



Dave Yost • Auditor of State



**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

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SCIOTO COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

New Boston Local School District  
Scioto County  
#1 Glenwood Tiger Trail  
New Boston, Ohio 45662

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Boston Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of New Boston Local School District, Scioto County, Ohio, as of June 30, 2015, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Notes 3 and 11 to the financial statements, during the year ended June 30, 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Schedule of Federal Awards Receipts and Expenditures presents 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 financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

March 28, 2016

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***NEW BOSTON LOCAL SCHOOL DISTRICT***

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

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As management of the New Boston Local School District (the "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, 2015. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and in the notes to the basic financial statements to enhance their understanding of the School District's performance.

**Financial Highlights**

Net position of governmental activities decreased \$678,818.

General revenues accounted for \$3,193,875 of total revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,844,038 of total revenues of \$6,037,913.

The School District had \$6,716,731 in expenses related to governmental activities; only \$2,844,038 of these expenses were offset by program specific charges for services and sales, operating grants, contributions, and interest. General revenues (primarily grants, entitlements and property taxes) of \$3,193,875 were not adequate to provide for these programs.

**Using the Basic Financial Statements**

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

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other nonmajor funds presented in total in one column. The major funds for the New Boston Local School District are the General Fund and the Bond Retirement Debt Service 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 fiscal year 2015?"

The Statement of Net Position 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 deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. The change in net position 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

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds, which are the General Fund and the Bond Retirement Debt Service Fund.

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

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net position for fiscal years 2015 and 2014:

(Table 1)  
Net Position

	Governmental Activities		
	2015	Restated * 2014	Increase/ (Decrease)
<b>Assets</b>			
Current Assets	\$3,925,657	\$4,125,686	(\$200,029)
Capital Assets, Net	18,269,554	18,904,718	(635,164)
Total Assets	\$22,195,211	\$23,030,404	(\$835,193)

(continued)

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

	(Table 1) Net Position (continued)		
	Governmental Activities		
	2015	Restated * 2014	Increase/ (Decrease)
<b>Deferred Outflows of Resources</b>			
Pension	\$450,267	\$364,302	\$85,965
<b>Liabilities</b>			
Other Liabilities	552,973	567,969	(14,996)
Long-Term Liabilities			
Net Pension Liability	6,357,618	7,555,237	(1,197,619)
Other Amounts	3,546,298	3,547,099	(801)
Total Liabilities	10,456,889	11,670,305	(1,213,416)
<b>Deferred Inflows of Resources</b>			
Property Taxes	1,134,804	1,142,845	(8,041)
Pension	1,151,047	0	1,151,047
	2,285,851	1,142,845	1,143,006
<b>Net Position</b>			
Net Investment in Capital Assets	15,101,670	15,640,930	(539,260)
Restricted	897,144	914,889	(17,745)
Unrestricted	(6,096,076)	(5,974,263)	(121,813)
Total Net Position	\$9,902,738	\$10,581,556	(\$678,818)

\* - See Note 3 to the basic financial statements

During 2015, the School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension. Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

**NEW BOSTON LOCAL SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited

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1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$17,772,491 to \$10,581,556.

Total assets of governmental activities decreased \$835,193. The large decrease in current assets was primarily due to a decrease in Intergovernmental Receivables. The decrease in capital assets, net, is due to fiscal year 2015 depreciation exceeding fiscal year asset additions.

Total liabilities decreased \$1,213,416 for fiscal year 2015 when compared to the prior fiscal year. Net Pension Liability decreased \$1,197,619 as a result of pension investment revenues exceeding expectations. Other liabilities decreased an immaterial amount.

Net investment in capital assets for governmental activities decreased \$539,260. The decrease is due to fiscal year 2015 depreciation exceeding fiscal year asset additions. Restricted net position decreased an immaterial amount. Unrestricted net position for governmental activities decreased by \$121,813 mainly

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Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

due to general fund expenses exceeding revenues.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2015 and 2014. These two main components are subtracted to yield the change in net position. This table uses the full accrual method of accounting.

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

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

(Table 2)  
Change in Net Position

	<u>Governmental Activities</u>		
	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$1,174,061	\$1,308,148	(\$134,087)
Operating Grants, Contributions, and Interest	1,669,977	1,595,655	74,322
Total Program Revenues	<u>2,844,038</u>	<u>2,903,803</u>	<u>(59,765)</u>
General Revenues:			
Property Taxes Levied for General Purposes	1,142,396	1,141,598	798
Grants and Entitlements not Restricted to Specific Programs	1,837,394	1,357,766	479,628
Contributions not Restricted to Specific Programs	7,307	10,856	(3,549)
Investment Earnings	7,908	11,228	(3,320)
Miscellaneous	198,870	230,226	(31,356)
Total General Revenues	<u>3,193,875</u>	<u>2,751,674</u>	<u>442,201</u>
Total Revenues	<u>\$6,037,913</u>	<u>\$5,655,477</u>	<u>\$382,436</u>

(continued)

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

(Table 2)  
Change in Net Position  
(continued)

	Governmental Activities		Increase/ (Decrease)
	2015	2014	
<b>Program Expenses</b>			
Instruction:			
Regular	\$2,954,034	\$3,414,642	(\$460,608)
Special	1,067,093	1,017,893	49,200
Vocational	7,154	1,200	5,954
Support Services:			
Pupils	218,227	211,902	6,325
Instructional Staff	338,511	510,095	(171,584)
Board of Education	12,637	12,179	458
Administration	550,244	524,709	25,535
Fiscal	193,779	206,047	(12,268)
Operation and Maintenance of Plant	585,754	608,460	(22,706)
Pupil Transportation	131,772	138,985	(7,213)
Central	8,479	7,821	658
Operation of Non-Instructional Services:			
Food Service Operations	333,214	290,109	43,105
Extracurricular Activities	146,443	127,663	18,780
Interest and Fiscal Charges	169,390	167,719	1,671
Total Expenses	<u>6,716,731</u>	<u>7,239,424</u>	<u>(\$522,693)</u>
Change in Net Position	(678,818)	(1,583,947)	
Net Position at Beginning of Year	<u>10,581,556</u>	N/A	*
Net Position at End of Year	<u>\$9,902,738</u>	<u>\$10,581,556</u>	

