



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Boardman Local School District
Mahoning County
7410 Market Street
Youngstown, Ohio 44512

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Boardman Local School District, Mahoning County, (the District), as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Boardman Local School District, Mahoning County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

Jim Petro
Auditor of State

April 17, 2002

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BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$9,205,157	\$590,009	\$265,771	\$854,066
Receivables (net of allowance for doubtful accounts):				
Taxes	25,097,457	0	187,250	767,495
Accounts	11,082	0	0	0
Intergovernmental	0	0	0	0
Interest	770	0	0	0
Interfund Loan Receivables	109,089	0	0	0
Inventory of Supplies at Cost	70,281	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	233,898	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for				
General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$34,727,734</u>	<u>\$590,009</u>	<u>\$453,021</u>	<u>\$1,621,561</u>
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$157,954	\$67,455	\$0	\$1,283
Accrued Wages and Benefits	3,751,496	60,306	0	0
Interfund Loan Payables	0	52,545	0	25,550
Intergovernmental Payables	593,074	12,379	0	0
Due to Students/Others	0	0	0	0
Deferred Revenue	0	0	0	0
Deferred Revenue - Taxes	25,097,457	0	187,250	767,495
Installment Notes	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Compensated Absences Payable	0	85,671	0	0
Total Liabilities	<u>29,599,981</u>	<u>278,356</u>	<u>187,250</u>	<u>794,328</u>
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Accumulated Deficit:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	363,574	107,860	0	530,609
Reserved for Budget Stabilization	233,898	0	0	0
Reserved for Supplies Inventory	70,281	0	0	0
Reserved for Endowments	0	0	0	0
Reserved for Debt Service	0	0	265,771	0
Unreserved:				
Undesignated	4,460,000	203,793	0	296,624
Total Equity and Other Credits	<u>5,127,753</u>	<u>311,653</u>	<u>265,771</u>	<u>827,233</u>
Total Liabilities, Equity and Other Credits	<u>\$34,727,734</u>	<u>\$590,009</u>	<u>\$453,021</u>	<u>\$1,621,561</u>

The notes to the general purpose financial statements are an integral part of this statement.

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

<i>Proprietary</i> <u>Fund Type</u>	<i>Fiduciary</i> <u>Fund Types</u>	<i>Account</i> <u>Groups</u>		Totals (Memorandum Only)
Enterprise Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$73,112	\$194,024	\$0	\$0	\$11,182,139
0	0	0	0	26,052,202
911	8	0	0	12,001
40,021	0	0	0	40,021
0	0	0	0	770
0	0	0	0	109,089
18,867	0	0	0	89,148
0	0	0	0	233,898
87,344	0	31,053,135	0	31,140,479
0	0	0	265,771	265,771
0	0	0	7,584,302	7,584,302
<u>\$220,255</u>	<u>\$194,032</u>	<u>\$31,053,135</u>	<u>\$7,850,073</u>	<u>\$76,709,820</u>
\$57	\$584	\$0	\$0	\$227,333
84,533	0	0	0	3,896,335
30,994	0	0	0	109,089
91,635	0	0	287,360	984,448
0	100,326	0	0	100,326
6,347	0	0	0	6,347
0	0	0	0	26,052,202
0	0	0	1,639,436	1,639,436
0	0	0	60,000	60,000
0	0	0	2,749,320	2,749,320
20,881	0	0	3,113,957	3,220,509
<u>234,447</u>	<u>100,910</u>	<u>0</u>	<u>7,850,073</u>	<u>39,045,345</u>
0	0	31,053,135	0	31,053,135
150,371	0	0	0	150,371
(164,563)	0	0	0	(164,563)
0	0	0	0	1,002,043
0	0	0	0	233,898
0	0	0	0	70,281
0	37,168	0	0	37,168
0	0	0	0	265,771
0	55,954	0	0	5,016,371
<u>(14,192)</u>	<u>93,122</u>	<u>31,053,135</u>	<u>0</u>	<u>37,664,475</u>
<u>\$220,255</u>	<u>\$194,032</u>	<u>\$31,053,135</u>	<u>\$7,850,073</u>	<u>\$76,709,820</u>

