

New Boston Local School District
Scioto County
Single Audit
July 1, 2004 Through June 30, 2005
Fiscal Year Audited Under GAGAS: 2005

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

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



**Auditor of State
Betty Montgomery**

Board of Education
New Boston Local School District
New Boston, Ohio

We have reviewed the *Independent Auditor's Report* of the New Boston Local School District, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 30, 2006

This Page is Intentionally Left Blank.

New Boston Local School District

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government – Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balances To Net Assets of Governmental Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund.....	16
Statement of Fiduciary Assets and Liabilities - Agency Fund.....	17
Notes to the Basic Financial Statements.....	18
Schedule of Federal Awards Expenditures	39
Notes to the Schedule of Federal Awards Expenditures.....	40
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit Performed in Accordance With <i>Government Auditing Standards</i>	41
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	43
Schedule of Findings – OMB Circular A-133 §.505	45
Schedule of Prior Year Findings.....	47

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

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

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Boston Local School District (the District), Scioto County, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2005, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

As described in Note 3 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosure*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and GASB Technical Bulletin No. 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liability by Cost-Sharing Employers*.

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

Balestra, Harr & Scherer, CPAs, Inc.

January 17, 2006

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2005

Unaudited

As management of the New Boston Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the notes to the basic financial statements to enhance their understanding of the School District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34, "*Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*," issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Net assets of governmental activities increased \$7,416, which represents less than a one percent increase from 2004.

Total assets of governmental activities decreased by \$351,966. Capital assets increased by \$26,396 due to the net increase of current year additions exceeding current year depreciation. Equity in pooled cash and cash equivalents increased \$55,576 due to the Board carefully monitoring expenditures over the final months of the fiscal year, while receivables and other current assets decreased by \$433,938 due primarily to receiving grant monies relating to the classroom improvement projects.

General revenues accounted for \$2,353,210 or 56 percent of total revenues. Program specific revenues in the form of charges for services, grants, contributions, and restricted interest accounted for \$1,875,258 or 44 percent of total revenues of \$4,228,468.

The School District had \$4,221,052 in expenses related to governmental activities; only \$1,875,258 of these expenses were offset by program specific charges for services, operating and capital grants, contributions, and interest. General revenues (primarily grants, entitlements and property taxes) of \$2,353,210 were adequate to provide for these programs.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during 2005?"

The *Statement of Net Assets* and the *Statements of Activities*, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question.

These government-wide financial statements include *all assets and liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2005

Unaudited

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Assets and the Statements of Activities) and governmental *funds* is reconciled in the financial statements.

Fiduciary Funds – The School District's only fiduciary fund is an agency fund. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations.

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2005 and 2004:

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2005

Unaudited

(Table 1)

Net Assets

	Governmental Activities	
	2005	2004
Assets		
Current Assets	\$1,471,938	\$1,850,300
Capital Assets	869,126	842,730
Total Assets	<u>2,341,064</u>	<u>2,693,030</u>
Liabilities		
Long-Term Liabilities	142,025	199,503
Other Liabilities	1,217,341	1,519,245
Total Liabilities	<u>1,359,366</u>	<u>1,718,748</u>
Net Assets		
Invested in Capital Assets	869,126	842,730
Restricted	145,013	142,217
Unrestricted (Deficit)	<u>(32,441)</u>	<u>(10,665)</u>
Total Net Assets	<u>\$981,698</u>	<u>\$974,282</u>

Total assets decreased by \$351,966. This was primarily due to decreases of \$215,632 and \$203,996 in intergovernmental receivables and property taxes receivable, respectively. Intergovernmental receivables decreased primarily due to the receipt of grant money relating to the classroom improvement projects. Property taxes receivable decreased primarily due to a decrease in the valuation related to the elimination of one local business and one business becoming tax exempt.

Current liabilities decreased by \$301,904. This was primarily due to a decrease in contracts and retainage payable of \$113,025 and \$18,890, respectively, relating to the floor tile project within the high school; and a decrease in deferred revenue of \$121,579 in relation to the decrease in property taxes receivable.

Invested in Capital Assets for governmental activities increased by \$26,396 due to the net increase of current year additions exceeding current year depreciation. Unrestricted Net Assets for governmental activities decreased by \$21,776.

Table 2, shows the highlights of the School District's revenues and expenses for fiscal years 2005 and 2004. These two main components are subtracted to yield the change in net assets. This table uses the full accrual method of accounting.