\* - Restated (see Note 3 to the basic financial statements)

**Governmental Activities**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$364,302 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$257,760. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

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Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

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Total 2015 program expenses under GASB 68	\$6,716,731
Pension expense under GASB 68	(257,760)
2015 contractually required contribution	390,297
Adjusted 2015 program expenses	<u>6,849,268</u>
Total 2014 program expenses under GASB 27	<u>7,239,424</u>
Change in program expenses not related to pension	<u><u>(\$390,156)</u></u>

Program revenues, which are primarily represented by charges for tuition, fees, sales, and extracurricular activities, as well as restricted intergovernmental revenues were \$2,844,038 of total revenues for fiscal year 2015. The decrease of \$59,765 is primarily the result of a decrease in tuition and fees due to a drop in the number of open enrollment students.

As previously mentioned, general revenues were \$3,193,875 of total revenues for fiscal year 2015 and were higher than the prior fiscal year mostly due to a change in the State Foundation calculation which, in turn, increased the amount of revenue received from the state.

As should be expected, instruction costs represent the largest of the School District's expenses, \$4,028,281 for fiscal year 2015. The instruction category, however, does not include all activities associated with educating students. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for \$688,510 of governmental expenses. Maintenance of the School District's facilities also represents a significant expense of \$585,754. Regular instruction decreased \$460,608 primarily due to salary and benefit increases along with step increases for some employees.

**The School District's Funds**

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$6,171,870 and expenditures of \$6,215,280. The net change in fund balance for the year was most significant in the General Fund with a decrease of \$216,553, which was the result of the School District utilizing both current fiscal year resources and carry over fund balance to cover fiscal year 2015 expenditures. Despite a slight increase in revenues, expenditure increases such as salaries and benefits outpaced revenues.

The Bond Retirement Debt Service Fund had an increase in fund balance of \$2,138 during the fiscal year, which is insignificant.

**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 2015, 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 19, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

## ***NEW BOSTON LOCAL SCHOOL DISTRICT***

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

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A review of the budgetary comparison statement for the General Fund reflects an overall increase of \$60,453 between the original budget and final budgeted revenues.

The decrease in expenditures from the original to the final budget was \$445,128, which is mostly related to the School District starting with a conservative budget and closely monitoring expenditures throughout the fiscal year.

### **Capital Assets**

At the end of fiscal year 2015, the School District had \$18,269,554 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles which represented an decrease of \$635,164. The decrease was mainly due current fiscal year depreciation exceeding asset additions.

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

### **Debt Administration**

At June 30, 2015, the School District had \$3,304,211 in total outstanding debt consisting of School Facilities Construction and Improvement Bonds, accretion on Capital Appreciation Bonds, and bond premium. At June 30, 2015, the School District's overall legal debt margin was \$273,099 with an unvoted debt margin of \$35,570. For more information on debt administration, refer to Note 15 of the notes to the basic financial statements.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Samantha Hamilton, Treasurer at New Boston Local School District, #1 Glenwood Tiger Trail, New Boston, Ohio 45662, or email [samantha.hamilton@nbtigers.net](mailto:samantha.hamilton@nbtigers.net).

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Statement of Net Position

June 30, 2015

	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$1,635,477
Restricted Cash and Cash Equivalents	45,548
Materials and Supplies Inventory	6,528
Inventory Held for Resale	4,182
Intergovernmental Receivable	165,629
Prepaid Items	3,198
Property Taxes Receivable	2,065,095
Capital Assets:	
Land	29,077
Depreciable Capital Assets, Net	18,240,477
<i>Total Assets</i>	<u>22,195,211</u>
<b><u>Deferred Outflows of Resources:</u></b>	
Pension	450,267
<b><u>Liabilities:</u></b>	
Accounts Payable	45,280
Accrued Wages and Benefits Payable	325,509
Intergovernmental Payable	112,953
Accrued Interest Payable	23,683
Retainage Payable	45,548
Long-Term Liabilities:	
Due Within One Year	112,228
Due in More Than One Year:	
Net Pension Liability (See Note 11)	6,357,618
Other Amounts	3,434,070
<i>Total Liabilities</i>	<u>10,456,889</u>
<b><u>Deferred Inflows of Resources:</u></b>	
Property Taxes	1,134,804
Pension	1,151,047
<i>Total Deferred Inflows of Resources</i>	<u>2,285,851</u>
<b><u>Net Position:</u></b>	
Net Investment in Capital Assets	15,101,670
Restricted for Debt Service	268,906
Restricted for Capital Outlay	118,022
Restricted for Other Purposes:	
Food Service Operations	290,696
Classroom Facilities Maintenance	149,757
Federal Grants	48,496
Athletic Programs	21,267
Unrestricted (Deficit)	(6,096,076)
<i>Total Net Position</i>	<u>\$9,902,738</u>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2015