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$23,224,953	\$0	\$60,469	\$821,812	\$0	\$24,107,234
Tuition	176,834	0	0	0	0	176,834
Transportation Fees	25,238	0	0	0	0	25,238
Investment Earnings	627,454	6,469	0	3,956	1,283	639,162
Extracurricular Activities	0	379,547	0	0	0	379,547
Class Material and Fees	93,750	0	0	0	0	93,750
Intermediate Sources	10,601	27,985	0	0	0	38,586
Intergovernmental - State	9,349,740	566,881	0	157,971	0	10,074,592
Intergovernmental - Federal	0	631,654	0	0	0	631,654
All Other Revenues	151,730	139,304	0	52,720	39,411	383,165
Total Revenues	33,660,300	1,751,840	60,469	1,036,459	40,694	36,549,762
Expenditures:						
Current:						
Instruction	19,448,027	455,838	0	0	1,550	19,905,415
Supporting Services:						
Pupils	1,584,353	162,180	0	0	0	1,746,533
Instructional Staff	2,112,829	156,413	0	147,153	0	2,416,395
Board of Education	72,638	0	0	0	0	72,638
Administration	1,900,127	174,741	0	0	0	2,074,868
Fiscal Services	753,428	3,000	0	14,053	0	770,481
Business	143,612	0	0	0	0	143,612
Operation and Maintenance of Plant	3,706,698	0	0	0	0	3,706,698
Pupil Transportation	2,265,388	8,414	0	0	0	2,273,802
Central	23,777	30,552	0	0	0	54,329
Community Services	1,267	714,663	0	0	0	715,930
Extracurricular Activities	594,852	271,313	0	0	0	866,165
Capital Outlay	6,958	0	0	2,811,036	3,075	2,821,069
Debt Service:						
Principal Retirement	0	0	55,000	147,666	0	202,666
Interest and Fiscal Charges	0	0	5,469	132,996	0	138,465
Total Expenditures	32,613,954	1,977,114	60,469	3,252,904	4,625	37,909,066
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,046,346	(225,274)	0	(2,216,445)	36,069	(1,359,304)
Other Financing Sources (Uses):						
Proceeds from Sale of Installment Notes	0	0	0	1,639,436	0	1,639,436
Proceeds from Sale of Fixed Assets	2,612	0	0	0	0	2,612
Refunds of Prior Years' Expenditures	6,398	199	0	85,597	0	92,194
Operating Transfers In	42,000	120,000	162,668	0	0	324,668
Operating Transfers Out	(285,957)	0	0	(42,000)	0	(327,957)
Total Other Financing Sources (Uses)	(234,947)	120,199	162,668	1,683,033	0	1,730,953
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	811,399	(105,075)	162,668	(533,412)	36,069	371,649
Fund Balance Beginning of Year	4,343,527	416,728	103,103	1,360,645	19,885	6,243,888
Decrease in Inventory Reserve	(27,173)	0	0	0	0	(27,173)
Fund Balance End of Year	\$5,127,753	\$311,653	\$265,771	\$827,233	\$55,954	\$6,588,364

The notes to the general purpose financial statements are an integral part of this statement.

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2001

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$23,554,521	\$23,224,953	(\$329,568)	\$0	\$0	\$0
Tuition	175,000	176,834	1,834	0	0	0
Transportation Fees	33,500	33,911	411	0	0	0
Investment Earnings	610,000	628,107	18,107	8,684	8,684	0
Extracurricular Activities	0	0	0	379,547	379,547	0
Class Material and Fees	89,300	93,977	4,677	0	0	0
Intermediate Sources	11,500	12,366	866	26,222	26,222	0
Intergovernmental - State	9,109,865	9,353,640	243,775	566,881	566,881	0
Intergovernmental - Federal	0	0	0	627,636	631,654	4,018
All Other Revenues	149,900	157,098	7,198	139,745	139,804	59
Total Revenues	<u>33,733,586</u>	<u>33,680,886</u>	<u>(52,700)</u>	<u>1,748,715</u>	<u>1,752,792</u>	<u>4,077</u>
Expenditures:						
Current:						
Instruction	19,348,075	19,445,630	(97,555)	854,669	762,217	92,452
Supporting Services:						
Pupils	1,542,175	1,591,548	(49,373)	164,676	157,915	6,761
Instructional Staff	2,185,950	2,128,061	57,889	203,598	192,168	11,430
Board of Education	78,525	75,893	2,632	0	0	0
Administration	1,931,099	1,902,477	28,622	190,203	185,514	4,689
Fiscal Services	764,939	750,767	14,172	3,000	3,000	0
Business	144,872	143,107	1,765	0	0	0
Operation and Maintenance of Plant	3,843,812	3,768,669	75,143	899	899	0
Pupil Transportation	2,604,187	2,561,963	42,224	6,930	8,414	(1,484)
Central	11,000	23,777	(12,777)	33,863	33,005	858
Community Services	1,646	1,266	380	771,893	754,652	17,241
Extracurricular Activities	588,534	595,217	(6,683)	323,085	292,249	30,836
Capital Outlay	38,780	18,362	20,418	6,000	3,000	3,000
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>33,083,594</u>	<u>33,006,737</u>	<u>76,857</u>	<u>2,558,816</u>	<u>2,393,033</u>	<u>165,783</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	649,992	674,149	24,157	(810,101)	(640,241)	169,860
Other Financing Sources (Uses):						
Proceeds from Sale of Installment Notes	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	0	2,896	2,896	0	0	0
Refunds of Prior Years' Expenditures	0	6,398	6,398	200	199	(1)
Operating Transfers In	0	42,000	42,000	120,000	120,000	0
Operating Transfers Out	(454,105)	(285,957)	168,148	0	0	0
Advances In	49,565	48,940	(625)	52,545	52,545	0
Advances Out	0	(78,095)	(78,095)	(33,903)	(33,903)	0
Total Other Financing Sources (Uses)	<u>(404,540)</u>	<u>(263,818)</u>	<u>140,722</u>	<u>138,842</u>	<u>138,841</u>	<u>(1)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	245,452	410,331	164,879	(671,259)	(501,400)	169,859
Fund Balance at Beginning of Year	7,769,469	7,769,469	0	759,981	759,981	0
Prior Year Encumbrances	743,925	743,925	0	158,296	158,296	0
Fund Balance at End of Year	<u>\$8,758,846</u>	<u>\$8,923,725</u>	<u>\$164,879</u>	<u>\$247,018</u>	<u>\$416,877</u>	<u>\$169,859</u>

The notes to the general purpose financial statements are an integral part of this statement.

