



Mary Taylor, CPA
Auditor of State

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets	15
Statement of Activities	16
Balance Sheet - Governmental Funds.....	18
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	19
Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes In Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis)	22
Statement of Net Assets - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Assets- Proprietary Funds.....	24
Statement of Cash Flows – Proprietary Funds	25
Statement of Fiduciary Net Assets - Fiduciary Funds.....	26
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	27
Notes to the Basic Financial Statements	28
Schedule of Federal Award Expenditures.....	55
Notes to the Schedule of Federal Award Expenditures	56
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	57
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Controls over Compliance in Accordance with OMB Circular A-133	59
Schedule of Findings.....	61

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Boardman Local School District
Mahoning County
7410 Market Street
Boardman, Ohio 44512

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with audit 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, Ohio, as of June 30, 2006, and the respective changes in financial position where applicable, cash flows, and the budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2007 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is 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 basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

November 8, 2007

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The management's discussion and analysis of Boardman Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- In total, net assets increased \$1,054,044. Net assets of governmental activities increased \$995,434, which represents a 5.66% increase from 2005. Net assets of business-type activities increased \$58,610 or 51.08% from 2005.
- General revenues accounted for \$40,094,864 in revenue or 92.97% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,031,475 or 7.03% of total revenues of \$43,126,339.
- The District had \$42,118,405 in expenses related to governmental activities; only \$3,031,475 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$40,094,864 were adequate to provide for these programs resulting in an increase to net assets from \$17,594,580 to \$18,590,014.
- The District had \$1,383,930 in expenses related to business-type activities; a total of \$1,425,794 was offset by program specific charges for services, grants and contributions. General revenues for business-type activities were \$4,246. Total revenues were adequate to provide for these programs by \$58,610 resulting in an increase to net assets from \$114,737 to \$173,347.
- The District's only major governmental fund is the general fund. The general fund had \$40,975,380 in revenues and \$38,231,434 in expenditures and other financing uses. The general fund's fund balance increased \$2,739,541 from a balance of \$1,248,634 to a balance of \$3,988,175.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's adult education, special enterprise and food service operations are reported as business-type activities.

The District's statement of net assets and statement of activities can be found on pages 15-17 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 18-22 of this report.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as private-purpose trust funds. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 26 and 27. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 28-54 of this report.

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2006 and 2005.

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<u>Assets</u>						
Current assets	\$42,252,336	\$41,209,291	\$ 293,580	\$ 248,203	\$42,545,916	\$41,457,494
Capital assets, net	<u>17,783,316</u>	<u>18,436,068</u>	<u>69,212</u>	<u>59,966</u>	<u>17,852,528</u>	<u>18,496,034</u>
Total assets	<u>60,035,652</u>	<u>59,645,359</u>	<u>362,792</u>	<u>308,169</u>	<u>60,398,444</u>	<u>59,953,528</u>
<u>Liabilities</u>						
Current liabilities	35,232,212	35,312,392	151,917	151,796	35,384,129	35,464,188
Long-term liabilities	<u>6,213,426</u>	<u>6,738,387</u>	<u>37,528</u>	<u>41,636</u>	<u>6,250,954</u>	<u>6,780,023</u>
Total liabilities	<u>41,445,638</u>	<u>42,050,779</u>	<u>189,445</u>	<u>193,432</u>	<u>41,635,083</u>	<u>42,244,211</u>
<u>Net Assets</u>						
Invested in capital assets, net of debt	14,949,120	15,244,058	69,212	59,966	15,018,332	15,304,024
Restricted	1,090,061	1,186,221	-	-	1,090,061	1,186,221
Unrestricted	<u>2,550,833</u>	<u>1,164,301</u>	<u>104,135</u>	<u>54,771</u>	<u>2,654,968</u>	<u>1,219,072</u>
Total net assets	<u>\$18,590,014</u>	<u>\$17,594,580</u>	<u>\$ 173,347</u>	<u>\$ 114,737</u>	<u>\$18,763,361</u>	<u>\$17,709,317</u>

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

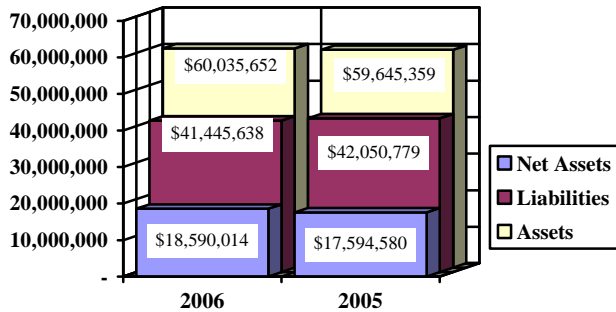
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$18,763,361. Of this total, \$2,654,968 is unrestricted in use.

At fiscal year-end, capital assets represented 30.31% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2006, were \$15,018,332. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

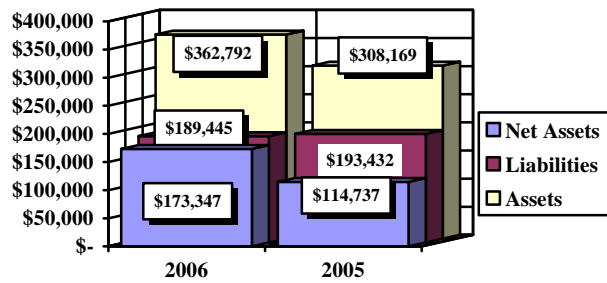
A portion of the District's net assets, \$1,090,061 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$2,654,968 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below presents the District's assets, liabilities and net assets for 2006 and 2005:

Governmental - Net Assets



Business-Type - Net Assets



The table below shows the changes in net assets for fiscal year 2006 and 2005.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<u>Revenues</u>						
Program revenues:						
Charges for services and sales	\$ 972,006	\$ 754,921	\$ 954,274	\$ 950,930	\$ 1,926,280	\$ 1,705,851
Operating grants and contributions	2,059,469	1,958,577	471,520	407,724	2,530,989	2,366,301
General revenues:						
Property taxes	29,171,164	30,634,834	-	-	29,171,164	30,634,834
Grants and entitlements	10,365,918	10,716,092	-	-	10,365,918	10,716,092
Investment earnings	321,833	124,488	4,246	1,380	326,079	125,868
Miscellaneous	235,949	334,197	-	61,076	235,949	395,273
Total revenues	<u>43,126,339</u>	<u>44,523,109</u>	<u>1,430,040</u>	<u>1,421,110</u>	<u>44,556,379</u>	<u>45,944,219</u>
<u>Expenses</u>						
Program expenses:						
Instruction:						
Regular	21,505,000	20,675,635	-	-	21,505,000	20,675,635
Special	3,171,147	2,872,334	-	-	3,171,147	2,872,334
Other	97,271	500,440	-	-	97,271	500,440
Support services:						
Pupil	1,758,265	1,734,129	-	-	1,758,265	1,734,129
Instructional staff	2,359,000	2,382,507	-	-	2,359,000	2,382,507
Board of education	101,763	130,765	-	-	101,763	130,765
Administration	2,489,376	2,477,586	-	-	2,489,376	2,477,586
Fiscal	962,945	971,261	-	-	962,945	971,261
Business	176,200	175,750	-	-	176,200	175,750
Operations and maintenance	4,584,203	4,265,583	-	-	4,584,203	4,265,583
Pupil transportation	3,027,214	2,773,355	-	-	3,027,214	2,773,355
Central	47,834	43,825	-	-	47,834	43,825
Operation of						
non-instructional services	713,537	661,632	-	-	713,537	661,632
Extracurricular activities	1,019,976	829,941	-	-	1,019,976	829,941
Interest and fiscal charges	104,674	141,488	-	-	104,674	141,488
Food service	-	59,884	1,205,160	1,211,631	1,205,160	1,271,515
Adult education	-	-	5,776	7,126	5,776	7,126
Special enterprise	-	-	172,994	157,762	172,994	157,762
Total expenses	<u>42,118,405</u>	<u>40,696,115</u>	<u>1,383,930</u>	<u>1,376,519</u>	<u>43,502,335</u>	<u>42,072,634</u>
Transfers	<u>(12,500)</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	995,434	3,826,994	58,610	44,591	1,054,044	3,871,585
Net assets at beginning of year	<u>17,594,580</u>	<u>13,767,586</u>	<u>114,737</u>	<u>70,146</u>	<u>17,709,317</u>	<u>13,837,732</u>
Net assets at end of year	<u>\$ 18,590,014</u>	<u>\$ 17,594,580</u>	<u>\$ 173,347</u>	<u>\$ 114,737</u>	<u>\$ 18,763,361</u>	<u>\$ 17,709,317</u>

