



Mary Taylor, CPA  
Auditor of State



**BOARDMAN LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

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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 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, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, Ohio, as of June 30, 2008, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2009, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing 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, consisting principally of inquiries of management regarding the methods of measuring and presenting 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 receipts and expenditures schedule provides additional information and is not a required part of the basic financial statements. We subjected the federal awards receipts and expenditures 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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 28, 2009

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

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The 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, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets increased \$2,797,202, which represents a 12.4 percent increase from fiscal year 2007.
- General revenues accounted for \$42,958,869 in revenue or 89.9 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,846,304 or 10.1 percent of total revenues of \$47,805,173.
- The District had \$45,007,971 in expenses related to governmental activities; only \$4,846,304 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 \$42,958,869 were adequate to provide for these programs.
- The District's only major fund is the general fund. The general fund had \$41,609,377 in revenues and \$40,332,969 in expenditures and other financing uses. The general fund's fund balance increased \$1,276,408 from a balance of \$7,358,276 to a balance of \$8,634,684.

**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 Boardman Local School District as a financial whole, 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 and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the Boardman Local School District, the general fund by far is the most significant fund, and the only fund reported as major.

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Mahoning County, Ohio

*Management's Discussion and Analysis*  
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**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 fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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 has only one kind of activity:

- **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. Due to the continuing subsidies that go to the lunchroom fund from the general fund, the lunchroom operation is also being considered as governmental activities.

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

*Fund Financial Statements*

The analysis of the District's major funds begins on page 8. 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 financial statements focus on the District's most significant funds. The District's 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 balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, 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 governmental 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 difference) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

**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



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*Management's Discussion and Analysis*  
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Changes in Fiduciary Net Assets on pages 19 and 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**The District as a Whole**

Table 1 shows net assets for fiscal year 2008 as compared to fiscal year 2007.

**Table 1**

	2008	2007	Increase (Decrease)
	Governmental Activities	Governmental Activities	
<b>Assets:</b>			
Current and Other Assets	\$45,836,755	\$48,631,908	(\$2,795,153)
Capital Asset, Net of Accumulated Depreciation	17,296,531	17,367,318	(70,787)
<i>Total Assets</i>	<u>63,133,286</u>	<u>65,999,226</u>	<u>(2,865,940)</u>
<b>Liabilities:</b>			
Current Liabilities	32,564,346	37,625,618	(5,061,272)
Long-term Liabilities:			
Due within One Year	948,270	882,361	65,909
Due in More than One Year	4,299,037	4,966,816	(667,779)
<i>Total Liabilities</i>	<u>37,811,653</u>	<u>43,474,795</u>	<u>(5,663,142)</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Debt	15,218,648	14,904,417	314,231
Restricted	2,105,439	1,422,410	683,029
Unrestricted	7,997,546	6,197,604	1,799,942
<i>Total Net Assets</i>	<u>\$25,321,633</u>	<u>\$22,524,431</u>	<u>\$2,797,202</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$25,321,633. Of this total, \$7,997,546 is unrestricted in use.

At fiscal year-end, capital assets represented 27.4 percent 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, 2008, were \$15,218,648. 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, \$2,105,439 represents resources that are subject to external restriction on how they may be used. The remaining balance of governmental unrestricted net assets of \$7,997,546 may be used to meet the District's ongoing obligations to the students and creditors.

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis  
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**Table 2**  
Change in Net Assets  
Governmental Activities