(Continued)

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2001

	<u>Debt Service Fund</u>			<u>Capital Projects Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Local Sources:						
Taxes	\$60,469	\$60,469	\$0	\$821,812	\$821,812	\$0
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Investment Earnings	0	0	0	7,273	7,273	0
Extracurricular Activities	0	0	0	0	0	0
Class Material and Fees	0	0	0	0	0	0
Intermediate Sources	0	0	0	0	0	0
Intergovernmental - State	0	0	0	157,971	157,971	0
Intergovernmental - Federal	0	0	0	0	0	0
All Other Revenues	0	0	0	52,720	52,720	0
Total Revenues	60,469	60,469	0	1,039,776	1,039,776	0
<u>Expenditures:</u>						
Current:						
Instruction	0	0	0	0	0	0
Supporting Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	206,967	158,892	48,075
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal Services	0	0	0	14,053	14,053	0
Business	0	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	3,692,432	3,389,519	302,913
Debt Service:						
Principal Retirement	55,000	55,000	0	147,666	147,666	0
Interest and Fiscal Charges	5,469	5,469	0	132,996	132,996	0
Total Expenditures	60,469	60,469	0	4,194,114	3,843,126	350,988
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	(3,154,338)	(2,803,350)	350,988
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Installment Notes	0	0	0	1,639,436	1,639,436	0
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Refunds of Prior Years' Expenditures	0	0	0	85,597	85,597	0
Operating Transfers In	162,668	162,668	0	0	0	0
Operating Transfers Out	(103,103)	0	103,103	(42,000)	(42,000)	0
Advances In	0	0	0	25,550	25,550	0
Advances Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	59,565	162,668	103,103	1,708,583	1,708,583	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	59,565	162,668	103,103	(1,445,755)	(1,094,767)	350,988
Fund Balance at Beginning of Year	103,103	103,103	0	270,422	270,422	0
Prior Year Encumbrances	0	0	0	1,146,519	1,146,519	0
Fund Balance at End of Year	\$162,668	\$265,771	\$103,103	(\$28,814)	\$322,174	\$350,988

(Continued)

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2001

	<u>Totals (Memorandum Only)</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Local Sources:			
Taxes	\$24,436,802	\$24,107,234	(\$329,568)
Tuition	175,000	176,834	1,834
Transportation Fees	33,500	33,911	411
Investment Earnings	625,957	644,064	18,107
Extracurricular Activities	379,547	379,547	0
Class Material and Fees	89,300	93,977	4,677
Intermediate Sources	37,722	38,588	866
Intergovernmental - State	9,834,717	10,078,492	243,775
Intergovernmental - Federal	627,636	631,654	4,018
All Other Revenues	342,365	349,622	7,257
Total Revenues	<u>36,582,546</u>	<u>36,533,923</u>	<u>(48,623)</u>
<u>Expenditures:</u>			
Current:			
Instruction	20,202,744	20,207,847	(5,103)
Supporting Services:			
Pupils	1,706,851	1,749,463	(42,612)
Instructional Staff	2,596,515	2,479,121	117,394
Board of Education	78,525	75,893	2,632
Administration	2,121,302	2,087,991	33,311
Fiscal Services	781,992	767,820	14,172
Business	144,872	143,107	1,765
Operation and Maintenance of Plant	3,844,711	3,769,568	75,143
Pupil Transportation	2,611,117	2,570,377	40,740
Central	44,863	56,782	(11,919)
Community Services	773,539	755,918	17,621
Extracurricular Activities	911,619	887,466	24,153
Capital Outlay	3,737,212	3,410,881	326,331
Debt Service:			
Principal Retirement	202,666	202,666	0
Interest and Fiscal Charges	138,465	138,465	0
Total Expenditures	<u>39,896,993</u>	<u>39,303,365</u>	<u>593,628</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,314,447)	(2,769,442)	545,005
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Installment Notes	1,639,436	1,639,436	0
Proceeds from Sale of Fixed Assets	0	2,896	2,896
Refunds of Prior Years' Expenditures	85,797	92,194	6,397
Operating Transfers In	282,668	324,668	42,000
Operating Transfers Out	(599,208)	(327,957)	271,251
Advances In	127,660	127,035	(625)
Advances Out	(33,903)	(111,998)	(78,095)
Total Other Financing Sources (Uses)	<u>1,502,450</u>	<u>1,746,274</u>	<u>243,824</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,811,997)	(1,023,168)	788,829
Fund Balance at Beginning of Year	8,902,975	8,902,975	0
Prior Year Encumbrances	2,048,740	2,048,740	0
Fund Balance at End of Year	<u>\$9,139,718</u>	<u>\$9,928,547</u>	<u>\$788,829</u>