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

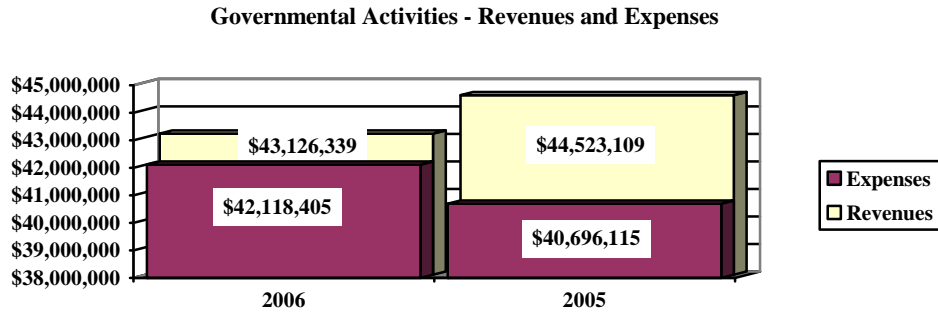
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Governmental Activities

Net assets of the District's governmental activities increased \$995,434. Total governmental expenses of \$42,118,405 were primarily offset by program revenues of \$3,031,475 and general revenues of \$40,094,864. Program revenues supported 7.20% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 91.68% of total governmental revenue. Property taxes support 69.26% of total expenses while grants and entitlements supported 24.61% of total expenses. Between these two revenue items, 93.87% of total governmental expenditures were funded.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2006 and 2005.



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2006 and 2005. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

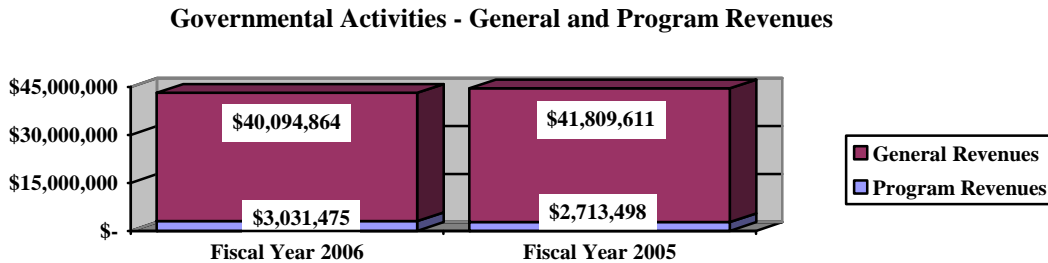
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Governmental Activities

	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>
Program expenses:				
Instruction:				
Regular	\$ 21,505,000	\$ 20,964,945	\$ 20,675,635	\$ 20,301,456
Special	3,171,147	2,470,576	2,872,334	2,392,109
Other	97,271	80,541	500,440	500,439
Support services:				
Pupil	1,758,265	1,375,888	1,734,129	1,235,529
Instructional staff	2,359,000	2,297,083	2,382,507	2,210,606
Board of education	101,763	101,763	130,765	130,765
Administration	2,489,376	2,268,486	2,477,586	2,328,805
Fiscal	962,945	962,945	971,261	971,261
Business	176,200	176,200	175,750	175,750
Operations and maintenance	4,584,203	4,584,127	4,265,583	4,265,583
Pupil transportation	3,027,214	2,880,465	2,773,355	2,628,857
Central	47,834	10,065	43,825	1,862
Operation of non-instructional	713,537	94,027	661,632	172,355
Extracurricular activities	1,019,976	715,145	829,941	465,868
Food service operations	-	-	59,884	59,884
Interest and fiscal charges	<u>104,674</u>	<u>104,674</u>	<u>141,488</u>	<u>141,488</u>
Total expenses	<u>\$ 42,118,405</u>	<u>\$ 39,086,930</u>	<u>\$ 40,696,115</u>	<u>\$ 37,982,617</u>

The dependence upon tax revenues during fiscal year 2006 for governmental activities is apparent, as 94.92% of 2006 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 92.80% in 2006. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2006 and 2005.



**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Business-Type Activities

Business-type activities include food service, adult education and special enterprise operations. These programs had revenues of \$1,430,040 and expenses of \$1,383,930 for fiscal year 2006. The food service operations had expenses of \$1,205,160 and revenues of \$1,284,847. This resulted in an increase to net assets for the fiscal year of \$79,687. The adult education and special enterprise programs had expenses of \$178,770, revenues of \$145,193 and a transfer in of \$12,500. This resulted in a decrease to net assets for the fiscal year of \$21,077. Each of these funds is self-supporting through user fees and charges. Management assesses their performance to ensure that they are run efficiently.

The District's Funds

The District's governmental funds reported a combined fund balance of \$4,920,426, which is above last year's balance of \$2,084,213. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	<u>Fund Balance</u> <u>June 30, 2006</u>	<u>Fund Balance</u> <u>June 30, 2005</u>	<u>Increase</u>
General	\$ 3,988,175	\$ 1,248,634	\$ 2,739,541
Other Governmental	<u>932,251</u>	<u>835,579</u>	<u>96,672</u>
Total	<u>\$ 4,920,426</u>	<u>\$ 2,084,213</u>	<u>\$ 2,836,213</u>

General Fund

The District's general fund balance increased \$2,739,541, due to revenues increasing faster than expenditures during 2006. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

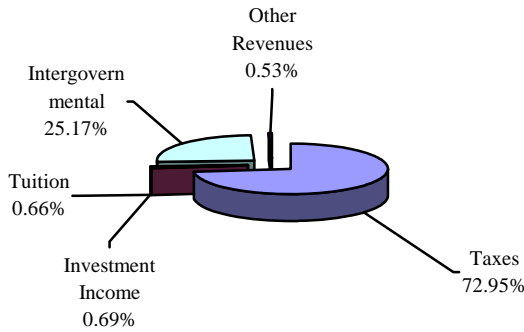
	<u>2006</u> <u>Amount</u>	<u>2005</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 29,888,955	\$ 28,758,674	3.93 %
Tuition	269,661	215,329	25.23 %
Interest earnings	284,497	113,165	151.40 %
Intergovernmental	10,314,684	10,592,856	(2.63) %
Other revenues	<u>217,583</u>	<u>331,365</u>	(34.34) %
Total	<u>\$ 40,975,380</u>	<u>\$ 40,011,389</u>	2.41 %

Tax revenue increased \$1,130,281 or 3.93% from the prior year. Tuition revenue increased \$54,332 or 25.23% from the prior year. The increase in investment income is due to the District having more money to invest throughout the year. All other revenue remained comparable to 2005.