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Revenue and Changes in Net Position
				Total Governmental Activities
<b><u>Governmental Activities:</u></b>				
Instruction:				
Regular	\$2,954,034	\$1,123,405	\$308,903	(\$1,521,726)
Special	1,067,093	0	790,922	(276,171)
Vocational	7,154	0	1,421	(5,733)
Support Services:				
Pupils	218,227	0	0	(218,227)
Instructional Staff	338,511	0	162,699	(175,812)
Board of Education	12,637	0	0	(12,637)
Administration	550,244	0	0	(550,244)
Fiscal	193,779	0	0	(193,779)
Operation and Maintenance of Plant	585,754	0	21,319	(564,435)
Pupil Transportation	131,772	0	0	(131,772)
Central	8,479	0	0	(8,479)
Operation of Non-Instructional Services:				
Food Service Operations	333,214	11,511	373,369	51,666
Extracurricular Activities	146,443	39,145	11,344	(95,954)
Interest and Fiscal Charges	169,390	0	0	(169,390)
<b>Total Governmental Activities</b>	<b>\$6,716,731</b>	<b>\$1,174,061</b>	<b>\$1,669,977</b>	<b>(3,872,693)</b>
<b><u>General Revenues:</u></b>				
Property Taxes Levied for:				
				915,629
				211,868
				14,899
				1,837,394
				7,307
				7,908
				198,870
<b>Total General Revenues</b>				<b>3,193,875</b>
<b>Change in Net Position</b>				<b>(678,818)</b>
<b>Net Position at Beginning of Year - Restated (See Note 3)</b>				<b>10,581,556</b>
<b>Net Position at End of Year</b>				<b>\$9,902,738</b>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Balance Sheet  
Governmental Funds  
June 30, 2015

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$886,652	\$187,679	\$561,146	\$1,635,477
Receivables:				
Property Taxes	1,660,348	378,207	26,540	2,065,095
Intergovernmental	20,823	0	144,806	165,629
Interfund	49,420	0	0	49,420
Prepaid Items	3,059	0	139	3,198
Materials and Supplies Inventory	6,125	0	403	6,528
Inventory Held for Resale	0	0	4,182	4,182
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	0	45,548	45,548
<i>Total Assets</i>	<u>\$2,626,427</u>	<u>\$565,886</u>	<u>\$782,764</u>	<u>\$3,975,077</u>
<b><u>Liabilities:</u></b>				
Accounts Payable	\$38,673	\$0	\$6,607	\$45,280
Accrued Wages and Benefits Payable	246,862	0	78,647	325,509
Intergovernmental Payable	93,164	0	19,789	112,953
Interfund Payable	0	0	49,420	49,420
Retainage Payable	0	0	45,548	45,548
<i>Total Liabilities</i>	<u>378,699</u>	<u>0</u>	<u>200,011</u>	<u>578,710</u>
<b><u>Deferred Inflows of Resources:</u></b>				
Property Taxes	909,594	210,465	14,745	1,134,804
Unavailable Revenue	724,622	161,259	77,260	963,141
<i>Total Deferred Inflows of Resources</i>	<u>1,634,216</u>	<u>371,724</u>	<u>92,005</u>	<u>2,097,945</u>
<b><u>Fund Balances:</u></b>				
Nonspendable	9,184	0	542	9,726
Restricted	0	194,162	533,594	727,756
Assigned	604,328	0	0	604,328
Unassigned (Deficit)	0	0	(43,388)	(43,388)
<i>Total Fund Balances</i>	<u>613,512</u>	<u>194,162</u>	<u>490,748</u>	<u>1,298,422</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$2,626,427</u>	<u>\$565,886</u>	<u>\$782,764</u>	<u>\$3,975,077</u>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2015

**Total Governmental Fund Balances** \$1,298,422

*Amounts reported for governmental activities in the  
 Statement of Net Position 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	29,077	
	Other capital assets	20,780,139	
	Accumulated depreciation	<u>(2,539,662)</u>	
Total			18,269,554

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

	Delinquent property taxes	897,222	
	Intergovernmental	<u>65,919</u>	
Total			963,141

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (23,683)

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds.

	Deferred Outflows - Pension	450,267	
	Deferred Inflows - Pension	(1,151,047)	
	Net Pension Liability	<u>(6,357,618)</u>	
Total			(7,058,398)

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

	Bond Premium	(62,832)	
	Bonds Payable	(3,241,379)	
	Compensated absences	<u>(242,087)</u>	
Total			<u>(3,546,298)</u>

**Net Position of Governmental Activities** \$9,902,738

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, 2015

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>				
Property Taxes	\$885,688	\$207,794	\$14,612	\$1,108,094
Intergovernmental	2,263,449	17,502	1,382,153	3,663,104
Investment Earnings	5,460	992	2,638	9,090
Tuition and Fees	1,081,405	0	0	1,081,405
Extracurricular Activities	0	0	39,145	39,145
Rent	42,000	0	0	42,000
Charges for Services	0	0	11,511	11,511
Contributions and Donations	7,307	0	11,344	18,651
Miscellaneous	198,870	0	0	198,870
<i>Total Revenues</i>	<u>4,484,179</u>	<u>226,288</u>	<u>1,461,403</u>	<u>6,171,870</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	2,394,274	0	297,476	2,691,750
Special	616,939	0	413,936	1,030,875
Vocational	6,003	0	0	6,003
Support Services:				
Pupils	199,373	0	0	199,373
Instructional Staff	111,071	0	190,187	301,258
Board of Education	12,637	0	0	12,637
Administration	483,632	0	2,299	485,931
Fiscal	178,651	5,930	418	184,999
Operation and Maintenance of Plant	500,418	0	20,976	521,394
Pupil Transportation	112,756	0	0	112,756
Central	889	0	0	889
Operation of Non-Instructional Services:				
Food Service Operations	2,201	0	302,797	304,998
Extracurricular Activities	79,696	0	53,572	133,268
Capital Outlay	0	0	10,929	10,929
Debt Service:				
Principal Retirement	0	75,000	0	75,000
Interest and Fiscal Charges	0	143,220	0	143,220
<i>Total Expenditures</i>	<u>4,698,540</u>	<u>224,150</u>	<u>1,292,590</u>	<u>6,215,280</u>
Excess of Revenues Over (Under) Expenditures	<u>(214,361)</u>	<u>2,138</u>	<u>168,813</u>	<u>(43,410)</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers In	0	0	2,192	2,192
Transfers Out	(2,192)	0	0	(2,192)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,192)</u>	<u>0</u>	<u>2,192</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(216,553)</u>	<u>2,138</u>	<u>171,005</u>	<u>(43,410)</u>
<i>Fund Balances at Beginning of Year</i>	<u>830,065</u>	<u>192,024</u>	<u>319,743</u>	<u>1,341,832</u>
<i>Fund Balances at End of Year</i>	<u>\$613,512</u>	<u>\$194,162</u>	<u>\$490,748</u>	<u>\$1,298,422</u>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2015

**Net Change in Fund Balances - Total Governmental Funds** (\$43,410)

*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	23,460	
Depreciation expense	(658,624)	
Total		(635,164)

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 therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this fiscal year:

Delinquent property taxes	34,302	
Intergovernmental	(168,259)	
Total		(133,957)

Accretion and amortization of bond premiums and accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.