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

(Table 2)
Change in Net Assets

	Governmental Activities 2005	Governmental Activities 2004
	<u>2005</u>	<u>2004</u>
Revenues		
Program Revenues:		
Charges for Services	\$1,014,002	\$932,678
Operating Grants, Contributions, and Interest	855,714	825,225
Capital Grants and Contributions	5,542	0
Total Program Revenues	<u>1,875,258</u>	<u>1,757,903</u>
General Revenues:		
Property Taxes Levied for General Purposes	776,960	845,233
Grants and Entitlements not Restricted to Specific Programs	1,395,981	1,228,553
Contributions not Restricted to Specific Programs	29,673	10,464
Interest	4,921	4,386
Miscellaneous	145,675	111,010
Total General Revenues	<u>2,353,210</u>	<u>2,199,646</u>
 Total Revenues	 <u>\$4,228,468</u>	 <u>\$3,957,549</u>

(continued)

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2005

Unaudited

(Table 2)

Change in Net Assets

(continued)

	Governmental Activities 2005	Governmental Activities 2004
Program Expenses		
Instruction:		
Regular	\$1,854,212	\$1,761,032
Special	517,748	445,646
Support Services:		
Pupils	167,955	208,398
Instructional Staff	228,843	181,487
Board of Education	19,534	17,250
Administration	481,468	544,339
Fiscal	162,593	192,200
Operation and Maintenance of Plant	456,843	385,702
Pupil Transportation	45,606	47,359
Central	7,421	7,419
Operation of Non-Instructional Services:		
Food Service Operations	147,019	146,614
Other	1,882	1,851
Extracurricular Activities	94,928	87,463
Intergovernmental	35,000	38,500
Total Expenses	<u>4,221,052</u>	<u>4,065,260</u>
Change in Net Assets	<u>\$7,416</u>	<u>(\$107,711)</u>

Governmental Activities

Grants and Entitlements not Restricted to Specific Programs made up 33 percent of revenues for governmental activities of the New Boston Local School District for fiscal year 2005. Property Tax revenue made up 18 percent of the total revenue for governmental activities for a total of 51 percent of all revenue coming from property taxes and grants and entitlements not restricted to specific programs. The decrease in property taxes revenue resulted from delinquent property taxes recognized as revenue in the prior year, however, upon further review, they were written off by the County Auditor in the current year.

Regular instruction comprises 44 percent of governmental program expenses. Support services expenses make up 37 percent of governmental expenses. Special instruction increased \$72,102 mainly due to an increase in students involved in the cooperative units. Pupils decreased \$40,443 mainly due to decreases in hours and benefits for the School District's nurse. Instructional staff increased \$47,356 mainly due to the receipt of a federal library grant in which the School District purchased several items for the library along with extending the libraries hours. Administration decreased \$62,871 mainly due to a significant severance payment to a retired principal that occurred in the prior year. Operation and Maintenance of Plant increased \$71,141 mainly due to a reduction in capitalized expenses.

NEW BOSTON LOCAL SCHOOL DISTRICT
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2005
 Unaudited

The Statement of Activities shows the cost of program services and the charges for services and capital and operating grants, including contributions and interest, offsetting those services. In Table 3, the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Net costs are costs that must be covered by unrestricted State aid (State Foundation) or local taxes. The difference in these two columns would represent restricted grants, fees and donations.

(Table 3)
 Governmental Activities

	Total Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2005	Net Cost of Services 2004
Instruction	\$2,371,960	\$2,206,678	\$922,403	\$883,840
Support Services	1,570,263	1,584,154	1,406,617	1,519,133
Operation of Non-Instructional Services:				
Food Service Operations	147,019	146,614	(33,469)	(19,287)
Other	1,882	1,851	1,882	1,851
Extracurricular Activities	94,928	87,463	48,361	54,291
Intergovernmental	35,000	38,500	0	(130,620)
Total Expenses	<u>\$4,221,052</u>	<u>\$4,065,260</u>	<u>\$2,345,794</u>	<u>\$2,307,357</u>

The School District's Funds

Information about the School District's major fund starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,326,496 and expenditures of \$4,338,809. The net change in fund balance for the year in the General Fund was an increase of \$23,230, which is a 21 percent increase over the prior year.

General Fund - Budget Highlights

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

During the course of fiscal year 2005, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund original and final budgeted amounts is listed on page 16, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, final estimated revenues were \$3,203,722, with original estimated revenue of \$2,937,794, a difference of nine percent. This difference was due primarily to an increase in intergovernmental revenue related to conservative estimates involving the uncertainty of State aid funding cuts and an increase in tuition and fees related to open enrollment.

Final estimated expenditures were \$3,228,538 with original estimated expenditures of \$3,141,029, a difference of three percent. This difference was due primarily to increases in open enrollment and community school expenditures.