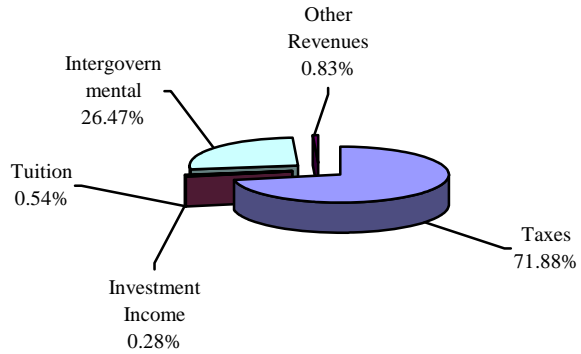
**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Revenues - Fiscal Year 2006



Revenues - Fiscal Year 2005

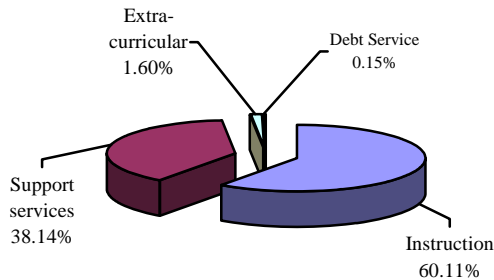


The table that follows assists in illustrating the expenditures of the general fund.

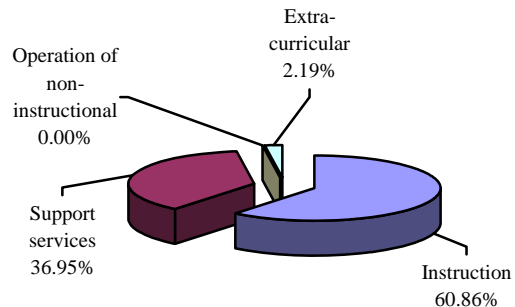
	<u>2006 Amount</u>	<u>2005 Amount</u>	<u>Percentage Change</u>
<u>Expenditures</u>			
Instruction	\$ 22,796,502	\$ 22,764,090	0.14 %
Support services	14,464,264	13,822,437	4.64 %
Operation of non-instructional services	-	350	(100.00) %
Extracurricular activities	605,897	818,092	(25.94) %
Debt Service	<u>58,192</u>	<u>-</u>	
Total	<u>\$ 37,924,855</u>	<u>\$ 37,404,969</u>	1.39 %

Instruction expenditures increased by \$32,412 or 0.14%.

Expenditures - Fiscal Year 2006



Expenditures - Fiscal Year 2005



**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

General Fund Budgeting Highlights

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

During the course of fiscal year 2006, the District amended its general fund budget several times, none significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$41,253,555, above original budget estimates of \$39,947,619. Actual revenues and other financing sources for fiscal year 2006 totaled \$41,307,753, which was \$54,198 higher than the final budgeted revenues.

General fund original appropriations (expenditures plus other financing uses) of \$38,528,915 were increased to \$38,535,096 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2006 totaled \$38,762,317, which was \$227,221 more than the final budget appropriations, primarily because of advances to other funds which were not required to be budgeted in the original or final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2006, the District had \$17,852,528 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles, net of accumulated depreciation. Of this total, \$17,783,316 was reported in governmental activities and \$69,212 was reported in business-type activities. The following table shows fiscal 2006 balances compared to 2005:

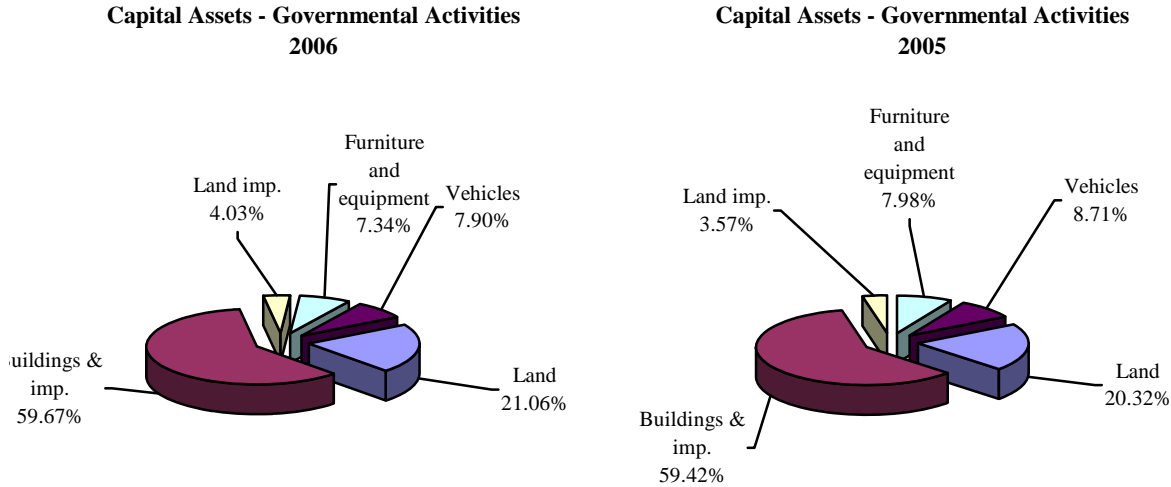
**Capital Assets at June 30
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>	<u>2004</u>
Land	\$ 3,745,329	\$ 3,745,329	\$ -	\$ -	\$ 3,745,329	\$ 3,745,329
Land improvements	716,770	658,774	-	-	716,770	658,774
Building and improvements	10,611,276	10,955,188	-	-	10,611,276	10,955,188
Furniture/equipment	1,305,051	1,470,809	69,212	59,966	1,374,263	1,530,775
Vehicles	1,404,890	1,605,968	-	-	1,404,890	1,605,968
Total	\$ 17,783,316	\$ 18,436,068	\$ 69,212	\$ 59,966	\$ 17,852,528	\$ 18,496,034

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The following graphs show the breakdown of governmental activities capital assets by category for 2006 and 2005.



See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2006, the District had \$787,050 in energy conservation notes, and \$2,047,146 in capital lease obligations outstanding. Of this total, \$371,295 is due within one year and \$2,462,901 is due in greater than one year. The following table summarizes the notes and lease obligations outstanding.

Outstanding Debt, at Year End

	Activities 2006	Activities 2005
Energy conservation note	\$ 787,050	\$ 902,701
Capital lease obligation	<u>2,047,146</u>	<u>2,289,309</u>
Total	<u>\$ 2,834,196</u>	<u>\$ 3,192,010</u>

The energy conservation notes are a general obligation of the District for which the full faith and credit of the District is pledged for repayment. The energy conservation notes are scheduled to mature in fiscal year 2011 and bear an interest rate of 5.89%.

At June 30, 2006, the District's overall legal debt margin was \$82,950,536 with an unvoted debt margin of \$921,643.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Current Financial Related Activities

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. Through this ideology, the District has maintained a general fund cash balance of \$7,773,558, \$9,090,476, \$7,643,575, \$4,995,027, \$4,144,798 and \$5,198,431 for fiscal years 2000, 2001, 2002, 2003, 2004 and 2005, respectively.