	2008	2007	Increase (Decrease)
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$1,948,575	\$1,885,887	\$62,688
Operating Grants and Contributions	2,832,415	3,210,207	(377,792)
Capital Grants and Contributions	65,314	140,864	(75,550)
<i>Total Program Revenues</i>	<u>4,846,304</u>	<u>5,236,958</u>	<u>(390,654)</u>
<b>General Revenues</b>			
Property Taxes	30,109,835	30,841,295	(731,460)
Intergovernmental	11,821,236	10,218,559	1,602,677
Investment Earnings	736,682	646,574	90,108
Miscellaneous	291,116	640,169	(349,053)
<i>Total General Revenues</i>	<u>42,958,869</u>	<u>42,346,597</u>	<u>612,272</u>
<i>Total Revenues</i>	<u>47,805,173</u>	<u>47,583,555</u>	<u>221,618</u>
<b>Program Expenses</b>			
Current:			
Instruction:			
Regular	22,144,969	22,154,658	(9,689)
Special	3,479,375	3,254,830	224,545
Adult/Continuing	10,602	6,822	3,780
Other	398,242	275,210	123,032
Support Services:			
Pupil	1,822,678	1,901,702	(79,024)
Instructional Staff	2,575,986	2,401,878	174,108
Board of Education	117,067	120,779	(3,712)
Administration	2,632,700	2,571,256	61,444
Fiscal	1,010,439	937,453	72,986
Business	136,485	191,609	(55,124)
Operation and Maintenance of Plant	4,145,702	4,466,585	(320,883)
Pupil Transportation	3,069,931	3,113,861	(43,930)
Central	160,856	66,618	94,238
Operation of Non-Instructional Services	795,646	876,833	(81,187)
Operation of Food Services	1,340,907	1,263,851	77,056
Extracurricular Activities	1,114,688	1,154,156	(39,468)
Interest and Fiscal Charges	51,698	90,913	(39,215)
<i>Total Program Expenses</i>	<u>45,007,971</u>	<u>44,849,014</u>	<u>158,957</u>
Special Item	0	1,026,529	(1,026,529)
<i>Change in Net Assets</i>	<u>2,797,202</u>	<u>3,761,070</u>	<u>(963,868)</u>
Net Assets Beginning of Year	<u>22,524,431</u>	<u>18,763,361</u>	<u>3,761,070</u>
<i>Net Assets End of Year</i>	<u>\$25,321,633</u>	<u>\$22,524,431</u>	<u>\$2,797,202</u>

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
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**Governmental Activities**

Total net assets of the School District increased \$2,797,202 during fiscal year 2008. The governmental expenses of \$45,007,971 were offset by program revenues of \$4,846,304 and general revenues of \$42,958,869. Program revenues supported 10.8 percent of the total governmental activities expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 87.7 percent of total governmental revenue. Property taxes support 66.9 percent of total expenses while grants and entitlements supported 26.3 percent of total expenses. Between these two revenue items, 93.2 percent of total expenses were funded.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2008 and 2007. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Table 3**  
Total and Net Cost of Program Services

	2008		2007	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction	\$26,033,188	\$24,554,575	\$25,691,520	\$23,671,315
Support Services:				
Pupil	1,822,678	1,448,927	1,901,702	1,608,680
Instructional Staff	2,575,986	2,403,019	2,401,878	2,338,853
Board of Education	117,067	115,766	120,779	120,779
Administration	2,632,700	2,413,937	2,571,256	2,425,008
Fiscal	1,010,439	999,379	937,453	826,174
Business	136,485	134,968	191,609	191,609
Operation and Maintenance of Plant	4,145,702	4,096,172	4,466,585	4,441,475
Pupil Transportation	3,069,931	2,993,274	3,113,861	2,954,206
Central	160,856	121,663	66,618	28,933
Operation of Non-Instructional Services	795,646	45,002	876,833	28,942
Food Service Operation	1,340,907	(11,704)	1,263,851	56,546
Extracurricular Activities	1,114,688	794,991	1,154,156	828,623
Interest and Fiscal Charges	51,698	51,698	90,913	90,913
<b>Total Expenditures</b>	<b>\$45,007,971</b>	<b>\$40,161,667</b>	<b>\$44,849,014</b>	<b>\$39,612,056</b>

The dependence upon general tax revenues for governmental activities is apparent. Over 66 percent of all School District expenses are supported through property taxes alone. For all governmental activities, general revenue and prior year cash balances support all expenses as shown in the above table. The community, as a whole, is by far the primary support for Boardman Local School District students.