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	<u>Proprietary</u>	<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>Fund Type</u>	<u>Fund Type</u>	
	Enterprise Funds	Nonexpendable Trust Fund	
<u>Operating Revenues:</u>			
Tuition and Fees	\$192,139	\$0	\$192,139
Sales	757,452	0	757,452
Investment Earnings	0	43,894	43,894
Total Operating Revenues	<u>949,591</u>	<u>43,894</u>	<u>993,485</u>
<u>Operating Expenses:</u>			
Salaries and Wages	493,621	0	493,621
Fringe Benefits	250,890	0	250,890
Contractual Services	3,912	0	3,912
Materials and Supplies	487,512	0	487,512
Depreciation	7,560	0	7,560
Other Operating Expenses	4,396	30,580	34,976
Total Operating Expenses	<u>1,247,891</u>	<u>30,580</u>	<u>1,278,471</u>
Operating Income (Loss)	(298,300)	13,314	(284,986)
<u>Non-Operating Revenues:</u>			
Operating Grants	269,229	0	269,229
Federally Donated Commodities	50,634	0	50,634
Investment Earnings	865	0	865
Total Non-Operating Revenues	<u>320,728</u>	<u>0</u>	<u>320,728</u>
Income Before Operating Transfers	22,428	13,314	35,742
<u>Operating Transfers:</u>			
Operating Transfers In	3,289	0	3,289
Total Operating Transfers	<u>3,289</u>	<u>0</u>	<u>3,289</u>
Net Income	25,717	13,314	39,031
(Accumulated Deficit) Retained Earnings at Beginning of Year	<u>(190,280)</u>	<u>23,854</u>	<u>(166,426)</u>
(Accumulated Deficit) Retained Earnings at End of Year	<u>(\$164,563)</u>	<u>\$37,168</u>	<u>(\$127,395)</u>

The notes to the general purpose financial statements are an integral part of this statement.

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	<u>Proprietary</u> <u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Type</u>	Totals (Memorandum Only)
	Enterprise Funds	Nonexpendable Trust Fund	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$757,298	\$0	\$757,298
Cash Received from Tuition and Fee Payments	190,330	0	190,330
Cash Payments for Goods and Services	(444,350)	(30,580)	(474,930)
Cash Payments to Employees for Services and Benefits	(746,310)	0	(746,310)
Net Cash Used by Operating Activities	<u>(243,032)</u>	<u>(30,580)</u>	<u>(273,612)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	3,289	0	3,289
Transfers Out to Other Funds	(15,037)	0	(15,037)
Operating Grants Received	<u>267,165</u>	<u>0</u>	<u>267,165</u>
Net Cash Provided by Noncapital Financing Activities	<u>255,417</u>	<u>0</u>	<u>255,417</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Equipment	<u>(5,344)</u>	<u>0</u>	<u>(5,344)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(5,344)</u>	<u>0</u>	<u>(5,344)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	<u>865</u>	<u>43,894</u>	<u>44,759</u>
Net Cash Provided by Investing Activities	<u>865</u>	<u>43,894</u>	<u>44,759</u>
Net Increase in Cash and Cash Equivalents	7,906	13,314	21,220
Cash and Cash Equivalents at Beginning of Year	<u>65,206</u>	<u>23,854</u>	<u>89,060</u>
Cash and Cash Equivalents at End of Year	<u>\$73,112</u>	<u>\$37,168</u>	<u>\$110,280</u>
Reconciliation of Cash and Cash Equivalents per Balance Sheet			
Cash and Cash Equivalents	\$73,112	\$194,024	\$267,136
Less: Cash and Cash Equivalents in Expendable Trust Fund	0	(55,954)	(55,954)
Less: Cash and Cash Equivalents in Agency Funds	<u>0</u>	<u>(100,902)</u>	<u>(100,902)</u>
Cash and Cash Equivalents at End of Year	<u>\$73,112</u>	<u>\$37,168</u>	<u>\$110,280</u>

(Continued)

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	<u>Proprietary</u> <u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Type</u>	Totals
	Enterprise Funds	Nonexpendable Trust Fund	(Memorandum Only)
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Used by Operating Activities:</u>			
Operating Income (Loss)	(\$298,300)	\$13,314	(\$284,986)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:			
Depreciation Expense	7,560	0	7,560
Donated Commodities Used During the Year	50,634	0	50,634
Receipt of Interest	0	(43,894)	(43,894)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(623)	0	(623)
Decrease in Inventory	5,086	0	5,086
Decrease in Accounts Payable	(1,433)	0	(1,433)
Increase in Accrued Wages and Benefits	7,977	0	7,977
Increase in Intergovernmental Payables	2,709	0	2,709
Decrease in Deferred Revenue	(4,157)	0	(4,157)
Decrease in Compensated Absences	(12,485)	0	(12,485)
Total Adjustments	<u>55,268</u>	<u>(43,894)</u>	<u>11,374</u>
Net Cash Used by Operating Activities	<u>(\$243,032)</u>	<u>(\$30,580)</u>	<u>(\$273,612)</u>

The notes to the general purpose financial statements are an integral part of this statement.

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Boardman Local School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District serves an area of approximately 25 square miles in Mahoning County.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 259 noncertified and 311 certified teaching personnel and administrative employees providing education to 4,627 students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on the District. Based on these considerations, the Boardman School Building Corporation (blended component unit) has been included in the District's financial reporting entity. The District is a member of the Area Cooperative Computerized Educational Service System (ACCESS), a jointly governed organization which provides computer service to twenty-two (22) school districts, two county educational service centers and one community school. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

Boardman School Building Corporation

The Boardman School Building Corporation is considered a component unit of the District by virtue of meeting the criteria noted above. The corporation is a nonprofit organization with the specific purpose of purchasing, leasing or otherwise acquiring real estate and to construct thereon any and all public improvements, within the boundaries of the Boardman Local School District.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the general purpose financial statements.

