to States (Part B, Education of the Handicapped Act)	6B-SF	84.027	22,748		22,748	
Safe and Drug Free Schools and Communities State Grant	DR-S1	84.186	4,838		4,838	
Eisenhower Professional Development State Grant	MS-S1	84.281	2,784		394	
Innovative Educational Program Strategies	C2-S1	84.298	1,177		874	
Title VI-R Class Size Reduction	CR-S1	84.340	<u>19,227</u>		<u>12,787</u>	
Total U. S. Department of Education			<u>266,866</u>		<u>257,733</u>	
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$360,825</u></b>	<b><u>\$9,613</u></b>	<b><u>\$351,692</u></b>	<b><u>\$9,471</u></b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the School District had no significant food commodities in inventory.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

New Boston Local School District  
Scioto County  
522 Glenwood Avenue  
New Boston, Ohio 45662

To the Board of Education:

We have audited the accompanying general purpose financial statements of the New Boston Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated December 1, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the School District in a separate letter dated December 1, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 1, 2000.

New Boston Local School District  
Scioto County  
Report of Independent Accountants on Compliance and  
on Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

December 1, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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

New Boston Local School District  
Scioto County  
522 Glenwood Avenue  
New Boston, Ohio 45662

To the Board of Education:

**Compliance**

We have audited the compliance of the New Boston Local School District, Scioto County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to the major federal program for the year ended June 30, 2000. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major program for the year ended June 30, 2000.

**Internal Control Over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

December 1, 2000

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 SECTION .505  
JUNE 30, 2000**

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

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 SECTION .505  
JUNE 30, 2000**

**2. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS FOR FEDERAL AWARDS**

None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**NEW BOSTON LOCAL SCHOOL DISTRICT**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 02, 2001**