The District has been very aggressive in cost cutting measures, while maintaining the quality programs that are a trademark of Boardman Schools. Retire, rehire has been a very successful cost savings program. The District is afforded a lower cost per teacher, while retaining quality and expertise for up to a three year period. The Board is exploring areas of health care, natural gas, electricity, workers' compensation and all insurances of the District to further lower expenses. These cost savings have minimized expenses. Evidence of these savings is realized in the fiscal year 2004 actual expenses of \$37,521,905 and fiscal year 2005 expenses of \$37,964,820.

Several significant legislative and judicial actions have occurred that will have a major impact on our District. Open enrollment and community schools have reduced the amount of funding for the District by \$254,506 for fiscal 2003, \$241,563 for fiscal 2004 and \$480,219 for fiscal 2005. The Ohio Supreme Court ruled in March 1997 that the State of Ohio was operating an unconstitutional educational system, one that was neither "adequate" nor "equitable". The state has not yet developed a school-funding plan that has been deemed acceptable by the Court, and an ultimate resolution still seems to be some time in the future. There is concern that the state may not have the ability to fully fund the previously approved subsidies for primary and secondary education in the state budget.

The state's 2005 school foundation level had a slight increase from fiscal year 2004. The state's 2004 budget contains legislation that reduces personal property tax revenue distributed to the District at a more accelerated rate than anticipated. In prior legislation, the inventory tax was to be reduced by one percent over twenty-five years. Now, it will be phased out at two percent each year over the next fourteen years. In fiscal year 2003, the District collected \$3,764,061 on personal property. For fiscal year 2004, \$3,610,647 was collected. For fiscal year 2005, \$4,223,663 was collected. This was the third year for the one percent decline in valuation. The personal property tax represents ten percent of the District's revenue. The Board of Education is very concerned with the legislator's decisions that have no replacement funds to balance the loss. Inventory tax reduction and the state personal property exemption phase out will have a major impact of lost revenue for the District. There is discussion of a reduction in personal property over a five year period. This is being looked at in the next state budget which would be in effect for fiscal year 2006. If the District is not held harmless after five years it will have a tremendous impact on the School District's revenue and the ability to maintain financial stability.

The District has committed itself to educational and financial excellence for many years. The diverse curriculum programs offered to the students and unqualified audits are evidence of the Board's commitment to maximize the resources that are provided to educate the students of the District. The District is committed to living within its financial means, and working with the community it serves in order to provide adequate resources to support the education program.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Richard Santilli, Treasurer, Boardman Local School District, 7410 Market Street, Youngstown, Ohio 44512.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents. . .	\$ 10,159,344	\$ 212,483	\$ 10,371,827
Receivables:			
Taxes	31,578,863	-	31,578,863
Accounts	20,700	139	20,839
Intergovernmental	422,206	63,041	485,247
Accrued interest	1,171	-	1,171
Internal balance.	729	(729)	-
Materials and supplies inventory	69,323	18,646	87,969
Capital assets:			
Land	3,745,329	-	3,745,329
Depreciable capital assets, net	14,037,987	69,212	14,107,199
Capital assets, net.	<u>17,783,316</u>	<u>69,212</u>	<u>17,852,528</u>
Total assets.	<u>60,035,652</u>	<u>362,792</u>	<u>60,398,444</u>
Liabilities:			
Accounts payable.	147,184	2,869	150,053
Accrued wages and benefits	4,280,282	68,799	4,349,081
Pension obligation payable.	895,502	77,684	973,186
Intergovernmental payable	195,049	2,565	197,614
Deferred revenue	29,633,033	-	29,633,033
Accrued interest payable	81,162	-	81,162
Long-term liabilities:			
Due within one year.	826,725	6,570	833,295
Due within more than one year	5,386,701	30,958	5,417,659
Total liabilities	<u>41,445,638</u>	<u>189,445</u>	<u>41,635,083</u>
Net Assets:			
Invested in capital assets, net of related debt.	14,949,120	69,212	15,018,332
Restricted for:			
Capital projects	270,605	-	270,605
Debt service.	2,687	-	2,687
State funded programs.	78,595	-	78,595
Federally funded programs.	69,081	-	69,081
Student activities.	177,102	-	177,102
Other purposes	491,991	-	491,991
Unrestricted	<u>2,550,833</u>	<u>104,135</u>	<u>2,654,968</u>
Total net assets	<u>\$ 18,590,014</u>	<u>\$ 173,347</u>	<u>\$ 18,763,361</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 21,505,000	\$ 395,825	\$ 144,230
Special	3,171,147	3,172	697,399
Other	97,271	-	16,730
Support services:			
Pupil	1,758,265	-	382,377
Instructional staff	2,359,000	8,276	53,641
Board of education	101,763	-	-
Administration	2,489,376	29,749	191,141
Fiscal	962,945	-	-
Business	176,200	-	-
Operations and maintenance	4,584,203	76	-
Pupil transportation	3,027,214	136,224	10,525
Central	47,834	-	37,769
Operation of non-instructional services	713,537	93,853	525,657
Extracurricular activities	1,019,976	304,831	-
Interest and fiscal charges	104,674	-	-
Total governmental activities	42,118,405	972,006	2,059,469
Business-type activities:			
Nonmajor enterprise funds:			
Food service	1,205,160	809,081	471,520
Adult education	5,776	6,414	-
Special enterprise	172,994	138,779	-
Total business-type activities	1,383,930	954,274	471,520
Totals	\$ 43,502,335	\$ 1,926,280	\$ 2,530,989

General Revenues:

Property taxes levied for:

- General purposes
- Capital projects
- Grants and entitlements not restricted
to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Assets**

Governmental Activities	Business-Type Activities	Total
\$ (20,964,945)	\$ -	\$ (20,964,945)
(2,470,576)	-	(2,470,576)
(80,541)	-	(80,541)
(1,375,888)	-	(1,375,888)
(2,297,083)	-	(2,297,083)
(101,763)	-	(101,763)
(2,268,486)	-	(2,268,486)
(962,945)	-	(962,945)
(176,200)	-	(176,200)
(4,584,127)	-	(4,584,127)
(2,880,465)	-	(2,880,465)
(10,065)	-	(10,065)
(94,027)	-	(94,027)
(715,145)	-	(715,145)
(104,674)	-	(104,674)
<u>(39,086,930)</u>	<u>-</u>	<u>(39,086,930)</u>
-	75,441	75,441
-	638	638
<u>-</u>	<u>(34,215)</u>	<u>(34,215)</u>
-	41,864	41,864
<u>(39,086,930)</u>	<u>41,864</u>	<u>(39,045,066)</u>
28,334,141	-	28,334,141
837,023	-	837,023
10,365,918	-	10,365,918
321,833	4,246	326,079
235,949	-	235,949
<u>40,094,864</u>	<u>4,246</u>	<u>40,099,110</u>
<u>(12,500)</u>	<u>12,500</u>	<u>-</u>
<u>40,082,364</u>	<u>16,746</u>	<u>40,099,110</u>
995,434	58,610	1,054,044
<u>17,594,580</u>	<u>114,737</u>	<u>17,709,317</u>
<u>\$ 18,590,014</u>	<u>\$ 173,347</u>	<u>\$ 18,763,361</u>