Amortization of bond premium	2,856	
Accretion on Bonds	(29,401)	
Decrease in Accrued Interest	375	
Total		(26,170)

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

Bond payments	75,000
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Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows. (257,760)

Except for the amounts reported as deferred inflows/outflows, changes in net position liability are reported as pension expense in the Statement of Activities. 390,297

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

Increase in compensated absences payable	(47,654)
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**Change in Net Position of Governmental Activities** (\$678,818)

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, 2015

	Budget Amounts		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
<b><u>Revenues:</u></b>				
Property Taxes	\$967,091	\$919,769	\$919,769	\$0
Intergovernmental	2,010,298	2,242,635	2,242,635	0
Investment Earnings	7,612	5,460	5,460	0
Tuition and Fees	1,213,158	1,081,405	1,081,405	0
Rent	43,695	42,000	42,000	0
Contributions and Donations	10,917	7,307	7,307	0
Miscellaneous	130,479	145,127	145,127	0
<i>Total Revenues</i>	4,383,250	4,443,703	4,443,703	0
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	2,749,228	2,445,571	2,445,571	0
Special	630,389	631,805	631,805	0
Vocational	394	6,003	6,003	0
Support Services:				
Pupils	215,819	191,632	191,632	0
Instructional Staff	148,141	107,353	107,353	0
Board of Education	13,441	12,643	12,643	0
Administration	532,845	496,170	496,170	0
Fiscal	195,886	178,870	178,870	0
Operation and Maintenance of Plant	600,358	558,742	558,742	0
Pupil Transportation	124,180	117,366	117,366	0
Central	790	1,024	1,024	0
Operation of Non-Instructional Services:				
Food Service Operations	2,458	2,201	2,201	0
Extracurricular Activities	61,401	80,822	80,822	0
<i>Total Expenditures</i>	5,275,330	4,830,202	4,830,202	0
Excess of Revenues Under Expenditures	(892,080)	(386,499)	(386,499)	0
<b><u>Other Financing Sources (Uses):</u></b>				
Refund of Prior Year Expenditures	1,600	53,743	53,743	0
Advances In	132,292	132,392	132,392	0
Advances Out	(136,364)	(49,420)	(49,420)	0
Transfers In	0	(2,192)	(2,192)	0
<i>Total Other Financing Sources (Uses)</i>	(2,472)	134,523	134,523	0
<i>Net Change in Fund Balance</i>	(894,552)	(251,976)	(251,976)	0
<i>Fund Balance at Beginning of Year</i>	841,357	841,357	841,357	0
<i>Prior Year Encumbrances Appropriated</i>	129,615	129,615	129,615	0
<i>Fund Balance at End of Year</i>	\$76,420	\$718,996	\$718,996	\$0

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2015

	<u>Agency Fund</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$63,218</u></u>
<b><u>Liabilities:</u></b>	
Undistributed Monies	\$20,706
Deposits Held and Due to Others	<u>42,512</u>
<i>Total Liabilities</i>	<u><u>\$63,218</u></u>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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

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

The School District was established in 1906 through the consolidation of existing land areas and school districts. The School District serves an area of approximately six square miles. It is located in Scioto County, and includes all of the Village of New Boston. It is staffed by 21 non-certificated employees, 42 certificated teaching personnel and five administrative employees who provide services to 497 students and other community members. The School District currently operates one instructional building, one stadium, and one garage.

*Reporting Entity*

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

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

The School District participates in five organizations, two of which are defined as jointly governed organizations, two as public entity shared risk pools, and one as an insurance purchasing pool. These organizations are presented in Note 17 to the basic financial statements.

Jointly Governed Organization:

South Central Ohio Computer Association Regional Council of Governments  
Southern Ohio Academy

Public Entity Shared Risk Pools:

Optimal Health Initiatives Consortium  
Schools of Ohio Risk Sharing Authority

Insurance Purchasing Pool:

Ohio SchoolComp Workers’ Compensation Group Rating Plan

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the 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 more significant of the School District's accounting policies are described below.

**Basis of Presentation**

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

*Government-wide Financial Statements*

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

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

*Fund Financial Statements*

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

**Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories; governmental and fiduciary.

## ***NEW BOSTON LOCAL SCHOOL DISTRICT***

### **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015**

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#### *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 and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

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

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

#### *Fiduciary Funds*

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

#### **Measurement Focus**

##### *Government-wide Financial Statements*

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities reports increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

##### *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 deferred outflows of resources and current liabilities and deferred inflows of resources 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

## **NEW BOSTON LOCAL SCHOOL DISTRICT**

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

#### **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary fund are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, 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 that the amount of the transaction can be determined, and "available" means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

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

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

#### *Deferred Outflows/Inflows of Resources:*

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported in the government-wide statement of net position for pension. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources included property taxes, pension, and unavailable revenue.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 11).

*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.

**Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**Cash and Cash Equivalents**

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2015 amounted to \$5,460, which includes \$2,241 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.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Interfund Payable". Interfund balances are eliminated on the Statement of Net Position.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2015, 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.