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
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**The District's Funds**

The District's governmental funds (as presented on the balance sheet) reported a combined fund balance of \$9,980,192, which is higher than last year's total of \$8,088,194 by just over 23 percent. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance June 30, 2008	Fund Balance June 30, 2007	Increase (Decrease)
General	\$8,634,684	\$7,358,276	\$1,276,408
Other Governmental	1,345,508	729,918	615,590
<b>Total</b>	<b>\$9,980,192</b>	<b>\$8,088,194</b>	<b>\$1,891,998</b>

**General Fund**

During fiscal year 2008, the District's general fund balance increased on a modified accrual basis by \$1,276,408 even though total revenues within the general fund decreased by \$294,202 and expenditures increased by \$567,424. The primary reason for this increase is that decreasing revenues still exceeded increased expenditures. In addition, the District has been balancing its budget by spending less than total revenues over the past few years. Various major expenditure savings policies have been applied to the District's budget with great success. The District has utilized various phases of energy conservation permanent improvements that decrease utility expenditures and yet maintain the buildings. In addition, the District utilizes a negotiated Retire/Rehire Program for the professional staff yielding extensive savings in payroll. The use of these expenditure policies has extended the operating lives of the District's existing levies and also these policies have counteracted the recent environment of eroding tax revenues for the District. As a result, even though revenues are declining, the control of expenditures has prevented deficit spending and this has preserved the accumulation of prior year-end positive fund balances.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2008 Amount	2007 Amount	Percentage Change
<b><u>Revenues</u></b>			
Taxes	\$28,574,272	\$29,513,466	(3.2) %
Tuition	382,834	257,473	48.7 %
Earnings on investments	684,924	636,739	7.6 %
Intergovernmental	11,704,831	10,795,752	8.4 %
Other revenues	262,516	700,149	(62.5) %
<b>Total</b>	<b>\$41,609,377</b>	<b>\$41,903,579</b>	<b>(0.7) %</b>
<b><u>Expenditures</u></b>			
Instruction	24,083,725	23,826,824	1.1 %
Support services	14,795,314	14,492,822	2.1 %
Extracurricular activities	670,348	662,318	1.2 %
Debt service	58,192	58,191	0.0 %
<b>Total</b>	<b>\$39,607,579</b>	<b>\$39,040,155</b>	<b>1.5 %</b>

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
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**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 2008 the District amended its General Fund budget numerous 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, actual revenue, including other financing sources, was \$42,159,357, which was \$155,194 more than the final budgeted revenue of \$42,004,163 and \$597,023 more than the original budget estimate of \$41,562,334. The actual and the final budgeted revenue amounts include revenue sources that were not anticipated at the beginning of the fiscal year, due to a conservative approach of estimating revenue used by the District.

Total actual expenditures, including other financing uses, were \$41,035,591, which was \$117,157 less than final budgeted expenditures of \$41,152,748 and \$24,192 more than original budgeted expenditures of \$41,059,783. These variances were immaterial.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2008, the School District had \$17,296,531 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles.

Table 4 shows fiscal year 2008 balances compared to fiscal year 2007:

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

	2008	2007
Land	\$3,745,329	\$3,745,329
Land Improvements	1,257,480	722,571
Buildings and Improvements	10,055,955	10,417,430
Furniture, Fixtures and Equipment	1,218,943	1,294,610
Vehicles	1,018,824	1,187,378
<i>Total</i>	<u>\$17,296,531</u>	<u>\$17,367,318</u>

All capital assets, except land, are reported net of depreciation. As one can see, the School District had an overall decrease in capital assets of \$70,787. The majority of this decrease is due to current year depreciation expense of \$1,045,005 exceeding current year additions of \$974,605. For more information about the School District's capital assets, see Note 8 to the basic financial statements.

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
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**Long-Term Obligations**

At June 30, 2008, the School District had one energy conservation note outstanding in the amount of \$543,072, as compared to \$667,224 at June 30, 2007. Of this total, \$128,633 is due within one year and \$414,439 is due in more than one year. The following table summarizes this loan and the School District's outstanding capital lease obligations.