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 8,935,973	\$ 989,473	\$ 9,925,446
Receivables:			
Taxes	30,656,113	922,750	31,578,863
Accounts	19,396	1,304	20,700
Accrued interest	1,171	-	1,171
Intergovernmental	-	422,206	422,206
Interfund loans receivable	203,352	-	203,352
Advances to other funds	30,994	-	30,994
Materials and supplies inventory	69,323	-	69,323
Restricted assets:			
Equity in pooled cash and cash equivalents	233,898	-	233,898
Total assets	\$ 40,150,220	\$ 2,335,733	\$ 42,485,953
Liabilities:			
Accounts payable	\$ 115,239	\$ 31,945	\$ 147,184
Accrued wages and benefits	4,104,771	175,511	4,280,282
Compensated absences payable	229,897	-	229,897
Pension obligation payable	873,149	22,353	895,502
Intergovernmental payable	182,876	12,173	195,049
Interfund loans payable	-	202,623	202,623
Advances from other funds	-	30,994	30,994
Deferred revenue	30,656,113	927,883	31,583,996
Total liabilities	36,162,045	1,403,482	37,565,527
Fund Balances:			
Reserved for encumbrances	60,957	295,804	356,761
Reserved for materials and supplies inventory	69,323	-	69,323
Reserved for advances	30,994	-	30,994
Reserved for debt service	-	2,687	2,687
Reserved for budget stabilization	233,898	-	233,898
Unreserved, undesignated, reported in:			
General fund	3,593,003	-	3,593,003
Special revenue funds	-	627,871	627,871
Capital projects funds	-	5,889	5,889
Total fund balances	3,988,175	932,251	4,920,426
Total liabilities and fund balances	\$ 40,150,220	\$ 2,335,733	\$ 42,485,953

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2006

Total governmental fund balances		\$ 4,920,426
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,783,316
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 1,945,830	
Intergovernmental revenue	5,133	
Total		1,950,963
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(81,162)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy conservation notes	787,050	
Capital lease obligation	2,047,146	
Compensated absences	3,149,333	
Total		(5,983,529)
Net assets of governmental activities		\$ 18,590,014

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 29,888,955	\$ 882,911	\$ 30,771,866
Tuition.	269,661	-	269,661
Transportation fees.	36,529	-	36,529
Earnings on investments.	284,497	37,336	321,833
Extracurricular.	-	479,244	479,244
Classroom materials and fees	99,695	38,613	138,308
Other local revenues.	81,359	168,825	250,184
Intergovernmental - Intermediate	34,029	7,376	41,405
Intergovernmental - State	10,280,655	584,905	10,865,560
Intergovernmental - Federal.	-	1,697,847	1,697,847
Total revenue	<u>40,975,380</u>	<u>3,897,057</u>	<u>44,872,437</u>
Expenditures:			
Current:			
Instruction:			
Regular	20,246,938	486,341	20,733,279
Special.	2,469,023	667,000	3,136,023
Other	80,541	16,730	97,271
Support Services:			
Pupil.	1,381,778	407,313	1,789,091
Instructional staff	2,297,059	71,236	2,368,295
Board of education	101,758	5	101,763
Administration.	2,204,164	290,020	2,494,184
Fiscal	949,648	14,922	964,570
Business	171,527	-	171,527
Operations and maintenance.	4,557,850	6,152	4,564,002
Pupil transportation	2,788,437	17,467	2,805,904
Central.	12,043	35,791	47,834
Operation of non-instructional services	-	666,607	666,607
Extracurricular activities.	605,897	317,774	923,671
Facilities acquisition and construction	-	681,662	681,662
Debt service:			
Principal retirement	50,800	307,014	357,814
Interest and fiscal charges	7,392	108,430	115,822
Total expenditures	<u>37,924,855</u>	<u>4,094,464</u>	<u>42,019,319</u>
Excess of revenues (over) under expenditures	<u>3,050,525</u>	<u>(197,407)</u>	<u>2,853,118</u>
Other financing sources (uses):			
Transfers in	-	294,079	294,079
Transfers (out).	(306,579)	-	(306,579)
Total other financing sources (uses)	<u>(306,579)</u>	<u>294,079</u>	<u>(12,500)</u>
Net change in fund balances	2,743,946	96,672	2,840,618
Fund balances			
at beginning of year	1,248,634	835,579	2,084,213
Decrease in reserve for inventory	(4,405)	-	(4,405)
Fund balances at end of year.	<u>\$ 3,988,175</u>	<u>\$ 932,251</u>	<u>\$ 4,920,426</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds	\$	2,840,618
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$960,516) exceed capital outlay (\$307,764) in the current period.		(652,752)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		(4,405)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,746,098)
Repayment of note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		357,814
In the statement of activities, interest is accrued on outstanding notes and capital leases, whereas in governmental funds an interest expenditure is reported when due.		11,148
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		189,109
		189,109
Change in net assets of governmental activities	\$	995,434