NEW BOSTON LOCAL SCHOOL DISTRICT
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2005
 Unaudited

Capital Assets

At the end of fiscal year 2005 the School District had \$869,126 invested in land, buildings and improvements, furniture, fixtures and equipment, textbooks, and vehicles. Table 4 shows fiscal year 2005 balances compared to 2004:

(Table 4)
 Capital Assets at June 30
 (Net of Depreciation)

	Governmental Activities	
	2005	2004
Land	\$19,543	\$19,543
Construction in Progress	0	130,498
Buildings and Improvements	621,956	479,708
Furniture, Fixtures and Equipment	207,954	185,654
Textbooks	19,673	23,250
Vehicles	0	4,077
Totals	\$869,126	\$842,730

Net Capital Assets increased from the prior year. The primary increases occurred in buildings and improvements. Buildings and improvements increased due to the completion of the new floor tile project that occurred during fiscal year 2005. Changes within furniture, fixtures and equipment, also occurred from the prior year.

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

Debt

At June 30, 2005, the School District had no outstanding debt.

Current Issues

During fiscal year 2005 the New Boston Local School District completed the asbestos removal and floor tile replacement project at Glenwood High School. The new floor tile was added to the capital assets of the School District.

Although cuts were made in 2004, the financial condition of the School District continued to deteriorate. In April, 2005, the Ohio Department of Education (ODE) declared the New Boston Local School District to be in Fiscal Caution. Further cuts were made and a Financial Recovery Plan for fiscal year 2006 was approved by ODE.

On the bright side, on August 2, 2005, the community of New Boston overwhelmingly passed a 7.7 mill emergency levy with a 74.4 percent approval. Our test scores, report cards, and student teacher ratio are major contributing factors in the approval of the levy.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Donna Grimm, Treasurer at New Boston Local School District, 552 Glenwood Avenue, New Boston, Ohio 45662, or email dgrimm@newboston.k12.oh.us.

NEW BOSTON LOCAL SCHOOL DISTRICT

Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$198,987
Materials and Supplies Inventory	11,168
Intergovernmental Receivable	51,348
Prepaid Items	12,264
Property Taxes Receivable	1,119,935
Restricted Equity in Pooled Cash and Cash Equivalents	78,236
Capital Assets:	
Land	19,543
Depreciable Capital Assets, Net	849,583
	<hr/>
<i>Total Assets</i>	2,341,064
	<hr/>
<u>Liabilities:</u>	
Accounts Payable	6,569
Accrued Wages and Benefits Payable	320,810
Intergovernmental Payable	77,699
Deferred Revenue	808,927
Matured Compensated Absences Payable	3,336
Long-Term Liabilities:	
Due Within One Year	74,110
Due in More Than One Year	67,915
	<hr/>
<i>Total Liabilities</i>	1,359,366
	<hr/>
<u>Net Assets:</u>	
Invested in Capital Assets	869,126
Restricted for Other Purposes	66,777
Restricted for Set-Asides	78,236
Unrestricted (Deficit)	(32,441)
	<hr/>
<i>Total Net Assets</i>	\$981,698
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

NEW BOSTON LOCAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Total Governmental Activities
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$1,854,212	\$949,609	\$100,841	\$3,780	(\$799,982)
Special	517,748	0	395,327	0	(122,421)
Support Services:					
Pupils	167,955	0	6,066	0	(161,889)
Instructional Staff	228,843	0	150,818	0	(78,025)
Board of Education	19,534	0	0	0	(19,534)
Administration	481,468	0	0	0	(481,468)
Fiscal	162,593	0	0	0	(162,593)
Operation and Maintenance of Plant	456,843	0	0	0	(456,843)
Pupil Transportation	45,606	0	0	1,762	(43,844)
Central	7,421	0	5,000	0	(2,421)
Operation of Non-Instructional Services:					
Food Service Operations	147,019	31,236	149,252	0	33,469
Other	1,882	0	0	0	(1,882)
Extracurricular Activities	94,928	33,157	13,410	0	(48,361)
Intergovernmental	35,000	0	35,000		0
Total Governmental Activities	\$4,221,052	\$1,014,002	\$855,714	\$5,542	(2,345,794)
<u>General Revenues:</u>					
					776,960
Property Taxes Levied for General Purposes					
Grants and Entitlements not					1,395,981
Restricted to Specific Programs					
Contributions not Restricted					29,673
to Specific Programs					4,921
Interest					145,675
Miscellaneous					
Total General Revenues					2,353,210
Change in Net Assets					7,416
Net Assets at Beginning of Year					974,282
Net Assets at End of Year					\$981,698

See accompanying notes to the basic financial statements.