**Table 5**  
Outstanding Debt at Year End

	<u>2008</u>	<u>2007</u>
Energy Conservation Note	\$543,072	\$667,224
Capital Lease Obligations	<u>1,534,811</u>	<u>1,795,677</u>
<i>Total</i>	<u><u>\$2,077,883</u></u>	<u><u>\$2,462,901</u></u>

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

See Note 12 to the basic financial statements for additional information on the District's debt administration.

**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. In Mahoning County, our District's state funding is the lowest by the State of Ohio. Though funded the lowest, our District's average residential rate is consistently number 7 out of 14.

The District has been very aggressive in cost cutting measures, while maintaining the quality programs that are a trademark of our District. 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.

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, \$505,556 for fiscal 2006, \$535,258 for fiscal 2007 and \$693,405 for fiscal 2008. The Board of Education has met with State Legislators on the issue of Charter School funding. The District will continue to lobby to the State of Ohio for changes in the way the Community Schools are funded. The District receives approximately \$1,200 for each student through the state foundation. When a student leaves our District to go to a Community School or Open Enrollment, approximately \$5,565 is reduced from our District's funding. The numbers above representing Fiscal years 2003 through 2008 are evidence of the increased dollars that are being diverted to Community Schools.

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
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The state's 2008 school foundation level had a minimal increase from fiscal year 2007. The state basic aid percentage of support for the District is 18.19 percent. House Bill 66 is currently eliminating personal property taxes. The State of Ohio will hold us harmless for 5 years. The funding for the hold harmless period will come from the commercial activity tax. After the 5 years of hold harmless, the personal property tax reimbursement will be phased out. The Board of Education is very concerned about the uncertainty after the 5 year reimbursement. The personal property represents 10 percent of the District's revenue. In fiscal year 2003, the District collected \$3,764,061 on personal property. The District collected \$3,610,647 for fiscal year 2004, \$4,223,663 for fiscal year 2005, \$3,809,881 for fiscal year 2006, \$3,068,093 for fiscal year 2007 and \$3,483,536 for fiscal 2008. If the District is not held harmless after five years, this will have a tremendous impact on the 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, our excellent rating for school years 2001, 2002, 2003, 2004, 2007 and 2008, in addition to 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, 2008*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$15,786,056
Accrued Interest Receivable	722
Accounts Receivable	11,609
Intergovernmental Receivable	216,840
Property Taxes Receivable	29,763,661
Materials and Supplies Inventory	57,867
Nondepreciable Capital Assets	3,745,329
Depreciable Capital Assets, Net	13,551,202
<i>Total Assets</i>	<u>63,133,286</u>
<b>Liabilities</b>	
Accounts Payable	198,266
Accrued Wages and Benefits Payable	4,102,378
Intergovernmental Payable	1,148,498
Early Retirement Incentive Payable	127,500
Matured Compensated Absences Payable	299,420
Deferred Revenue	26,655,470
Accrued Interest Payable	32,814
Long-Term Liabilities:	
Due Within One Year	948,270
Due In More Than One Year	4,299,037
<i>Total Liabilities</i>	<u>37,811,653</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	15,218,648
Restricted for:	
Capital Projects	917,810
Other Purposes	490,854
Set-Asides	696,775
Unrestricted	7,997,546
<i>Total Net Assets</i>	<u>\$25,321,633</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, 2008*