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues:				
From local sources:				
Taxes	\$ 28,904,806	\$ 29,849,739	\$ 29,888,955	\$ 39,216
Tuition.	277,593	286,668	287,045	377
Transportation fees.	42,434	43,821	43,879	58
Earnings on investments.	274,635	283,613	283,986	373
Classroom materials and fees	96,269	99,416	99,547	131
Other local revenues.	83,295	86,018	86,131	113
Intergovernmental - Intermediate	32,909	33,985	34,029	44
Intergovernmental - State	9,942,145	10,267,166	10,280,655	13,489
Total revenue	<u>39,654,086</u>	<u>40,950,426</u>	<u>41,004,227</u>	<u>53,801</u>
Expenditures:				
Current:				
Instruction:				
Regular	20,534,226	20,537,520	20,550,241	(12,721)
Special.	2,449,867	2,450,260	2,451,778	(1,518)
Other.	79,596	79,609	79,658	(49)
Support services:				
Pupil.	1,393,617	1,393,841	1,394,704	(863)
Instructional staff	2,286,306	2,286,673	2,288,089	(1,416)
Board of education	112,629	112,647	112,717	(70)
Administration.	2,231,561	2,231,919	2,233,301	(1,382)
Fiscal	940,373	940,524	941,107	(583)
Business	171,462	171,489	171,595	(106)
Operations and maintenance.	4,545,330	4,546,059	4,548,875	(2,816)
Pupil transportation	2,787,516	2,787,963	2,789,690	(1,727)
Central.	12,034	12,036	12,043	(7)
Extracurricular activities.	608,113	608,211	608,588	(377)
Total expenditures	<u>38,152,630</u>	<u>38,158,751</u>	<u>38,182,386</u>	<u>(23,635)</u>
Excess of revenues over expenditures.	<u>1,501,456</u>	<u>2,791,675</u>	<u>2,821,841</u>	<u>30,166</u>
Other financing sources (uses):				
Advances in	216,963	224,056	224,349	293
Advances (out)	-	-	(203,352)	(203,352)
Transfers in.	67,695	69,908	70,000	92
Transfers (out)	(376,285)	(376,345)	(376,579)	(234)
Sale of capital assets.	8,875	9,165	9,177	12
Total other financing sources (uses)	<u>(82,752)</u>	<u>(73,216)</u>	<u>(276,405)</u>	<u>(203,189)</u>
Net change in fund balance	1,418,704	2,718,459	2,545,436	(173,023)
Fund balance at beginning of year.	6,110,985	6,110,985	6,110,985	-
Prior year encumbrances appropriated	285,032	285,032	285,032	-
Fund balance at end of year	<u>\$ 7,814,721</u>	<u>\$ 9,114,476</u>	<u>\$ 8,941,453</u>	<u>\$ (173,023)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	<u>Nonmajor Enterprise Funds</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents.	\$ 212,483
Receivables:	
Accounts.	139
Intergovernmental	63,041
Materials and supplies inventory	18,646
Total current assets	<u>294,309</u>
Noncurrent assets:	
Capital assets, net.	<u>69,212</u>
Total assets	<u>363,521</u>
Liabilities:	
Current liabilities:	
Accounts payable.	2,869
Accrued wages and benefits	68,799
Compensated absences.	6,570
Pension obligation payable.	77,684
Interfund loan payable	729
Intergovernmental payable	2,565
Total current liabilities.	<u>159,216</u>
Long-term liabilities:	
Compensated absences.	<u>30,958</u>
Total liabilities	<u>190,174</u>
Net assets:	
Invested in capital assets	69,212
Unrestricted.	104,135
Total net assets	<u>\$ 173,347</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Nonmajor Enterprise Funds
Operating revenues:	
Tuition and fees	\$ 145,193
Sales/charges for services	809,081
Total operating revenues	<u>954,274</u>
Operating expenses:	
Personal services	749,897
Purchased services.	15,936
Materials and supplies.	612,763
Depreciation	4,911
Other.	423
Total operating expenses	<u>1,383,930</u>
Operating loss.	<u>(429,656)</u>
Nonoperating revenues:	
Grants and subsidies	392,186
Federal donated commodities	79,334
Interest revenue	4,246
Total nonoperating revenues	<u>475,766</u>
Net income before transfers	46,110
Transfer in	<u>12,500</u>
Change in net assets.	58,610
Net assets at beginning of year.	<u>114,737</u>
Net assets at end of year	<u><u>\$ 173,347</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Nonmajor Enterprise Funds
Cash flows from operating activities:	
Cash received from sales/charges for services	\$ 809,099
Cash received from tuition and fees.	145,081
Cash payments for personal services	(756,394)
Cash payments for purchased services	(15,379)
Cash payments for materials and supplies	(529,729)
Cash payments for other operations	(423)
Net cash used in operating activities	(347,745)
Cash flows from noncapital financing activities:	
Cash received from advances in	729
Cash received from transfers in	12,500
Cash received from grants and subsidies	390,221
Net cash provided by noncapital financing activities	403,450
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(14,157)
Net cash used in capital and related financing activities.	(14,157)
Cash flows from investing activities:	
Interest received.	4,246
Net cash provided by investing activities	4,246
Net increase in cash and cash equivalents	45,794
Cash and cash equivalents at beginning of year	166,689
Cash and cash equivalents at end of year	\$ 212,483
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (429,656)
Adjustments:	
Depreciation	4,911
Federal donated commodities.	79,334
Changes in assets and liabilities:	
(Increase) in accounts receivable	(94)
Decrease in materials and supplies inventory	1,747
Increase in accounts payable	2,510
(Decrease) in accrued wages and benefits	(11,232)
(Decrease) in compensated absences payable.	(4,108)
Increase in pension obligation payable	11,978
(Decrease) in intergovernmental payable	(3,135)
Net cash used in operating activities	\$ (347,745)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents.	\$ 590,006	\$ 119,331
Total assets	590,006	\$ 119,331
Liabilities:		
Accounts payable.	-	\$ 854
Due to students	-	118,477
Total liabilities	-	\$ 119,331
Net Assets:		
Held in trust for scholarships	590,006	
Total net assets	\$ 590,006	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 18,370
Gifts and contributions.	18,171
	36,541
Total additions.	36,541
Deductions:	
Scholarships awarded	14,651
	21,890
Change in net assets	21,890
Net assets at beginning of year	568,116
Net assets at end of year	\$ 590,006

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Boardman Local School District (the "District") is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio to provide educational services to the students and other community members of the District. Under such laws there is no authority for a District to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the citizens of the District. The District serves an area of approximately 25 square miles in Mahoning County.

The District is the 72nd largest in the State of Ohio (among the 615 public school districts in the State of Ohio) in terms of enrollment. The District is staffed by 275 non-certificated and 318 certificated personnel to provide services to approximately 4,849 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activity and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. When applying GASB Statement No. 14, management has considered all potential component units.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the debt, the issuance of debt, or the levying of taxes. Based upon the application of these criteria, the Boardman School Building Corporation (blended component unit) has been included in the District's financial reporting entity. The financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

BLENDED COMPONENT UNIT

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 District.

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System (ACCESS) Council of Governments

ACCESS is a computer network which provides data services to twenty three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and industrial functions among member districts. Each of the governments of these school districts supports ACCESS based upon a per pupil charge, which was \$40 for fiscal year 2006. The District paid \$78,335 to ACCESS during fiscal year 2006. ACCESS is governed by an assembly consisting of superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting, and designating management. All ACCESS revenues are generated from charges for services and State funding.

Financial information can be obtained from the treasurer of the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Suite 105, Youngstown, Ohio, 44512-7019.

Mahoning County Career & Technical Center

The Mahoning County Career & Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possess its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Career & Technical Center, at 7300 North Palmyra Road, Canfield, Ohio 44406.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Mahoning County School Employees Insurance Consortium

The Mahoning County School Employees Insurance Consortium is a shared risk pool comprised of fourteen Mahoning County School Districts. The consortium is governed by an assembly which consists of one representative from each participating School District (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent Austintown Local School District. The fiscal agent will then remit the charges for services to Professional Risk Management (PRM), who acts in the capacity of a third-party administrator (TPA) for claims processing.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; and (b) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs; (c) for grants and other resources whose use is restricted to a particular purpose.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary funds:

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Enterprise Funds - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where 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; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District has three enterprise funds to account for food service operations, adult education and special enterprises. These enterprise funds are considered nonmajor enterprise funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The private purpose trust fund accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds are used to account for student activities and monies held on behalf of others.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest, tuition, grants, student fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as donated commodities revenue.

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

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2006 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Mahoning County Budget Commission for tax rate determination.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the 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 total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2006.

4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2006.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During fiscal 2006, the District's investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and a repurchase agreement. Investments in STAR Ohio are reported at fair value. Fair value is based on quoted market price. Investments in nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2006. 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, 2006.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2006 amounted to \$284,497 which includes \$26,880 assigned from other District funds.

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year-end is provided in Note 4.

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories consist of donated food, purchased food, and non-food supplies held for resale and are expensed when used.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$4,000. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is not capitalized.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	15 - 50 years	N/A
Buildings and improvements	10 - 50 years	N/A
Furniture/equipment	5 - 20 years	5 - 20 years
Vehicles	6 - 10 years	N/A

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables” and receivables and payables resulting from advances due from other funds that are not expected to be repaid within the next fiscal year are reported as “advances due to/from other funds”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least 10 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2006, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In the governmental fund financial statements, compensated absences are reported to the extent that a known liability for an employee's retirement/resignation has been incurred by fiscal year-end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees are paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and future retirement obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability in the fund financial statements when due.

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, debt service, advances, and budget stabilization.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Estimates

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set aside to create a reserve for budget stabilization. See Note 16 for details.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales and charges for food service and special enterprises and tuition and fees for adult education. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

Q. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2006.

NOTE 3 - ACCOUNTABILITY & COMPLIANCE

A. Changes in Accounting Principles

For fiscal year 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", and GASB Statement No. 47, "Accounting for Termination Benefits".

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 3 - ACCOUNTABILITY & COMPLIANCE - (Continued)

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of GASB Statement No. 42, GASB Statement No. 46 and GASB Statement No. 47 did not have an effect on the fund balances/net assets of the District as previously reported at June 30, 2005.