**Inventory**

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

**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, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent cash and cash equivalents legally required to be set aside by the School District for the capital improvement set asides.

**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 Position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	25 - 50 Years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	10 - 20 years
Vehicles	5 - 10 years

**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

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For the Fiscal Year Ended June 30, 2015

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

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

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities and long-term obligations payable from the proprietary fund are reported on the fund 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 governmental funds. However, compensated absences and net pension liability 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. Bonds that will be paid from governmental funds are recognized as an expenditure and liability on the governmental fund financial statements when due.

**Fund Balance**

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

*Nonspendable*

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

*Restricted*

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

*Committed*

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

## **NEW BOSTON LOCAL SCHOOL DISTRICT**

### Notes to the Basic Financial Statements

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#### *Assigned*

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the general fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Treasurer has been given authority to assign amounts for these purposes by the School District Board of Education. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2016 appropriated budget.

#### *Unassigned*

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

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

#### **Net Position**

Net position represents the difference between all other elements in a statement of financial position. The net investment in capital assets component of net position 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 position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, classroom facilities maintenance, Federal and State grants restricted to expenditures for specified purposes, and athletic programs.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available.

#### **Internal Activity**

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

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers and are eliminated from the Statement of

## **NEW BOSTON LOCAL SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements**

**For the Fiscal Year Ended June 30, 2015**

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Activities. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

#### **Budgetary Process**

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

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

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

#### **Bond Premiums and Compounded Interest on Capital Appreciation Bonds**

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

#### **Estimates**

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

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPAL AND RESTATEMENT OF NET POSITION**

For fiscal year 2015, the School District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	\$17,772,491
Adjustments:	
Net Pension Liability	(7,555,237)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>364,302</u>
Restated Net Position June 30, 2014	<u>\$10,581,556</u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**NOTE 4 - ACCOUNTABILITY**

At June 30, 2015, the Title VI-B, Title I, and Reducing Class Size Special Revenue Funds had deficit fund balances of \$1,107, \$178, and \$42,103, respectively. The General Fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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sheet transactions (GAAP basis).

4. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	(\$216,553)
Adjustments:	
Revenue Accruals	13,267
Expenditure Accruals	35,994
Advances	82,972
Encumbrances	<u>(167,656)</u>
Budget Basis	<u><u>(\$251,976)</u></u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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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) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

*Deposits*

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, all of the School District's bank balance of \$1,767,948 was either covered by the Federal Deposit Insurance Corporation or collateralized with pooled securities held by the pledging financial institution in the manner described below.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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Public utility property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014, and are collected in calendar year 2015 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Scioto County. The Scioto County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 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 which are measurable as of June 30, 2015, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows – property taxes.

The amount available as an advance at June 30, 2015, was \$26,132 in the General Fund, \$454 in the Classroom Facilities Maintenance Fund, and \$6,483 in the Bond Retirement Fund. The amount available as an advance at June 30, 2014, was \$60,213 in the General Fund, \$1,033 in the Classroom Facilities Maintenance Fund, and \$14,606 in the Bond Retirement Fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which fiscal year 2015 taxes were collected are:

	2014 Second- Half Collections		2015 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$25,116,420	82.22%	\$29,335,800	82.47%
Public Utility Personal	5,431,180	17.78%	6,233,900	17.53%
Total Assessed Value	<u>\$30,547,600</u>	<u>100.00%</u>	<u>\$35,569,700</u>	<u>100.00%</u>

Tax rate per \$1,000 of assessed valuation	\$41.45	\$41.45
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**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2015, consisted of property taxes, intergovernmental grants, state foundation adjustment, and interfund. 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 year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within

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Notes to the Basic Financial Statements  
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one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Title I	\$83,440
IDEA-B	8,401
Improving Teacher Quality	6,137
Race to the Top	728
OTIF Professional Development Grant	12,460
Teacher Incentive Grant	14,961
Early Childhood Education Grant	18,679
Foundation Adjustment	20,823
Total Intergovernmental Receivables	<u>\$165,629</u>

**NOTE 9 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance at 6/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/15</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$29,077	\$0	\$0	\$29,077
Capital Assets Being Depreciated:				
Land Improvements	637,617	5,000	0	642,617
Buildings and Improvements	18,307,748	0	0	18,307,748
Furniture, Fixtures and Equipment	1,534,890	18,460	(10,704)	1,542,646
Vehicles	287,128	0	0	287,128
Total Capital Assets Being Depreciated	<u>\$20,767,383</u>	<u>\$23,460</u>	<u>(\$10,704)</u>	<u>\$20,780,139</u>

*(continued)*

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For the Fiscal Year Ended June 30, 2015

	Balance at 6/30/14	Additions	Deductions	Balance at 6/30/15
<u>Governmental Activities</u>				
Less Accumulated Depreciation:				
Land Improvements	(\$79,390)	(\$30,675)	\$10,704	(\$99,361)
Buildings and Improvements	(1,044,060)	(480,282)	0	(1,524,342)
Furniture, Fixtures and Equipment	(500,337)	(137,745)	0	(638,082)
Vehicles	(267,955)	(9,922)	0	(277,877)
Total Accumulated Depreciation	<u>(1,891,742)</u>	<u>(658,624) *</u>	<u>10,704</u>	<u>(2,539,662)</u>
Total Capital Assets Being				
Depreciated, Net	<u>18,875,641</u>	<u>(635,164)</u>	<u>0</u>	<u>18,240,477</u>
Governmental Activities				
Capital Assets, Net	<u>\$18,904,718</u>	<u>(\$635,164)</u>	<u>\$0</u>	<u>\$18,269,554</u>

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

Instruction:		
Regular		\$302,174
Special		63,896
Vocational		1,151
Support Services:		
Pupils		23,613
Instructional Staff		59,472
Administration		58,248
Fiscal		15,181
Operation and Maintenance of Plant		56,028
Pupil Transportation		23,455
Central		7,590
Operation of Non-Instructional Services:		
Food Service Operations		34,641
Extracurricular Activities		13,175
Total Depreciation Expense		<u>\$658,624</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 2015, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) (Note 17) for property and fleet insurance.