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets	
			Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>					
Current:					
Instruction:					
Regular	\$22,144,969	\$357,178	\$167,321	\$0	(\$21,620,470)
Special	3,479,375	31,912	737,829	0	(2,709,634)
Adult/Continuing	10,602	5,170	0	0	(5,432)
Other	398,242	2,510	176,693	0	(219,039)
Support Services:					
Pupils	1,822,678	15,509	358,242	0	(1,448,927)
Instructional Staff	2,575,986	60,681	78,338	33,948	(2,403,019)
Board of Education	117,067	1,301	0	0	(115,766)
Administration	2,632,700	67,523	151,240	0	(2,413,937)
Fiscal	1,010,439	11,060	0	0	(999,379)
Business	136,485	1,517	0	0	(134,968)
Operation and Maintenance of Plant	4,145,702	49,514	16	0	(4,096,172)
Pupil Transportation	3,069,931	32,006	13,285	31,366	(2,993,274)
Central	160,856	1,290	37,903	0	(121,663)
Operation of Non-Instructional Services	795,646	211,486	539,158	0	(45,002)
Operation of Food Services	1,340,907	785,818	566,793	0	11,704
Extracurricular Activities	1,114,688	314,100	5,597	0	(794,991)
Interest and Fiscal Charges	51,698	0	0	0	(51,698)
<i>Total Governmental Activities</i>	<u>\$45,007,971</u>	<u>\$1,948,575</u>	<u>\$2,832,415</u>	<u>\$65,314</u>	<u>(40,161,667)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
					29,254,399
					855,436
					11,821,236
					736,682
					291,116
					<u>42,958,869</u>
					2,797,202
					22,524,431
					<u>\$25,321,633</u>

See accompanying notes to the basic financial statements

**Boardman Local School District**

Mahoning County, Ohio

*Balance Sheet  
Governmental Funds  
June 30, 2008*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$12,905,853	\$2,183,428	\$15,089,281
Accrued Interest Receivable	722	0	722
Accounts Receivable	10,997	612	11,609
Interfund Receivable	107,145	0	107,145
Intergovernmental Receivable	0	216,840	216,840
Property Taxes Receivable	28,918,916	844,745	29,763,661
Materials and Supplies Inventory	57,867	0	57,867
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	696,775	0	696,775
<i>Total Assets</i>	<u>\$42,698,275</u>	<u>\$3,245,625</u>	<u>\$45,943,900</u>
<b>Liabilities</b>			
Accounts Payable	\$150,269	\$47,997	\$198,266
Accrued Wages and Benefits Payable	3,916,850	185,528	4,102,378
Intergovernmental Payable	1,077,556	70,942	1,148,498
Early Retirement Incentive Payable	0	127,500	127,500
Matured Compensated Absences Payable	0	299,420	299,420
Interfund Payable	0	107,145	107,145
Deferred Revenue	28,918,916	1,061,585	29,980,501
<i>Total Liabilities</i>	<u>34,063,591</u>	<u>1,900,117</u>	<u>35,963,708</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	158,464	480,624	639,088
Reserved for Capital Improvements	462,877	0	462,877
Reserved for Budget Stabilization	233,898	0	233,898
Unreserved:			
Undesignated, Reported in:			
General Fund	7,779,445	0	7,779,445
Special Revenue Funds	0	215,507	215,507
Capital Projects Funds	0	649,377	649,377
<i>Total Fund Balances</i>	<u>8,634,684</u>	<u>1,345,508</u>	<u>9,980,192</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$42,698,275</u>	<u>\$3,245,625</u>	<u>\$45,943,900</u>

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, 2008*

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<b>Total Governmental Fund Balances</b>		<b>\$9,980,192</b>
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,296,531
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
Property Taxes	3,108,191	
Intergovernmental	<u>216,840</u>	
Total		3,325,031
In the statement of activities, interest is accrued on outstanding energy conservation loans and capital leases, whereas in governmental funds, an interest expenditure is reported when due.		(32,814)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conservation Loan	(543,072)	
Capital Leases	(1,534,811)	
Compensated Absences	(3,041,924)	
Early Retirement Incentive	<u>(127,500)</u>	
Total		<u>(5,247,307)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$25,321,633</u></u>