NEW BOSTON LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Fund
June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$110,946	\$88,041	\$198,987
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	78,236	0	78,236
Receivables:			
Property Taxes	1,119,935	0	1,119,935
Intergovernmental	0	51,348	51,348
Prepaid Items	12,264	0	12,264
Materials and Supplies Inventory	7,579	3,589	11,168
<i>Total Assets</i>	<u>\$1,328,960</u>	<u>\$142,978</u>	<u>\$1,471,938</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$6,324	\$245	\$6,569
Accrued Wages and Benefits Payable	264,725	56,085	320,810
Intergovernmental Payable	65,966	11,733	77,699
Matured Compensated Absences Payable	3,336	0	3,336
Deferred Revenue	1,075,907	32,148	1,108,055
<i>Total Liabilities</i>	<u>1,416,258</u>	<u>100,211</u>	<u>1,516,469</u>
<u>Fund Balances:</u>			
Reserved for Encumbrances	2,718	2,930	5,648
Reserved for Property Taxes	44,028	0	44,028
Reserved for Capital Improvements	78,236	0	78,236
Unreserved, Undesignated (Deficit), Reported in:			
General Fund	(212,280)	0	(212,280)
Special Revenue Funds	0	39,837	39,837
<i>Total Fund Balances (Deficit)</i>	<u>(87,298)</u>	<u>42,767</u>	<u>(44,531)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,328,960</u>	<u>\$142,978</u>	<u>\$1,471,938</u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2005

Total Governmental Fund Balances (\$44,531)

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

Capital assets used in governmental activities are not financial resources and
 therefore are not reported in the funds. These assets consist of:

Land	19,543	
Other capital assets	3,199,657	
Accumulated depreciation	(2,350,074)	
Total capital assets	869,126	869,126

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

Delinquent property taxes	266,980	
Intergovernmental	32,148	
	299,128	299,128

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

Compensated absences	(129,799)	
Special termination benefits	(12,226)	
Total liabilities	(142,025)	(142,025)

Net Assets of Governmental Activities \$981,698

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$881,915	\$0	\$881,915
Intergovernmental	1,217,691	1,019,056	2,236,747
Interest	4,602	472	5,074
Tuition and Fees	949,609	0	949,609
Extracurricular Activities	0	33,157	33,157
Charges for Services	0	31,236	31,236
Contributions and Donations	29,673	13,410	43,083
Miscellaneous	144,385	1,290	145,675
Total Revenues	3,227,875	1,098,621	4,326,496
Expenditures:			
Current:			
Instruction:			
Regular	1,617,196	248,637	1,865,833
Special	188,867	345,685	534,552
Support Services:			
Pupils	122,595	48,658	171,253
Instructional Staff	88,047	159,629	247,676
Board of Education	19,534	0	19,534
Administration	469,732	9,289	479,021
Fiscal	190,619	0	190,619
Operation and Maintenance of Plant	412,901	85,915	498,816
Pupil Transportation	33,561	6,928	40,489
Central	2,421	5,000	7,421
Operation of Non-Instructional Services:			
Food Service Operations	0	152,146	152,146
Other	1,882	0	1,882
Extracurricular Activities	57,290	37,277	94,567
Intergovernmental	0	35,000	35,000
Total Expenditures	3,204,645	1,134,164	4,338,809
Excess of Revenues Over (Under) Expenditures	23,230	(35,543)	(12,313)
Net Change in Fund Balances	23,230	(35,543)	(12,313)
Fund Balances (Deficit) at Beginning of Year	(110,528)	78,310	(32,218)
Fund Balances (Deficit) at End of Year	(\$87,298)	\$42,767	(\$44,531)

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds (\$12,313)

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

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

Capital asset additions	107,992	
Depreciation expense	(81,596)	
Excess of capital outlay over depreciation expense		26,396

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

Delinquent property taxes	(104,955)	
Intergovernmental	6,927	
		(98,028)

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

Decrease in compensated absences payable	46,930	
Decrease in special termination benefits payable	10,548	
Decrease in intergovernmental payable	33,883	
Total (increase)/decrease		91,361