## ***NEW BOSTON LOCAL SCHOOL DISTRICT***

### **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015**

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

The School District participates in the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool (Note 17), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District’s behalf.

For fiscal year 2015, the School District participated in the Ohio SchoolComp 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 participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP’s selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

#### **NOTE 11 - DEFINED BENEFIT PENSION PLANS**

##### **Net Pension Liability**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be

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Notes to the Basic Financial Statements  
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effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

**Plan Description - School Employees Retirement System (SERS)**

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District’s contractually required contributions to SERS was \$95,164 for fiscal year 2015. Of this amount \$6,656 is reported as an intergovernmental payable.

**Plan Description - State Teachers Retirement System (STRS)**

## **NEW BOSTON LOCAL SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015**

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Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers

**NEW BOSTON LOCAL SCHOOL DISTRICT**

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For the Fiscal Year Ended June 30, 2015

Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$295,133 for the fiscal year 2015. Of this amount \$35,588 is reported as an intergovernmental payable.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,107,284	\$5,250,334	\$6,357,618
Proportion of the Net Pension Liability	0.02187900%	0.02158547%	
Pension Expense	\$67,959	\$189,801	\$257,760

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$9,424	\$50,546	\$59,970
School District contributions subsequent to the measurement date	<u>95,164</u>	<u>295,133</u>	<u>390,297</u>
Total Deferred Outflows of Resources	<u>\$104,588</u>	<u>\$345,679</u>	<u>\$450,267</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$179,715</u>	<u>\$971,332</u>	<u>\$1,151,047</u>

\$390,297 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Fiscal Year Ending June 30:	SERS	STRS	Total
2016	(\$42,549)	(\$230,196)	(\$272,745)
2017	(42,549)	(230,196)	(272,745)
2018	(42,549)	(230,196)	(272,745)
2019	(42,644)	(230,198)	(272,842)
Total	(\$170,291)	(\$920,786)	(\$1,091,077)

**Actuarial Assumptions - SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$1,579,765	\$1,107,284	\$709,886

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS’ investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
 Total	 <u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the Educational Service Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

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For the Fiscal Year Ended June 30, 2015

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	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$7,516,425	\$5,250,334	\$3,333,983

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System**

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$12,141.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$17,845, \$11,743, and \$12,672 respectively. For fiscal year 2015, 100 percent has been contributed. The full amount has been contributed for fiscal years 2014 and 2013.

**State Teachers Retirement System of Ohio**

Plan Description - The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
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reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$22,927, and \$21,483 respectively. The full amount has been contributed for all three fiscal years.

**NOTE 13 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from Board approved employment contracts and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

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

**Special Termination Benefits**

Any employee who retires may be given an additional severance payment. Employees who have accumulated more than 212 sick leave days receive an additional amount at the rate of .08 percent of their current annual salary for each day accumulated in excess of 212 days. Benefits will be paid upon retirement. For fiscal year 2015, no employees were eligible for this benefit.

**Insurance Benefits**

The School District provides life insurance to its employees through Metropolitan Education Council (MEC). The School District also provides health care and dental coverage for its employees with Medical Mutual of Ohio through the Optimal Health Initiatives Consortium, and vision benefits through Vision Service Plan.

**Deferred Compensation**

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

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**NOTE 14 - CAPITALIZED LEASE - LESSOR DISCLOSURE**

During fiscal year 2010, the School District entered into an operating lease with Nextel Spectrum Acquisition Corporation (Nextel) for the right to use the School District's four Educational Broadband Service channels. The lease automatically renews in five year increments, which includes an increase in the monthly lease payments for each five year renewal. The monthly lease payment and one-time lump sum payment is refundable to Nextel on a pro rata basis if the contract is terminated, or the bandwidth, megahertz, Geographical Service Area (GSA) and population decreases during the life of the lease. The lease payments to the School District are received into the General Fund. During fiscal year 2015, the School District received \$42,000 in lease payments.

**NOTE 15 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2015 were as follows:

	Amount Outstanding 6/30/14	Additions	Deductions	Amount Outstanding 6/30/15	Amount Due Within One Year
Governmental Activities:					
2009 School Facilities Construction and Improvement General Obligation Bonds - 3.0% to 5.0%					
Serial Bonds	\$155,000	\$0	\$75,000	\$80,000	\$80,000
Term Bonds	2,935,000	0	0	2,935,000	0
Capital Appreciation Bonds	107,336	0	0	107,336	0
Accretion on Capital Appreciation Bonds	89,642	29,401	0	119,043	0
Unamortized Premium	65,688	0	2,856	62,832	0
Total General Obligation Bonds	<u>\$3,352,666</u>	<u>\$29,401</u>	<u>\$77,856</u>	<u>\$3,304,211</u>	<u>\$80,000</u>
Other Long Term Obligations:					
Net Pension Liability:					
SERS	1,301,074	0	193,790	1,107,284	0
STRS	6,254,163	0	1,003,829	5,250,334	0
Total Net Pension Liability	<u>7,555,237</u>	<u>0</u>	<u>1,197,619</u>	<u>6,357,618</u>	<u>0</u>
Compensated Absences	194,433	72,575	24,921	242,087	32,228
Special Termination Benefits	0	0	0	0	0
Pension Obligation	0	0	0	0	0
Total General Long-Term Obligations	<u>\$11,102,336</u>	<u>\$101,976</u>	<u>\$1,300,396</u>	<u>\$9,903,916</u>	<u>\$112,228</u>

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

The serial bonds issued at \$420,000 and with final maturity dates after November 1, 2018, are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the School

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
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District and by lot within a maturity, at the option of the Board of Education on or after November 1, 2018, at the redemption price of 100 percent.