The following fund types and account groups are used by the District:

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's governmental fund types:

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

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

Debt Service Fund - This fund is used for the accumulation of resources for the payment of general long-term debt principal and interest.

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

Proprietary Funds - The proprietary funds are accounted for on a "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in retained earnings (net total assets).

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains an expendable trust fund, a non-expendable trust and two agency funds. The expendable trust fund is accounted for and reported similarly to a governmental fund, the non-expendable trust fund is accounted for similarly to a proprietary fund. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the District except those accounted for in the proprietary funds.

C. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at year end includes property taxes, tuition, grants and entitlements, student fees, and interest on investments.

Current property taxes measurable at June 30, 2001, and which are not intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue at year end.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each function. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2001.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund, department and object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year with approval of the Board. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-All Governmental Fund Types" are provided on the budgetary basis to facilitate a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservations of fund balance (GAAP basis).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		
	General Fund	Special Revenue Funds	Capital Projects Funds
GAAP Basis (as reported)	\$811,399	(\$105,075)	(\$533,412)
Increase (Decrease):			
Accrued Revenues at June 30, 2001, received during FY 2002	(41,007)	0	0
Accrued Revenues at June 30, 2000, received during FY 2001	32,722	2,715	3,317
Accrued Expenditures at June 30, 2001, paid during FY 2002	4,502,524	244,453	26,833
Accrued Expenditures at June 30, 2000, paid during FY 2001	(4,379,977)	(470,361)	(59,613)
Encumbrances Outstanding at June 30, 2001	(515,330)	(173,132)	(531,892)
Budget Basis	<u>\$410,331</u>	<u>(\$501,400)</u>	<u>(\$1,094,767)</u>

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and investments with original maturities of less than three months.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the District records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements) which are reported at cost. See Note 4, "Cash, Cash Equivalents and Investments."

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. The District does not possess any infrastructure.

General fixed asset values were initially determined at June 30, 1995 by appraisal utilizing the services of Industrial Appraisal Associates. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

The District has elected not to record depreciation in the General Fixed Assets Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Fund

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (in years)
Furniture and Equipment	5-20

I. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bond	General Obligation Bond Retirement Fund
Installment Notes	Computer Technology Fund
Capital Leases	General Fund, Permanent Improvement Fund
Compensated Absences	General Fund, Food Service Fund, Termination Fund

J. Compensated Absences

In accordance with GASB Statement No. 16, “*Accounting for Compensated Absences*,” vacation benefits are accrued as a liability when an employee’s right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. The liability for sick leave payments is based upon the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive payment for sick leave upon termination, and any certified or classified employee with ten (10) or more years of service. Employees may earn 15 days of sick leave per year. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 55 days. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

L. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as “Other Financing Sources and Uses” in the governmental funds, as “Operating Transfers In” by the recipient fund, and “Operating Transfers Out” by the disbursing fund.
- Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the District are similarly treated when involving other funds of the District.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. The set aside is reserved for the rebates/refunds from the Bureau of Workers’ Compensation. A fund balance reserve has also been established for this amount.

N. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for debt service, endowments, budget stabilization, supplies inventory and encumbered amounts which have not been accrued at year end.

O. Contributed Capital

Proprietary fund type contributed capital is recorded at fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements and shared revenues is recorded as an operating expense and closed along with other operating expenses directly to retained earnings.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Total Columns on Combined Financial Statements - Overview

Total columns on the “Combined Financial Statements-Overview” are captioned “Memorandum Only” to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2001, the District has implemented GASB Statement No. 33 “*Accounting and Financial Reporting for Nonexchange Transactions*” and GASB Statement No. 36 “*Recipient Reporting for Certain Shared Nonexchange Revenues*”. At June 30, 2000, there was no effect on fund balance as a result of implementing GASB 33 and GASB 36.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

The fund deficits at June 30, 2001 of \$6,433 in the Title VI-B Fund, \$6,689 in the Chapter I Fund, \$5,192 in the Chapter II Fund, \$7,749 in the Drug Free School Grant Fund, and \$9,408 in the Federal Grants Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the cash basis of accounting. The fund deficits at June 30, 2001 of \$153,169 in the Food Service Fund, \$29,036 in the Uniform School Supply Fund and \$4,296 in the Adult Education Fund (enterprise funds) arise from the recognition of expenses on the accrual basis which are greater than expenses recognized on the cash basis. A deficit does not exist under the cash basis of accounting.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories.

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

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

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, “*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,*” collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions’ agent in the pool’s name are classified as Category 3.

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District’s name.
- Category 2 Collateralized with securities held by the pledging financial institution’s trust department or agent, in the District’s name.
- Category 3 Collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the District’s name.

Investments:

- Category 1 Insured or registered, or securities held by the District or its agent in the District’s name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the District’s name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District’s name.

A. Deposits

At year end the carrying amount of the District’s deposits was an overdraft of \$54,328 and the bank balance was \$106,123. The Federal Deposit Insurance Corporation (FDIC) covered \$106,123 of the bank balance.