Change in Net Assets of Governmental Activities \$7,416

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2005

	Budget Amounts			Variance With Final Budget Over/(Under)
	Original	Final	Actual	
<u>Revenues:</u>				
Property Taxes	\$895,000	\$859,377	\$859,377	\$0
Intergovernmental	1,061,060	1,217,691	1,217,691	0
Interest	4,010	4,602	4,602	0
Tuition and Fees	827,462	949,609	949,609	0
Contributions and Donations	25,856	29,673	29,673	0
Miscellaneous	124,406	142,770	142,770	0
<i>Total Revenues</i>	<u>2,937,794</u>	<u>3,203,722</u>	<u>3,203,722</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	1,138,493	1,199,659	1,199,659	0
Special	154,546	198,235	198,235	0
Other	288,113	424,192	424,192	0
Support Services:				
Pupils	198,060	131,739	131,739	0
Instructional Staff	92,015	83,556	83,556	0
Board of Education	17,488	19,304	19,304	0
Administration	522,494	465,724	465,724	0
Fiscal	173,324	190,468	190,468	0
Operation and Maintenance of Plant	462,032	414,469	414,469	0
Pupil Transportation	35,615	38,592	38,592	0
Central	2,470	2,430	2,430	0
Operation of Non-Instructional Services	1,870	1,876	1,876	0
Extracurricular Activities	54,509	58,294	58,294	0
<i>Total Expenditures</i>	<u>3,141,029</u>	<u>3,228,538</u>	<u>3,228,538</u>	<u>0</u>
Excess of Revenues Under				
Excess of Revenues Under Expenditures	<u>(203,235)</u>	<u>(24,816)</u>	<u>(24,816)</u>	<u>0</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	1,615	1,615	1,615	0
Advances In	22,891	22,891	22,891	0
Transfers Out	<u>(1,313)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>23,193</u>	<u>24,506</u>	<u>24,506</u>	<u>0</u>
Net Change in Fund Balance	(180,042)	(310)	(310)	0
Fund Balance at Beginning of Year	144,360	144,360	144,360	0
Prior Year Encumbrances Appropriated	<u>23,533</u>	<u>23,533</u>	<u>23,533</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>(\$12,149)</u></u>	<u><u>\$167,583</u></u>	<u><u>\$167,583</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2005

	<u>Agency</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$26,020</u>
<u>Liabilities:</u>	
Undistributed Monies	<u>\$26,020</u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1906 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 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, 35 certificated full-time teaching personnel and 6 administrative employees who provide services to 414 students and other community members. The School District currently operates three instructional buildings, one stadium, and one garage.

Reporting Entity:

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

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

The School District participates in five organizations, two of which are defined as jointly governed organizations, one as a public entity shared risk pool, and two as insurance purchasing pools. These organizations are the South Central Ohio Computer Association (SCOCA), the Pilasco-Ross Special Education Regional Research Center, the Scioto County Schools Council, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 15, 16 and 17 to the basic 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 governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements normally distinguish between those activities that are governmental and those that are considered business-type activities; however, the School District has no business-type activities.

The Statement of Net Assets presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All funds of the School District fall within two categories: governmental and fiduciary.

Governmental Funds:

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the School District's major governmental fund:

General Fund - The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Fiduciary Funds:

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

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

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

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

E. Budgetary Process

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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

F. Cash and Cash Equivalents

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

During fiscal year 2005, investments were limited to the State Treasury Assets Reserve of Ohio (STAROhio).

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2005.

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 2005 amounted to \$4,602, which includes \$2,915 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

G. Restricted Assets

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

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

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. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees have accumulated leave are paid. The non-current portion of the liability is not reported.

L. Accrued Liabilities and Long-Term Obligations

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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, property taxes, and capital improvements.

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

N. Net Assets

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

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

The government-wide statement of net assets reports \$145,013 of restricted net assets, none of which is restricted by enabling legislation.

O. Interfund Transactions

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

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.

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2005, the School District has implemented GASB Statement No. 40, “*Deposit and Investment Risk Disclosures*,” GASB Statement No. 46, “*Net Assets Restricted by Enabling Legislation*,” and GASB Technical Bulletin No. 2004-2, “*Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liability by Cost-Sharing Employers*.” The implementation of these new statements and the technical bulletin had no effect on the School District’s net assets or fund balances as of June 30, 2004, as previously reported. GASB Statement No. 40 requires additional note disclosures for risks effecting the District’s deposits and investments. GASB Statement No. 46 had no effect on the financial statements. GASB Technical Bulletin 2004-2 did not have a material effect on the financial statements.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 4 – ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2005, the General Fund and the Title VI-B and Title I Special Revenue Funds had deficit fund balances of \$87,298, \$362, and \$10,330, respectively. The General Fund deficit fund balance was the result of liability accruals. The General Fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

The General Fund and the Title I Special Revenue Fund had original appropriations in excess of original estimated revenues and available fund balances of \$12,149 and \$18,220, respectively, for the fiscal year ended June 30, 2005. The School District will monitor budgetary controls more closely in the future to alleviate such compliance issues.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$23,230
Adjustments:	
Revenue Accruals	(22,538)
Expenditure Accruals	(2,294)
Advances	22,891
Encumbrances	(21,599)
Budget Basis	<u><u>(\$310)</u></u>

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

At fiscal year-end, the School District had \$100 in undeposited cash on hand. This is included in "Equity in Pooled Cash and Cash Equivalents" on the balance sheet in the General Fund.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$134,658 of the School District's bank balance of \$234,658 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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 STAR Ohio, 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.