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, 2008*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$28,574,272	\$835,721	\$29,409,993
Tuition and Fees	382,834	175,255	558,089
Interest	684,924	51,758	736,682
Charges for Services	0	785,818	785,818
Extracurricular Activities	37,715	520,545	558,260
Rentals	18,334	28,074	46,408
Contributions and Donations	150	31,163	31,313
Intergovernmental	11,704,831	3,082,393	14,787,224
Miscellaneous	206,317	84,799	291,116
<i>Total Revenues</i>	<u>41,609,377</u>	<u>5,595,526</u>	<u>47,204,903</u>
<b>Expenditures</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	21,129,312	661,947	21,791,259
Special	2,721,155	733,887	3,455,042
Adult/Continuing	7,449	3,553	11,002
Other	225,809	172,433	398,242
<b>Support Services:</b>			
Pupils	1,436,276	411,564	1,847,840
Instructional Staff	2,317,921	159,051	2,476,972
Board of Education	117,064	3	117,067
Administration	2,346,910	233,506	2,580,416
Fiscal	995,758	15,434	1,011,192
Business	136,822	0	136,822
Operation and Maintenance of Plant	4,453,771	148	4,453,919
Pupil Transportation	2,874,764	12,981	2,887,745
Central	116,028	44,828	160,856
Operation of Non-Instructional Services	0	811,647	811,647
Operation of Food Services	0	1,314,365	1,314,365
Extracurricular Activities	670,348	378,283	1,048,631
Capital Outlay	0	336,251	336,251
<b>Debt Service:</b>			
Principal Retirement	54,548	330,470	385,018
Interest and Fiscal Charges	3,644	84,975	88,619
<i>Total Expenditures</i>	<u>39,607,579</u>	<u>5,705,326</u>	<u>45,312,905</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,001,798</u>	<u>(109,800)</u>	<u>1,891,998</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	725,390	725,390
Transfers Out	(725,390)	0	(725,390)
<i>Total Other Financing Sources (Uses)</i>	<u>(725,390)</u>	<u>725,390</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,276,408	615,590	1,891,998
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	7,358,276	729,918	8,088,194
<i>Fund Balances End of Year</i>	<u>\$8,634,684</u>	<u>\$1,345,508</u>	<u>\$9,980,192</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, 2008*

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**Net Change in Fund Balances - Total Governmental Funds** \$1,891,998

***Amounts reported for governmental activities in the  
statement of activities are different because***

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 exceeded capital outlay in the current period.

Capital Outlay	974,605	
Current Year Depreciation	<u>(1,045,005)</u>	
Total		(70,400)

The net effect of various transactions involving capital assets (i.e.; disposals, sales and donations) is a reduction in net assets.

Assets Disposed	(10,283)	
Accumulated Depreciation on Disposals	<u>9,896</u>	
Total		(387)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	699,842	
Intergovernmental	<u>(99,572)</u>	
Total		600,270

Repayment of long-term loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 385,018

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Loans	22,765	
Accrued Interest on Capital Leases	<u>14,156</u>	
Total		36,921

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	81,282	
Early Retirement Incentive	<u>(127,500)</u>	
Total		<u>(46,218)</u>