B. Investments

The District’s investments at June 30, 2001 are summarized below:

	<u>Category 3</u>	<u>Fair Value</u>
Categorized Investments		
Repurchase Agreements	\$354,891	\$354,891
Noncategorized Investments		
STAR Ohio	<u>N/A</u>	<u>11,115,474</u>
Total Investments	<u>\$354,891</u>	<u>\$11,470,365</u>

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash</u> <u>Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$11,416,037	\$0
Repurchase Agreements	(354,891)	354,891
STAR Ohio	<u>(11,115,474)</u>	<u>11,115,474</u>
Per GASB Statement No. 3	<u>(\$54,328)</u>	<u>\$11,470,365</u>

NOTE 5 - TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2001 were levied after October 1, 2000 on assessed values as of January 1, 2000, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1999, a statistical update was completed in 1996. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Boardman Local School District. The County Auditor periodically remits to the District its portion of the taxes collected.

NOTE 5 – TAXES (Continued)

The assessed values for collection in 2001, upon which the 2000 levies were based, were as follows:

	2000 Second Half Collections	2001 First Half Collections
Agricultural/Residential and Other Real Estate	\$704,241,580	\$717,947,290
Public Utility Personal	36,695,010	36,352,070
Tangible Personal Property	89,157,200	89,114,410
Total Assessed Value	<u>\$830,093,790</u>	<u>\$843,413,770</u>
Tax rate per \$1,000 of assessed valuation	\$50.15	\$50.15

NOTE 6 - RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, interest, interfund loans, intergovernmental, and accounts receivable.

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds at June 30, 2001:

Fund	Transfers In	Transfers Out
General Fund	\$42,000	\$285,957
Special Revenue Fund:		
Termination Fund	120,000	0
Debt Service Fund:		
Bond Retirement Fund	162,668	0
Capital Projects Fund:		
School Net Fund	0	42,000
Enterprise Fund:		
Uniform School Supply Fund	<u>3,289</u>	<u>0</u>
Total All Funds	<u>\$327,957</u>	<u>\$327,957</u>

NOTE 8 - INTERFUND BALANCES

Individual interfund loan receivable and loan payable balances at June 30, 2001, are as follows:

	Interfund Loan Receivables	Interfund Loan Payables
General Fund	\$109,089	\$0
Special Revenue Funds:		
District Managed Student Activity Fund	0	30,000
Chapter I Fund	0	3,307
Chapter II Fund	0	11,520
Drug Free School Grant Fund	0	3,755
Federal Grant Fund	0	3,963
Total Special Revenue Funds	<u>0</u>	<u>52,545</u>
Capital Projects Fund:		
Computer Technology Fund	0	25,550
Enterprise Fund:		
Uniform School Supply Fund	0	30,994
Totals	<u><u>\$109,089</u></u>	<u><u>\$109,089</u></u>

NOTE 9 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 2001:

Class	June 30, 2000	Additions	Deletions	June 30, 2001
Land/Improvements	\$354,699	\$0	\$0	\$354,699
Buildings	18,954,362	3,976,150	0	22,930,512
Furniture and Equipment	4,019,228	629,155	(70,396)	4,577,987
Vehicles/Other	3,189,937	0	0	3,189,937
Construction in Progress	3,171,528	0	(3,171,528)	0
Totals	<u><u>\$29,689,754</u></u>	<u><u>\$4,605,305</u></u>	<u><u>(\$3,241,924)</u></u>	<u><u>\$31,053,135</u></u>

B. Proprietary Fixed Assets

Summary by Category at June 30, 2001:

Category	Historical Cost	Accumulated Depreciation	Book Value
Machinery and Equipment	\$379,170	(\$291,826)	\$87,344
Total Property, Plant and Equipment	<u><u>\$379,170</u></u>	<u><u>(\$291,826)</u></u>	<u><u>\$87,344</u></u>

NOTE 10 - DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

A. School Employees Retirement System of Ohio (SERS of Ohio)

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2001, 4.2% was allocated to fund the pension benefit and 9.8% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2001, 2000, and 1999 were \$755,352, \$714,168, and \$685,506, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 2001 employer contribution rate (identified above) that was used to fund health care for the year 2001 was 9.8%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2001, the minimum pay has been established as \$12,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$632,492.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available) were \$140,696,340 and the target level was \$211.0 million. Net assets available for payment of benefits at June 30, 2000 was \$252.3 million.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio)

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2001, 9.5% was allocated to fund the pension benefit and 4.5% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2001, 2000, and 1999 were \$2,419,776, \$2,245,800, and \$2,213,568, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to a Health Care Reserve Fund. For the fiscal year ended June 30, 2001, the board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund, which amounted to \$777,785 for the District. The balance of the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, the net health care costs paid by STRS were \$283,137,000. There were 99,011 eligible benefit recipients.