B. Deficit Fund Balances

Fund balances at June 30, 2006 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Uniform school supplies	\$ 46,201
Ohio Reads	623
Title VI	404
Drug free schools	3,854

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year-end, the District had \$100 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits with Financial Institutions

At June 30, 2006, the carrying amount of all District deposits was \$4,055,090, exclusive of the \$3,818,100 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$3,895,012 of the District's bank balance of \$4,134,526 was exposed to custodial risk as discussed below, while \$239,514 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

C. Investments

As of June 30, 2006, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
Repurchase Agreement	\$ 3,818,100	\$ 3,818,100
STAR Ohio	<u>3,207,874</u>	<u>3,207,874</u>
	<u>\$ 7,025,974</u>	<u>\$ 7,025,974</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2006:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase Agreement	\$ 3,818,100	54.34
STAR Ohio	3,207,874	45.66
	<u>\$ 7,025,974</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2006:

<u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$ 4,055,090
Investments	7,025,974
Cash on hand	100
Total	<u>\$ 11,081,164</u>

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 10,159,344
Business type activities	212,483
Private-purpose trust funds	590,006
Agency funds	119,331
Total	<u>\$ 11,081,164</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended June 30, 2006, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from General Fund to :	
Nonmajor governmental funds	\$ 294,079
Nonmajor enterprise funds	12,500

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Advances to/from other funds consisted of the following at June 30, 2006, as reported on the fund statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 30,994

The balance in the general fund represents advances due from other funds that are not expected to be repaid within the next fiscal year. The loans will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances are reported on the statement of net assets for advances to/from other funds.

- C.** Interfund loans receivable/payable consisted of the following at June 30, 2006, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 202,623
General	Nonmajor enterprise funds	729

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements. The interfund balance between the governmental funds and the enterprise funds are reported as an internal balance on the statement of net assets.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of January 1, 2005. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 18.75% for 2006. This percentage will be reduced to 12.5% for 2007, 6.25% for 2008, and zero for 2009. This year, the June 2006 tangible personal property tax settlement was not received until July of 2006.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

There were no property tax advances available to the District at June 30, 2006 or June 30, 2005.

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 755,888,760	85.93	\$ 820,545,700	89.03
Public Utility Personal	40,238,810	4.58	36,879,870	4.00
Tangible Personal Property	<u>83,499,457</u>	<u>9.49</u>	<u>64,217,194</u>	<u>6.97</u>
Total	<u>\$ 879,627,027</u>	<u>100.00</u>	<u>\$ 921,642,764</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 56.00		\$ 55.95	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2006 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities:

Taxes	\$ 31,578,863
Accounts	20,700
Intergovernmental	422,206
Accrued interest	1,171

Business-type Activities:

Accounts	139
Intergovernmental	<u>63,041</u>

Total receivables \$ 32,086,120

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year-ended June 30, 2006, was as follows:

	Balance <u>June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2006</u>
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,745,329	\$ -	\$ -	\$ 3,745,329
<i>Capital assets, being depreciated:</i>				
Land improvements	1,304,768	110,152	-	1,414,920
Building/improvements	24,764,215	166,211	-	24,930,426
Furniture/equipment	3,050,370	7,635	-	3,058,005
Vehicles	4,070,923	23,766	-	4,094,689
Total capital assets, being depreciated	<u>33,190,276</u>	<u>307,764</u>	<u>-</u>	<u>33,498,040</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(645,994)	(52,156)	-	(698,150)
Building/improvements	(13,809,027)	(510,123)	-	(14,319,150)
Furniture/equipment	(1,579,561)	(173,393)	-	(1,752,954)
Vehicles	(2,464,955)	(224,844)	-	(2,689,799)
Total accumulated depreciation	<u>(18,499,537)</u>	<u>(960,516)</u>	<u>-</u>	<u>(19,460,053)</u>
Governmental activities capital assets, net	<u>\$ 18,436,068</u>	<u>\$ (652,752)</u>	<u>\$ -</u>	<u>\$ 17,783,316</u>
Business-Type Activities:				
<i>Capital assets, being depreciated:</i>				
Furniture/equipment	\$ 254,083	\$ 14,157	\$ -	\$ 268,240
<i>Less: accumulated depreciation</i>	<u>(194,117)</u>	<u>(4,911)</u>	<u>-</u>	<u>(199,028)</u>
Business-type activities capital assets, net	<u>\$ 59,966</u>	<u>\$ 9,246</u>	<u>\$ -</u>	<u>\$ 69,212</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 421,092
Special	46,612
Support Services:	
Pupil	17,183
Instructional staff	27,338
Administration	17,846
Fiscal	532
Business	532
Operations and maintenance	29,473
Pupil transportation	234,592
Operation of non-instructional services	44,930
Extracurricular	<u>120,386</u>
Total depreciation expense	<u>\$ 960,516</u>

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE

In prior fiscal years, the District entered into a capital lease for copiers and a new auditorium. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Governmental activities capital assets consisting of building improvements and equipment have been capitalized in the amount of \$3,178,325. This amount represents the present value of the future minimum lease payments at the time of acquisition.

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments on the auditorium in the 2006 fiscal year totaled \$191,363 and \$75,843, respectively. These amounts are reported as debt service payments of the Permanent Improvement capital projects fund. Principal and interest payments on the copiers in the 2006 fiscal year totaled \$50,800 and \$7,392, respectively. These amounts are reported as debt service payments of the General fund.

The following is a schedule of the future minimum lease payments required under the capital lease obligations and the present value of the future minimum lease payments as of June 30, 2006:

Year Ending June 30	Amount
2007	\$ 325,397
2008	325,398
2009	321,241
2010	267,206
2011	267,206
2012 - 2015	868,419
Total minimum lease payment	2,374,867
Less: amount representing interest	(327,721)
Present value of minimum lease payments	\$ 2,047,146

NOTE 10 - LONG-TERM OBLIGATIONS

A. The following is a description of the District's long-term debt obligations outstanding as of June 30, 2006:

	Interest Rate	Issue Date	Maturity Date	Outstanding July 1, 2005	Retired in 2006	Outstanding June 30, 2006
Energy conservation note	5.89%	7/17/2000	7/17/2011	\$ 902,701	\$ (115,651)	\$ 787,050
Total				\$ 902,701	\$ (115,651)	\$ 787,050

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

- B.** The following is a summary of the District's future annual debt service requirements to maturity for the general obligation debt:

Fiscal Year Ending	Principal	Interest	Total
2007	119,826	28,412	148,238
2008	124,152	24,087	148,239
2009	128,634	19,605	148,239
2010	133,277	14,961	148,238
2011	138,088	10,150	148,238
2012	<u>143,073</u>	<u>5,165</u>	<u>148,238</u>
Total	<u>\$ 787,050</u>	<u>\$ 102,380</u>	<u>\$ 889,430</u>

- C.** The changes in the District's long-term obligations during the year consist of the following:

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Due in One Year
Governmental Activities:					
Capital lease obligation	\$ 2,289,309	\$ -	\$ (242,163)	\$ 2,047,146	\$ 251,469
Energy conservation notes	902,701	-	(115,651)	787,050	119,826
Compensated absences payable	<u>3,546,377</u>	<u>245,552</u>	<u>(412,699)</u>	<u>3,379,230</u>	<u>455,430</u>
Total governmental activities long-term liabilities	<u>\$ 6,738,387</u>	<u>\$ 245,552</u>	<u>\$ (770,513)</u>	<u>\$ 6,213,426</u>	<u>\$ 826,725</u>
Business-Type Activities:					
Compensated absences	<u>\$ 41,636</u>	<u>\$ 1,265</u>	<u>\$ (5,373)</u>	<u>\$ 37,528</u>	<u>\$ 6,570</u>

Compensated absences will be paid from the fund from which the employee is paid which, for the governmental activities is the general fund and for the business-type activities is the Food Service fund. The capital lease obligations are being repaid from the general fund and Permanent Improvement capital projects fund (a nonmajor governmental fund). The energy conservation note is being repaid from the Debt Service fund (a nonmajor governmental fund).