*Change in Net Assets of Governmental Activities* \$2,797,202

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 (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$30,667,362	\$28,877,833	\$28,877,833	\$0
Tuition and Fees	374,635	374,635	380,545	5,910
Interest	675,000	675,000	685,174	10,174
Extracurricular Activities	35,000	35,000	38,092	3,092
Rentals	10,000	10,000	18,334	8,334
Contributions and Donations	0	0	150	150
Intergovernmental	9,670,937	11,696,906	11,740,169	43,263
Miscellaneous	129,400	129,399	213,670	84,271
<i>Total Revenues</i>	<u>41,562,334</u>	<u>41,798,773</u>	<u>41,953,967</u>	<u>155,194</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	21,892,412	21,892,412	21,538,957	353,455
Special	2,801,554	2,801,554	2,730,825	70,729
Other	141,464	141,464	248,409	(106,945)
Support Services:				
Pupils	1,541,614	1,541,614	1,513,477	28,137
Instructional Staff	2,379,049	2,379,049	2,361,250	17,799
Board of Education	126,937	138,902	118,820	20,082
Administration	2,353,611	2,353,611	2,378,895	(25,284)
Fiscal	991,022	991,022	1,011,483	(20,461)
Business	136,980	136,980	136,268	712
Operation and Maintenance of Plant	4,453,063	4,453,063	4,507,767	(54,704)
Pupil Transportation	2,657,051	2,657,051	2,903,186	(246,135)
Central	37,000	118,000	117,814	186
Operation of Non-Instructional Services	1,720	1,720	0	1,720
Extracurricular Activities	732,210	732,210	666,899	65,311
<i>Total Expenditures</i>	<u>40,245,687</u>	<u>40,338,652</u>	<u>40,234,050</u>	<u>104,602</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,316,647</u>	<u>1,460,121</u>	<u>1,719,917</u>	<u>259,796</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	205,390	205,390	0
Advances Out	(300,000)	(300,000)	(76,151)	223,849
Transfers Out	(514,096)	(514,096)	(725,390)	(211,294)
<i>Total Other Financing Sources (Uses)</i>	<u>(814,096)</u>	<u>(608,706)</u>	<u>(596,151)</u>	<u>12,555</u>
<i>Net Change in Fund Balance</i>	502,551	851,415	1,123,766	272,351
<i>Fund Balance Beginning of Year</i>	11,655,873	11,655,873	11,655,873	0
<i>Prior Year Encumbrances Appropriated</i>	515,904	515,904	515,904	0
<i>Fund Balance End of Year</i>	<u>\$12,674,328</u>	<u>\$13,023,192</u>	<u>\$13,295,543</u>	<u>\$272,351</u>

See accompanying notes to the basic financial statements

**Boardman Local School District**

Mahoning County, Ohio

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2008*

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	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$608,927	<u>\$155,618</u>
<b>Liabilities</b>		
Due to Students	<u>0</u>	<u>\$155,618</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>\$608,927</u>	

See accompanying notes to the basic financial statements

**Boardman Local School District**  
Mahoning County, Ohio

*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Funds*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Scholarship</u>
<b>Additions</b>	
Interest	\$27,190
Contributions and Donations	<u>17,545</u>
<i>Total Additions</i>	44,735
<b>Deductions</b>	
Scholarships Awarded	<u>39,650</u>
<i>Change in Net Assets</i>	5,085
<i>Net Assets Beginning of Year</i>	<u>603,842</u>
<i>Net Assets End of Year</i>	<u><u>\$608,927</u></u>

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, 2008*

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**Note 1 - Description of the School District and Reporting Entity**

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 876 public school districts in the State of Ohio) in terms of enrollment. The District is staffed by 229 non-certificated and 325 certificated personnel to provide services to approximately 4,805 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 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, 2008*

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**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. 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 and Technical Center*** The Mahoning County Career and 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 and Technical Center, at 7300 North Palmyra Road, Canfield, Ohio 44406.

**Public Entity Risk Pools**

***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.

***Stark County Schools Council of Governments*** The Stark County Schools Council of Governments (the "COG") 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 operation of the COG. All COG's revenues are generated from charges for services. The COG has a Health Benefits Program which is a shared risk pool comprised of 39 Stark County entities, most of which are school districts.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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***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. The School District has no proprietary funds.

***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.

***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.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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The government-wide statement of activities presents a comparison between direct expenses and program revenues 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 governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements** - Fund financial statements report detailed information about the District. The focus of governmental 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.

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. Fiduciary funds 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 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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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 arise 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, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

***Expenses/Expenditures*** - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in 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 2008 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.
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.

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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 2008.

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 2008.
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.

During fiscal 2008, 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 2008. 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, 2008.

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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 2008 amounted to \$684,924, none of which was assigned from other District funds.

For purposes of 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 6.

***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. Inventories consist of donated food, purchased food, and non-food supplies held for resale and are expensed when used.

***H. - Capital Assets***

The School District's only capital assets are classified as general capital assets. 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of four thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 50 years
Buildings and Improvements	10 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	6 - 10 years

***I. - Interfund Balances***

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental column of the statement of net assets.