NOTE 11 - COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 2001, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	<u>Sick Leave</u>	<u>Vacation</u>	<u>Total</u>
Liability	\$2,894,487	\$219,470	\$3,113,957

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

NOTE 12 - CAPITAL LEASE COMMITMENTS

The District is obligated under capital leases for a copier and a new auditorium. The cost of the leased assets are accounted for in the General Fixed Assets Account Group and the related liability in the General Long-Term Obligations Account Group. The original cost of the assets under capital lease was \$3,028,686.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2001:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2002	\$279,669
2003	279,669
2004	279,669
2005	279,669
2006	279,669
2007-2011	1,398,346
2012-2015	<u>908,924</u>
Minimum Lease Payments	3,705,615
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(956,295)</u>
Present Value of minimum lease payments	<u><u>\$2,749,320</u></u>

NOTE 13 - GENERAL LONG-TERM DEBT AND OTHER GENERAL LONG-TERM OBLIGATIONS

Long-Term debt and other long-term obligations of the District at June 30, 2001 were as follows:

		Balance June 30, 2000	Issued (Retired)	Balance June 30, 2001
General Long-Term Debt:				
(General Obligation Bond)				
School Improvement	6.25%	\$115,000	(\$55,000)	\$60,000
(Installment Notes)				
Energy Conservation	5.89%	0	1,290,000	1,290,000
Energy Conservation	4.60%	0	349,436	349,436
Total General Long-Term Debt		<u>115,000</u>	<u>1,584,436</u>	<u>1,699,436</u>
Other General Long-Term Obligations:				
Intergovernmental Payable		271,979	15,381	287,360
Capital Leases		2,896,986	(147,666)	2,749,320
Compensated Absences		3,303,742	(189,785)	3,113,957
Total Other General Long-Term Obligations		<u>6,472,707</u>	<u>(322,070)</u>	<u>6,150,637</u>
Total General Long-Term Debt and Other General Long-Term Obligations		<u>\$6,587,707</u>	<u>\$1,262,366</u>	<u>\$7,850,073</u>

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2001, follows:

Years	General Obligation Bonds		Installment Notes		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2002	\$60,000	\$1,875	\$197,882	\$90,161	153,658	126,011
2003	0	0	208,191	79,851	160,977	118,692
2004	0	0	219,041	69,001	168,348	111,321
2005	0	0	102,760	59,907	176,661	103,008
2006	0	0	108,977	53,691	185,076	94,593
2007-2011	0	0	648,965	164,373	1,066,072	332,275
2012-2015	0	0	153,620	9,048	838,528	70,396
Totals	<u>\$60,000</u>	<u>\$1,875</u>	<u>\$1,639,436</u>	<u>\$526,032</u>	<u>\$2,749,320</u>	<u>\$956,296</u>

NOTE 14 – STATUTORY RESERVES

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. Monies previously reported in this statutorily required reserve were returned to the general fund as unreserved undesignated except for any Bureau of Worker’s Compensation (BWC) rebates/refunds received prior to April 10, 2001, which are still reported as a restricted asset and reserved fund balance in the general fund since their use is restricted by state statute. The District is still required by State law to set aside certain general fund revenue amounts into the textbook reserve and the capital acquisition reserve. During the fiscal year ended June 30, 2001, the reserve activity (cash basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 2000	\$0	\$0	\$835,931	\$835,931
Reduction for Senate Bill 345	0	0	(611,191)	(611,191)
Current Year Set-Aside Requirement	808,605	808,605	9,158	1,626,368
Qualifying Disbursements	<u>(1,201,486)</u>	<u>(1,110,742)</u>	<u>0</u>	<u>(2,312,228)</u>
Total	<u>(\$392,881)</u>	<u>(\$302,137)</u>	<u>\$233,898</u>	<u>(\$461,120)</u>
Cash Balance Carried Forward to FY 2002	<u>(\$392,881)</u>	<u>\$0</u>	<u>\$233,898</u>	<u>(\$158,983)</u>
Amount Restricted for Budget Stabilization				<u>233,898</u>
Total Restricted Assets				<u>\$233,898</u>

Although the District had qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. As a result, this negative amount is not presented as carried forward to the fiscal year.

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains four Enterprise Funds to account for the operation of Food Services, Uniform School Supply Sales an Adult Education program and Summer School. The key financial information for the year ended June 30, 2001 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Adult Education	Summer School	Total
Operating Revenues	\$757,452	\$31,366	\$105,199	\$55,574	\$949,591
Depreciation Expense	7,560	0	0	0	7,560
Operating Income (Loss)	(288,699)	(5,154)	(26,385)	21,938	(298,300)
Net Income (Loss)	32,029	(1,865)	(26,385)	21,938	25,717
Operating Transfers In	0	3,289	0	0	3,289
Operating Grants	319,863	0	0	0	319,863
Total Assets	160,499	1,958	2,224	55,574	220,255
Net Working Capital	(62,914)	(29,036)	(4,296)	21,938	(74,308)
Total Equity	(2,798)	(29,036)	(4,296)	21,938	(14,192)

NOTE 16 - RISK MANAGEMENT

The 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. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, boilers, electronic data processing equipment and instruments.

The comprehensive commercial property coverage limit is \$98,516,289. The deductible is \$5,000 and the coinsurance is 90 percent. The business auto coverage limits are \$2,000,000 for liability and uninsured motorists with a \$250 deductible. The District audio-visual and computer equipment policy has a liability limit of \$3,019,116 and the musical instrument policy has a liability limit of \$1,756,940. The deductible for the audio-visual, computer equipment, and musical instruments is \$500. The District has liability insurance coverage limits of \$2,000,000 each occurrence and \$5,000,000 annual aggregate. The District commercial crime coverage liability limit is \$100,000 with a \$500 deductible.

A. Mahoning County Employee Insurance Consortium

The District has joined together with other school districts in Mahoning county to form the Mahoning County Employee Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 14 member school districts. The plan was organized to provide life insurance, health care and other benefits to its member organizations.