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

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

The capital appreciation bonds, issued at \$107,336, are not subject to prior redemption. The fiscal year 2015 accretion amount was \$29,401. The remaining capital appreciation bonds will mature November 1, 2016, through 2018 as follows:

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

Principal and interest requirements to retire the School District's outstanding debt at June 30, 2015, are as follows:

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

Fiscal Year Ending June 30,	General Obligation Bonds					
	Serial Bonds		Term Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$80,000	\$140,795	\$0	\$0	\$0	\$0
2017	0	0	0	139,495	38,200	61,800
2018	0	0	0	139,495	36,839	73,161
2019	0	0	0	139,495	32,297	77,703
2020	0	0	110,000	137,227	0	0
2021-2025	0	0	620,000	610,669	0	0
2026-2030	0	0	770,000	453,390	0	0
2031-2035	0	0	975,000	241,875	0	0
2036-2037	0	0	460,000	23,250	0	0
<b>Totals</b>	<b>\$80,000</b>	<b>\$140,795</b>	<b>\$2,935,000</b>	<b>\$1,884,896</b>	<b>\$107,336</b>	<b>\$212,664</b>

The School District pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences and special termination benefits will be paid from the General Fund. For additional information related to the net pension liability see note 11.

The School District's overall legal debt margin was \$273,099 with an unvoted debt margin of \$35,570 at June 30, 2015.

**NOTE 16 - INTERFUND ACTIVITY**

**Advances**

As of June 30, 2015, receivables and payables that resulted from various interfund transactions were as follows:

	<b>Receivable</b>	
	<u>General Fund</u>	
<b>Payable</b>	Nonmajor Governmental Funds	<u>\$49,420</u>

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

Transfers made during the fiscal year ended June 30, 2015, were as follows:

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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Transfers To	Transfers From
	General Fund
	<hr/>
Nonmajor Governmental Funds	\$2,192
	<hr/> <hr/>

For fiscal year 2015, General Fund transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

**NOTE 17 - JOINTLY GOVERNED ORGANIZATION, PUBLIC ENTITY SHARED RISK POOLS, AND INSURANCE PURCHASING POOL**

**South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG)**

The School District is a participant in the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG), which is organized under ORC Code Chapter 167 as a regional council of governments. SCOCARCoG is an association of public school districts within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, 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 Educational Service Centers. The governing board of SCOCARCoG consists of two representatives from each county in the SCOCARCoG service region designated by the Ohio Department of Education and two representatives of the school treasurers. The Board exercises total control over the operations of SCOCARCoG including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid SCOCARCoG \$103,396 for services provided during the fiscal year. Financial information can be obtained from the SCOCA Regional Council of Governments, Sandra Benson, Fiscal Officer, at P.O. Box 596, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

**Southern Ohio Academy**

The School District is a participant in the Southern Ohio Academy, a jointly governed, non-profit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades seven through twelve. The Academy operates under the direction of a nine-member Board of Directors. The Board membership consists of superintendents from Bloom Vernon, Clay, Green, Manchester, Minford, New Boston, Northwest, Oak Hill, Valley, Washington Nile, and Wheelersburg school districts. Because ORC requires an odd number of members, the Board has determined that Board membership will rotate annually with one school district not being represented each year. The Academy was formed to offer students a non-traditional approach for reaching educational goals and to enhance and facilitate student learning among nontraditional student populations while utilizing a variety of innovative resources and educational strategies, which are customized to meet the needs of individual students. The Board exercises total control over the operations of the Academy including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Financial information can be obtained from Andrew T. Riehl, fiscal agent for the Southern Ohio Academy, at the

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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South Central Ohio Educational Service Center, 522 Glenwood Avenue, New Boston, Ohio 45662, or by calling 740-354-0234.

**Optimal Health Initiatives Consortium**

The School District is a member of the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium’s economies of scale to create cost-savings. The Council’s business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division’s board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Jennifer Jostworth, CoWorth Financial Services at 10999 Reed Hartman Highway, Suite 304-E, Cincinnati, Ohio 45242.

**Schools of Ohio Risk Sharing Authority**

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 62 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The School District pays an annual premium to SORSA for this coverage. The self-insured retention by SORSA is \$30,854 for property and automobile physical damage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

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

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

**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 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 capital acquisitions. Disclosure of this information is required by State statute.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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	<u>Capital Acquisitions</u>
Set-aside Balance as of June 30, 2014	\$0
Current Fiscal Year Set-aside Requirement	80,262
Current year Offsets	<u>(80,262)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

**NOTE 19 – SIGNIFICANT COMMITMENTS**

**Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$167,656
Nonmajor Governmental Funds	<u>147,241</u>
Total	<u><u>\$314,897</u></u>

**NOTE 20 – FUND BALANCES**

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

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

Fund Balances	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Prepays	\$3,059	\$0	\$139	\$3,198
Inventory	6,125	0	403	6,528
<b><i>Total Nonspendable</i></b>	<b>9,184</b>	<b>0</b>	<b>542</b>	<b>9,726</b>
<b><i>Restricted for</i></b>				
Debt Payment	0	194,162	0	194,162
Food Service Operations	0	0	290,154	290,154
Classroom Facilities Maintenance	0	0	138,416	138,416
Athletics	0	0	21,267	21,267
State and Local Grants	0	0	5,584	5,584
Federal Grants	0	0	5,699	5,699
Capital Improvements	0	0	72,474	72,474
<b><i>Total Restricted</i></b>	<b>0</b>	<b>194,162</b>	<b>533,594</b>	<b>727,756</b>
<b><i>Assigned to</i></b>				
Future Appropriations	604,328	0	0	604,328
<b><i>Unassigned (Deficit)</i></b>	<b>0</b>	<b>0</b>	<b>(43,388)</b>	<b>(43,388)</b>
<b><i>Total Fund Balances</i></b>	<b>\$613,512</b>	<b>\$194,162</b>	<b>\$490,748</b>	<b>\$1,298,422</b>

**NOTE 21 - CONTINGENCIES**

**Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

**School Foundation**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2015, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school district; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either receivable to or a liability of the School District.