	<u>Uncategorized</u>	<u>Carrying/ Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
STAR Ohio	\$114,300	\$114,300	0

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the District manages its exposure to declines in fair values by maximizing the maturity of any eligible instrument to five years from the settlement date unless the investment is matched to a specific obligation or debt of the District. Any investment made must also be purchased with a reasonable expectation to be held to maturity.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits their investments to those authorized by State law. Investments in STAR Ohio were rated AAAM by Standard & Poor's.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has invested 100% of its investments in STAR Ohio.

Custodial credit risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's investments are held in the name of the School District.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 7 - 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 tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004, and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005, and for which there is an enforceable legal claim. On the governmental fund financial statements, the entire receivable for property taxes has been deferred since the current taxes were not levied to finance fiscal year 2005 operations and the collection of the delinquent taxes during the available period is not subject to reasonable estimation.

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

The amount available as an advance at June 30, 2005, was \$44,028 in the General Fund. The amount available as an advance at June 30, 2004, was \$21,490 in the General Fund.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 7 - PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2005 taxes were collected are:

	2004 Second- Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$23,956,350	69.79%	\$25,109,270	70.71%
Public Utility	3,651,600	10.64%	3,711,960	10.45%
Tangible Personal Property	6,715,478	19.57%	6,688,417	18.84%
Total Assessed Value	\$34,323,428	100.00%	\$35,509,647	100.00%
Tax rate per \$1,000 of assessed valuation	\$33.84		\$33.84	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2005, consisted of property taxes 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:

	Amounts
Governmental Activities:	
Federal Library	\$14,924
Title I	17,584
IDEA-B	7,796
Title VI-B, Rural and Low Income	6,898
Title II-A, Improving Teacher Quality	2,146
Federal Emergency Repair	2,000
Total Intergovernmental Receivables	\$51,348

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 9 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Balance at 6/30/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/05</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$19,543	\$0	\$0	\$19,543
Construction in Progress	<u>130,498</u>	<u>27,832</u>	<u>(158,330)</u>	<u>0</u>
Total Capital Assets Not Being Depreciated	<u>150,041</u>	<u>27,832</u>	<u>(158,330)</u>	<u>19,543</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	1,003,419	158,330	0	1,161,749
Furniture, Fixtures and Equipment	1,292,971	80,160	0	1,373,131
Textbooks	486,779	0	0	486,779
Vehicles	<u>177,998</u>	<u>0</u>	<u>0</u>	<u>177,998</u>
Totals at Historical Cost	<u>2,961,167</u>	<u>238,490</u>	<u>0</u>	<u>3,199,657</u>
Less Accumulated Depreciation:				
Building and Improvements	(523,711)	(16,082)	0	(539,793)
Furniture, Fixtures and Equipment	(1,107,317)	(57,860)	0	(1,165,177)
Textbooks	(463,529)	(3,577)	0	(467,106)
Vehicles	<u>(173,921)</u>	<u>(4,077)</u>	<u>0</u>	<u>(177,998)</u>
Total Accumulated Depreciation	<u>(2,268,478)</u>	<u>(81,596) *</u>	<u>0</u>	<u>(2,350,074)</u>
Total Capital Assets Being Depreciated, Net				
	<u>692,689</u>	<u>156,894</u>	<u>0</u>	<u>849,583</u>
Governmental Activities				
Capital Assets, Net	<u>\$842,730</u>	<u>\$184,726</u>	<u>(\$158,330)</u>	<u>\$869,126</u>

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 9 - CAPITAL ASSETS (Continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$38,597
Special	17,220
Support Services:	
Pupils	936
Instructional Staff	7,687
Administration	3,863
Fiscal	1,303
Operation and Maintenance of Plant	2,287
Pupil Transportation	7,399
Operation of Non-Instructional Services:	
Food Service Operations	1,943
Extracurricular Activities	361
Total Depreciation Expense	<u>\$81,596</u>

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2005, the School District contracted with Portsmouth Insurance Agency for property and inland marine insurance and with Riffe-Dyer Insurance for fleet insurance. The types and amounts of coverage follow:

Building and Contents replacement cost (\$1,000 deductible)	\$14,881,282
Inland Marine Coverage (\$1,000 deductible)	13,863,915
Boiler and Machinery	No Limit
Crime Insurance (\$1,000 deductible)	50,000
Automobile Liability - Comprehensive (\$50 deductible)	1,000,000
Automobile Liability - Collision (\$100 deductible)	1,000,000

During fiscal year 2005, the School District participated in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP. (See Note 17).