Rates are calculated and set through an annual update process. The District pays a monthly contribution which is placed in a common fund from which claims and payments are made for all participating districts and claims are paid for all participants regardless of claims flow. Any claim exceeding \$135,000 is covered by the District's stop-loss carrier.

NOTE 16 - RISK MANAGEMENT (Continued)

A. Mahoning County Employee Insurance Consortium (Continued)

The District pays the insurance premiums for certified and classified employees. The District pays the equivalent of a single person insurance premium for the employees, employees who desire family coverage are required to pay the difference in premium between single coverage and family coverage.

The dental and prescription drug coverage is administered by Professional Risk Management, a third party administrator. National Life Insurance Company provides the life insurance coverage.

B. OSBA Group Rating Program

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

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

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

NOTE 17 - JOINTLY GOVERNED ORGANIZATION

A. Area Cooperative Computerized Educational Service System

Area Cooperative Computerized Educational Service System (ACCESS), a not-for-profit computer service, is jointly governed by twenty-two school districts, two county educational service centers, and one community school within Mahoning and Columbiana counties. ACCESS is governed by an assembly consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the assembly. Members of ACCESS are assessed annual user fees and periodic capital improvement fees based on their average daily membership. During fiscal year 2001, the District paid \$74,233 to ACCESS for computer services. The members do have an ongoing financial interest in ACCESS, however, they do not have an equity interest.

NOTE 17 - JOINTLY GOVERNED ORGANIZATION (Continued)

B. Mahoning County Joint Vocational School

The Mahoning County Joint Vocational School is a district political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected board, which possesses its own budgeting and taxing authority. Each School District's control is limited to its representation on the board. During fiscal year 2001 no monies were received from the School District. To obtain financial information write to the Treasurer at the Mahoning County Joint Vocational School, 7300 North Palmyra Road, Canfield, Ohio, 44406.

NOTE 18 - CONTRIBUTED CAPITAL

There were no changes to contributed capital during 2001. Contributed capital is as follows:

	Balance
	<u>6/30/2001</u>
Food Service Fund	\$150,371

NOTE 19 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

B. Litigation

The District is not currently a party to any legal proceedings that could have a material effect on the financial statements as of June 30, 2001.

NOTE 19 – CONTINGENCIES (Continued)

C. State School Funding

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of June 30, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	04836	10.550		\$46,476		\$50,634
School Breakfast Program	05-PU	10.553	\$7,250		\$7,250	
National School Lunch Program	03-PU	10.555	56,708		56,708	
	04-PU	10.555	189,460		189,460	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>253,418</u>	<u>46,476</u>	<u>253,418</u>	<u>50,634</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-00	84.010	16,781		21,789	
	C1-S1-00C	84.010	26,012		26,012	
	C1-S1-01	84.010	193,586		193,177	
Subtotal - Grants to Local Educational Agencies			<u>236,379</u>		<u>240,978</u>	
Special Education Cluster:						
Special Education_ Grants to States (IDEA Part B)	6B-SF-00	84.027	24,938		61,870	
	6B-SF-01	84.027	256,032		232,707	
Subtotal - Special Education Cluster			<u>280,970</u>		<u>294,577</u>	
Safe and Drug-Free Schools Grant	DR-S1-00	84.186	1,811		4,264	
	DR-S1-01	84.186	12,020		15,525	
Subtotal - Safe and Drug-Free Schools Grant			<u>13,831</u>		<u>19,789</u>	
Eisenhower Professional Development State Grants	MS-S1-01	84.281	13,971		12,418	
Innovative Education Program Strategies	C2-S1-99	84.298			4,018	
	C2-S1-00	84.298	11,950		17,135	
	C2-S1-01	84.298	13,738		9,000	
Subtotal -Inovative Educational Program Strategies			<u>25,688</u>		<u>30,153</u>	
Class-Size Reduction Grant (Title VI-R)	CR-S1-00	84.340	5,160		14,958	
	CR-S1-01	84.340	46,255		49,805	
Subtotal - Class-Size Reduction Grant			<u>51,415</u>		<u>64,763</u>	
Total U.S. Department of Education			<u>622,254</u>		<u>662,678</u>	
Totals			<u>\$875,672</u>	<u>\$46,476</u>	<u>\$916,096</u>	<u>\$50,634</u>

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2001**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Education
Boardman Local School District
Mahoning County
7410 Market Street
Youngstown, Ohio 44512

To the Board of Education:

We have audited the general-purpose financial statements of Boardman Local School District, Mahoning County, (the District), as of and for the year ended June 30, 2001, and have issued our report thereon dated April 17, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the management of the District in a separate letter dated April 17, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the District in a separate letter dated April 17, 2002.

Board of Education
Boardman Local School District
Mahoning County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

April 17, 2002



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

Board of Education
Boardman Local School District
Mahoning County
7410 Market Street
Youngstown, Ohio 44512

To the Board of Education:

Compliance

We have audited the compliance of Boardman Local School District, Mahoning County, (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

April 17, 2002

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY
JUNE 30, 2001**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster CFDA # 10.550, 10.553, 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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BOARDMAN LOCAL SCHOOL DISTRICT

MAHONING 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
MAY 30, 2002**