***NEW BOSTON LOCAL SCHOOL DISTRICT***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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**Litigation**

The School District is party to legal proceedings. However, no liability has been accrued since the ultimate disposition of these claims and legal proceedings has yet to be determined and the amount of liability, if any, is not measurable.

**NOTE 22 – SUBSEQUENT EVENTS**

On February 11, 2016, the Board approved advance refunding bonds, in the amount of \$2,935,000, to be dated April 19, 2016.

**New Boston Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Two Fiscal Years (1)*

	2014	2013
School District's Proportion of the Net Pension Liability	0.021879%	0.021879%
School District's Proportionate Share of the Net Pension Liability	\$1,107,284	\$1,301,074
School District's Covered-Employee Payroll	\$635,763	\$605,809
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	174.17%	214.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year.

**New Boston Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Two Fiscal Years (1)*

	2014	2013
School District's Proportion of the Net Pension Liability	0.02158547%	0.02158547%
School District's Proportionate Share of the Net Pension Liability	\$5,250,334	\$6,254,163
School District's Covered-Employee Payroll	\$2,124,500	\$2,148,269
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	247.13%	291.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year.

**New Boston Local School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten fiscal Years (1)*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$95,164	\$88,117	\$83,844	\$58,820	\$76,862	\$97,752	\$67,746	\$56,637	\$59,744	\$65,188
Contributions in Relation to the Contractually Required Contribution	(95,164)	(88,117)	(83,844)	(58,820)	(76,862)	(97,752)	(67,746)	(56,637)	(59,744)	(65,188)
Contribution Deficiency (Excess)	<u>\$0</u>									
School District Covered-Employee Payroll	\$722,036	\$635,763	\$605,809	\$437,323	\$611,473	\$721,948	\$688,471	\$576,747	\$559,401	\$616,144
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**New Boston Local School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions*  
*State Teachers Retirement System of Ohio*

*Last Ten Fiscal Years*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$295,133	\$276,185	\$279,275	\$276,439	\$296,875	\$270,227	\$256,230	\$264,572	\$248,705	\$255,918
Contributions in Relation to the Contractually Required Contribution	(295,133)	(276,185)	(279,275)	(276,439)	(296,875)	(270,227)	(256,230)	(264,572)	(248,705)	(255,918)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District Covered-Employee Payroll	\$2,108,093	\$2,124,500	\$2,148,269	\$2,126,454	\$2,283,654	\$2,078,669	\$1,971,000	\$2,035,169	\$1,913,115	\$1,968,600
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Grant Year	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2014/2015	10.555	\$ 20,380	\$ 20,380
Cash Assistance:				
School Breakfast Program	2014/2015	10.553	123,456	123,456
National School Lunch Program	2014/2015	10.555	242,039	242,039
Cash Assistance Subtotal			<u>365,495</u>	<u>365,495</u>
Total Child Nutrition Cluster			<u>385,875</u>	<u>385,875</u>
Total U.S. Department of Agriculture			385,875	385,875
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2014 2015	84.010	25,307 <u>283,330</u>	44,988 <u>279,724</u>
Total Title I Grants to Local Educational Agencies			<u>308,637</u>	<u>324,712</u>
Special Education - Grants to States (IDEA, Part B)	2014 2015	84.027	4,041 <u>83,798</u>	8,186 <u>82,433</u>
Total Special Education - Grants to States (IDEA, Part B)			<u>87,839</u>	<u>90,619</u>
Improving Teacher Quality State Grants	2014 2015	84.367	3,924 <u>39,959</u>	7,377 <u>39,359</u>
Total Improving Teacher Quality State Grants			<u>43,883</u>	<u>46,736</u>
Teacher Incentive Fund Cluster:				
Teacher Incentive Fund	2014 2015	84.374	82,369 166,958	53,935 215,923
ARRA - Teacher Incentive Fund, Recovery Act	2014	84.385A	27,486	5,449
Total Teacher Incentive Fund Cluster			<u>276,813</u>	<u>275,307</u>
ARRA - Race to the Top	2014 2015	84.395	60,398 <u>35,825</u>	2,130 <u>33,545</u>
Total ARRA - Race to the Top			<u>96,223</u>	<u>35,675</u>
Total U.S. Department of Education			<u>813,395</u>	<u>773,049</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 1,199,270</u></b>	<b><u>\$ 1,158,924</u></b>

*The accompanying notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.*

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the New Boston Local School District's (the School District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The School District reports commodities consumed on the Schedule at the entitlement value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

New Boston Local School District  
Scioto County  
#1 Glenwood Tiger Trail  
New Boston, Ohio 45662

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Boston Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 28, 2016 wherein we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a misstatement of the School District's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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

***Purpose of the Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

**Dave Yost**  
Auditor of State

Columbus, Ohio

March 28, 2016



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

New Boston Local School District  
Scioto County  
#1 Glenwood Tiger Trail  
New Boston, Ohio 45662

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the New Boston Local School District's, Scioto County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the New Boston Local School District's major federal programs for the year ended June 30, 2015. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

### ***Management's Responsibility***

The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the New Boston Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

***Report on Internal Control Over Compliance***

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

March 28, 2016

**NEW BOSTON LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2015**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under §.510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Title I Grants to Local Educational Agencies: CFDA #84.010  Child Nutrition Cluster: CFDA #10.553/10.555
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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**NEW BOSTON LOCAL SCHOOL  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315(B)  
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Difference Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2014-001	Noncompliance citation and significant deficiency relating to suspension and debarment with the Child Nutrition Cluster	Yes	

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# Dave Yost • Auditor of State

**NEW BOSTON LOCAL SCHOOL DISTRICT**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 12, 2016**