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 10 - RISK MANAGEMENT (Continued)

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:

Bodily Injury and Property Damage Limit - Each Occurrence and Sexual Abuse Injury Limit - Each Offense	\$1,000,000
Personal and Advertising Injury Limit - Each Offense	1,000,000
Fire Damage Limit - Any One Event	500,000
Medical Expense Limit - Per Person / Accident	10,000
Medical Expense Limit - Each Accident	10,000
General Aggregate Limit	3,000,000
Products - Completed Operations Aggregate Limit	1,000,000

Employer's Liability:

Bodily Injury by Accident - Each Accident	1,000,000
Bodily Injury by Disease - Endorsement Limit	1,000,000
Bodily Injury by Disease - Each Employee	1,000,000

Employee Benefits Liability:

Per Claim	1,000,000
Aggregate Limit	3,000,000

Educational Legal Liability (\$5,000 deductible):

Errors and Omissions Injury Limit	1,000,000
Errors and Omissions Injury Aggregate Limit	2,000,000
Employment Practices Injury Limit	1,000,000
Employment Practices Injury Aggregate Limit	2,000,000
Defense Costs Cap	1,000,000
Defense Costs Aggregate Cap	1,000,000

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

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

For fiscal year 2005, 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. Each year, the School District pays an enrollment fee to the GRP to cover costs of administering the program.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 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 required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$44,317, \$53,458, and \$47,027, respectively; 69.45 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. \$13,540 represents the unpaid contribution for fiscal year 2005.

B. State Teachers Retirement System of Ohio

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2004, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (Continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2005, 2004, and 2003 were \$212,167, \$239,334, and \$228,522, respectively; 90.47 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$3,899 made by the School District and \$6,681 made by the plan members.

NOTE 12 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS Ohio), 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 Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$16,321 for fiscal year 2005.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000 and STRS Ohio had 111,853 eligible benefit recipients.

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, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. 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 2005, the minimum pay was established at \$27,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2005 fiscal year equaled \$24,962.

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, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from Board approved benefits and State laws. Eligible classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 13 - EMPLOYEE BENEFITS (Continued)

A. Compensated Absences (Continued)

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Unlimited sick leave may be accumulated for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum payment of 53 days for all employees.

B. Special Termination Benefits

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

C. Life Insurance

The School District provides life insurance to employees through SunLife.

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 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2005 were as follows:

	Amount			Amount	Amount
	Outstanding			Outstanding	Due Within
	6/30/04	Additions	Deductions	6/30/05	One Year
Compensated Absences	\$176,729	\$16,611	\$63,541	\$129,799	\$72,970
Special Termination Benefits	22,774	1,886	12,434	12,226	1,140
Total General Long-Term Obligations	<u>\$199,503</u>	<u>\$18,497</u>	<u>\$75,975</u>	<u>\$142,025</u>	<u>\$74,110</u>

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

The School District's overall legal debt margin was \$3,195,868 with an unvoted debt margin of \$35,510 at June 30, 2005.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. South Central Ohio Computer Association

The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Pickaway, Gallia, Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$10,837 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.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Pilasco-Ross Special Education Regional Resource Center

The Pilasco-Ross Special Education Regional Resource Center (SERRC) is a special education service center which represents Lawrence, Pike, Ross and Scioto Counties. The SERRC selects its own governing board, adopts its own budget and receives direct federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a Board composed of superintendents of participating schools, parents of children with disabilities, representatives of county boards of MR/DD, Joint Vocational Schools, Pickaway-Ross County Career and Technology Center, Shawnee State University, and Ross-Pike, Lawrence and South Central Ohio Educational Service Centers, whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The fiscal agent for the SERRC is Dawson-Bryant Local School District. Financial information can be obtained by contacting Donald Washburn, Director of Pilasco-Ross, at the South Central Ohio Educational Service Center, 411 Court Street, Portsmouth, Ohio 45662.

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 programs of health and dental insurance for the benefit of the Council members' employees and their dependents, to obtain lower costs for health and dental coverage, and to secure cost control by implementing a program of comprehensive loss control. The Council's business and affairs are managed by a Board of Directors, consisting of the superintendents from each of the participating school districts.