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2006 are a voted debt margin of \$82,950,536 (including available funds of \$2,687) and an unvoted debt margin of \$921,643.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 11 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

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 \$105,115,687. The deductible is \$5,000 and the coinsurance is 90 percent. The business auto coverage limits are \$1,000,000 for liability and uninsured motorists with a \$250 deductible. The District's audio-visual and computer equipment policy has a liability limit of \$4,035,893, and its musical instrument policy has a liability limit of \$1,956,953 with \$500 deductibles. The District's machinery and equipment policy has a \$5,000,000 annual aggregate with a \$1,000 deductible. The District's commercial crime coverage liability limit is \$100,000. The District has general liability coverage limits of \$1,000,000 each occurrence and \$3,000,000 annual aggregate.

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

B. Employee Group Health Insurance

The District has joined together with other school districts in Mahoning County to form the Mahoning County School Employees Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 13 member school districts. The plan was organized to provide medical, prescription, dental, vision, and life benefits to its member organizations. Professional Risk Management acts in the capacity of third party administrators for claims processing.

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 or payments are made for all participating districts and claims are paid for all participants regardless of claims flow. The Mahoning County School Employees Insurance Consortium is responsible for paying claims prior to coverage by a stop/loss carrier.

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.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 11 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (see Note 2.A.). 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 District by virtue of its grouping and representation with other participants in the GRP. The worker's 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 will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2006, 2005, and 2004 were \$579,218, \$562,190, \$298,258, respectively; and 42.20 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$334,775 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 12 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for fund pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$2,491,136, \$2,453,428, and \$2,240,469; 83.38 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$414,035 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2006 were \$5,456 made by the District and \$18,005 made by the plan members.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$191,626 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS Ohio were \$254.780 million and STRS Ohio had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, District paid \$271,905 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2006 were \$158.751 million. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million, which is about 221 percent of next years projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has 59,492 participants currently receiving health care benefits.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 2,545,436
Net adjustment for revenue accruals	(28,847)
Net adjustment for expenditure accruals	19,936
Net adjustment for other sources/uses	(20,997)
Adjustment for encumbrances	228,418
GAAP basis	\$ 2,743,946

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local 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 District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 15 - CONTINGENCIES - (Continued)

B. Litigation

A lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to a refund from the District based on the lower assessment rate beginning from tax year 2001. The amount of the refund is estimated to be approximately \$195 per year. A portion of the refund may be recovered from additional State entitlement payments.

The District is involved in no material litigation as either plaintiff or defendant.

NOTE 16 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2006, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2005	\$ (1,546,256)	\$ -	\$ 233,898
Current year set-aside requirement	733,805	733,805	-
Qualifying disbursements	<u>(843,318)</u>	<u>(791,135)</u>	<u>-</u>
Total	<u>\$ (1,655,769)</u>	<u>\$ (57,330)</u>	<u>\$ 233,898</u>
Balance carried forward to FY 2007	<u>\$ (1,655,769)</u>	<u>\$ -</u>	<u>\$ 233,898</u>

The District had offsets and qualifying disbursements during the year that reduced the instructional materials set-aside amount below zero; this extra amount is being carried forward to reduce the set-aside requirements of future years.

Although the District had offsets and qualifying disbursements during the year that reduced the capital maintenance set-aside amount below zero, this extra amount may not be used to reduce the set-aside requirements of future years. This negative amount is therefore not presented as being carried forward to the next fiscal year.

A schedule of the governmental fund restricted assets at June 30, 2006 follows:

Amount restricted for budget stabilization	<u>\$ 233,898</u>
Total restricted assets	<u>\$ 233,898</u>

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education.</i>						
Food Distribution Program		10.550		\$62,888		\$62,888
Nutrition Mini Grant		10.574	(\$3)			
Nutrition Cluster:						
National School Lunch Program	048306-LLP4-2006	10.555	372,875		\$372,875	
National School Breakfast Program	048306-05PU-2006	10.553	2,640		2,640	
Total Nutrition Cluster			375,515		375,515	
Total U.S. Department of Agriculture - Nutrition Cluster			375,512	62,888	375,515	62,888
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education.</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	048306-6B-SF-2005-P 048306-6B-SF-2006-P	84.027 84.027	53,431 705,832		100,687 819,837	
Total Special Education Cluster			759,263		920,524	
Grants to Local Educational Agencies (ESEA Title I)	048306-C1-S1-2005 048306-C1-S1-2006	84.010 84.010	34,685 296,095		40,307 314,772	
Total Grants to Local Educational Agencies			330,780		355,079	
Innovative Educational Program Strategies	048306-C2-S1-2005 048306-C2-S1-2006	84.298 84.298	(1,325) 13,902		2,200 12,047	
Total Innovative Educational Program Strategies			12,577		14,247	
Title II-D Technology Literacy Challenge Fund Grant	048306-TJ-S1-2005 048306-TJ-S1-2006	84.318 84.318	12 2,524		645 4,898	
Total Title II-D Technology Literacy Challenge Fund Grant			2,536		5,543	
Drug-Free Schools Grant	048306-DR-S1-2005 048306-DR-S1-2006	84.186 84.186	14,395 2,192		16,267 2,383	
Total Drug Free Schools Grant			16,587		18,650	
Title II-A Improving Teacher Quality	048306-TR-S1-2005 048306-TR-S1-2006	84.367 84.367	21,897 121,593		24,050 135,658	
Total Title II-A Improving Teacher Quality			143,490		159,708	
Hera Hurricane Katrina	048306-HR01-2006	84.938	11,000		11,000	
TOTAL DEPARTMENT OF EDUCATION			1,276,233		1,484,751	
TOTAL			\$1,651,745	\$62,888	\$1,860,266	\$62,888

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2006**

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

Non-monetary 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, 2006, the District had no significant food commodities in inventory.



Mary Taylor, CPA

Auditor of State

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

Boardman Local School District
Mahoning County
7410 Market Street
Boardman, Ohio 44512

To the Board of Education:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Boardman Local School District (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated November 8, 2007, we reported a matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated November 8, 2007, we reported an other matter related to noncompliance we deemed immaterial.

Boardman Local School District
Mahoning County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, 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 that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

November 8, 2007



Mary Taylor, CPA

Auditor of State

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

Boardman Local School District
Mahoning County
7410 Market Street
Boardman, Ohio 44512

To the Board of Education:

Compliance

We have audited the compliance of Boardman Local School District, Mahoning County, 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, 2006. Boardman Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Boardman Local School District's management. Our responsibility is to express an opinion on Boardman Local School 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 the major federal programs. An audit includes examining, on a test basis, evidence about Boardman Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Boardman Local School District's compliance with those requirements.

In our opinion, Boardman Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

The District's management 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 Boardman Local School District's internal control over compliance with requirements that could have a direct and material effect on the 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.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

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www.auditor.state.oh.us

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 the major federal programs 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, 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 that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

November 8, 2007

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY
JUNE 30, 2006**

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:	Title VI-B/84.027
(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**

Finding Number	
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None

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	
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None



Mary Taylor, CPA
Auditor of State

**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
DECEMBER 18, 2007**