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

NOTE 17 - INSURANCE PURCHASING POOLS

A. 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

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 17 - INSURANCE PURCHASING POOLS (Continued)

B. Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Schuett Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Schuett Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

NOTE 18 - SET-ASIDE CALCULATIONS

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2004	(\$87,740)	\$66,529
Current Year Set-aside Requirement	60,468	60,468
Qualifying Disbursements	<u>(47,140)</u>	<u>(48,761)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$74,412)</u>	<u>\$78,236</u>
Set-aside Reserve Balance as of June 30, 2005		<u><u>\$78,236</u></u>

The School District had qualifying disbursements during the fiscal year that reduced the textbooks set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years.

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, 2005.

B. Litigation

The School District is party to one legal proceeding. The case is currently pending in the U.S District Court. The School District's management is of the opinion that the ultimate disposition of this legal proceeding will not have a material effect, if any, on the financial condition of the School District.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 20 – FINANCIAL CONDITION

On April 5, 2005, the School District was placed into Fiscal Caution by the Ohio Department of Education. Under Ohio Revised Code Section 3316.031 (B) (1), the Ohio Department of Education will place a school district in Fiscal Caution if it is determined through the 5-year forecast that conditions exist that could result in fiscal watch or fiscal emergency. The School District has prepared a recovery plan which has been submitted to and approved by the Ohio Department of Education. The School District will be required to update their recovery plan if the School District experiences a significant change of events. As of June 30, 2005, the School District was still in Fiscal Caution.

NOTE 21 – SUBSEQUENT EVENT

On August 2, 2005, the voters within the New Boston Local School District approved a five year, 7.7 mill tax levy to be used for emergency operating purposes.

New Boston Local School District
Scioto County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2005

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	NA	10.550	\$ -	\$ 11,301	\$ -	\$ 11,301
National School Breakfast Program	05PU	10.553	32,617	-	32,617	-
National School Lunch Program	LLP4	10.555	128,149	-	128,149	-
			<u>160,766</u>	<u>11,301</u>	<u>160,766</u>	<u>11,301</u>
Total United States Department of Agriculture			<u>160,766</u>	<u>11,301</u>	<u>160,766</u>	<u>11,301</u>
United States Department of Education						
<i>Directly Funded:</i>						
Improving Literacy Through School Libraries Program	N	84.364	93,970	-	93,970	-
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Education Agencies	C1S1	84.010	318,616	-	298,708	-
Special Education Grants to States	6BSF	84.027	94,175	-	94,358	-
Safe & Drug Free Schools and Communities - State Grants	DRS1	84.186	6,066	-	6,066	-
State Grants for Innovative Programs	C2S1	84.298	2,215	-	2,215	-
Education Technology State Grants	TJS1	84.318	7,257	-	7,257	-
Improving Teacher Quality	TRS1	84.367	52,907	-	50,383	-
Rural Education Grant	RUS1	84.358	14,254	-	10,570	-
Total Passed Through Ohio Department of Education			<u>495,490</u>	<u>-</u>	<u>469,557</u>	<u>-</u>
<i>Passed Through the Ohio Schools Facilities Commission:</i>						
Federal Emergency Repair Fund	ATS3	84.352	164,655	-	190,081	-
Total United States Department of Education			<u>754,115</u>	<u>-</u>	<u>753,608</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 914,881</u>	<u>\$ 11,301</u>	<u>\$ 914,374</u>	<u>\$ 11,301</u>

N - Direct from Federal Government

NA - Pass through entity number not available

See Notes to the Schedule of Federal Awards Expenditures.

New Boston Local School District
Notes to Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2005

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

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

BALESTRA, HARR & SCHERER, CPAs, INC.

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

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

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with *Government Auditing Standards*

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Boston Local School District, Scioto County, Ohio (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 17, 2006, wherein we noted the District adopted Governmental Accounting Standards Board Statements No. 40 and 46 and GASB Technical Bulletin 2004-2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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

New Boston Local School District
Scioto County
Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit Performed in Accordance
with *Governmental Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, 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.

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

Balestra, Harr & Scherer, CPAs, Inc.

January 17, 2006

BALESTRA, HARR & SCHERER, CPAs, INC.

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

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

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

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

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

Compliance

We have audited the compliance of the New Boston Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2005. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the 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 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 reportable 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, regulation, contracts and grants caused by an error or fraud 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 solely for the information and use of the audit committee, management, members of the Board, 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.

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

Balestra, Harr & Scherer, CPAs, Inc.
January 17, 2006

**NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505
FOR THE YEAR ENDED JUNE 30, 2005**

SUMMARY OF AUDITOR'S RESULTS

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

**NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505
FOR THE YEAR ENDED JUNE 30, 2005**

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**NEW BOSTON CITY SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §315(b)
FOR THE YEAR ENDED JUNE 30, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	Ohio Revised Code Section 5705.39 noncompliance.	Yes	



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
APRIL 11, 2006**