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***J. – Interfund Activity***

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid from them are not presented on the financial statements.

***K. – 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, 2008, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund or funds from which the employees who have accumulated the leave are paid.

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

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.



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***M. - 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, capital improvements and budget stabilization.

***N. - Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$2,105,439, none of which is restricted by enabling legislation. Net assets restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The net assets held in trust for scholarships signify the legal restrictions on the use of principal.

***O. - Estimates***

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

***P. - 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 amounts required by state statute to be set aside to create a reserve for capital acquisition and construction of capital improvements and for budget stabilization. See Note 17 for details.

***Q. - Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. The District did not have any extraordinary items occur during fiscal year 2008.

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. The District did not have any special items occur during fiscal year 2008.

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**Note 3 – Change in Accounting Principles and Restatement of Prior Year Fund Balances**

**A. Change in Accounting Principles**

For fiscal year 2008, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

**B. Restatement of Prior Year Fund Balances**

During the fiscal year, the School District reclassified its previously reported enterprise funds to governmental funds in accordance with Governmental Accounting Standards Boards (GASB) Statement No. 34. This reclassification had the following affect on total governmental fund balances as previously reported at June 30, 2007;

	General	Nonmajor	Total
Fund Balances, June 30, 2007	\$7,358,276	\$570,263	\$7,928,539
Fund Reclassifications	0	159,655	159,655
Adjusted Fund Balances, June 30, 2007	\$7,358,276	\$729,918	8,088,194

This reclassification did not affect total net assets of \$22,524,431, as previously reported at June 30, 2007; however, this change did result in the District presenting only governmental funds in its basic financial statement presentation.

**Note 4 – Fund Deficits**

Fund balances at June 30, 2008 included the following individual fund deficits:

Nonmajor Governmental Funds:	Deficit
Uniform School Supplies	\$28,273
Poverty Aid	327
IDEA Part B Grant	99,797
Title I	15,010
Title V	9,070
Drug Free Schools	30
Improving Teacher Quality	18,768
Miscellaneous Federal Grants	2,858

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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. These deficit fund balances are the result of adjustments for accrued liabilities.

**Note 5 - Budgetary Basis of Accounting**

While the School District is reporting its 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, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) 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 GAAP (modified accrual) basis are as follows:

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$1,276,408
Net Adjustment for Revenue Accruals	344,590
Advances In	205,390
Advances Out	(76,151)
Net Adjustment for Expenditure Accruals	(319,386)
Adjustment for Encumbrances	<u>(307,085)</u>
Budget Basis	<u><u>\$1,123,766</u></u>

**Note 6 - Deposits and Investments**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be

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evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of 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, 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 securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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.

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**A. Cash on Hand**

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

**B. Deposits**

At June 30, 2008, the carrying value amount of all the District's deposits was \$5,100,238, exclusive of the \$5,739,353 repurchase agreement and \$1,576,872 money market fund, included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2008, \$5,106,840 of the District's bank balance of \$5,224,142 was exposed to custodial risk as described below, while \$117,302 was covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk** 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 percent 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, 2008, the School District had the following investments. All investments are in an internal investment pool.

	<u>Fair Value</u>	<u>Maturity</u>
Repurchase Agreements	\$5,739,353	6 months or less
STAROhio	4,134,038	6 months or less
Money Market Fund	<u>1,576,872</u>	6 months or less
Total Portfolio	<u><u>\$11,450,263</u></u>	

The weighted average of maturities is one day.

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase.

**Credit Risk** The securities underlying the repurchase agreement and money market fund had a credit risk rating of AAA by Standard and Poors. STAROhio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

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

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District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Concentration of Credit Risk** The School District places no limit on the amount it may invest in any one issuer. The School District's investment in repurchase agreements, STAROhio and the money market fund represent 50.12, 36.11 and 13.77 percent, respectively, of the School District's total investments.

**D. Reconciliation of Cash and Investment 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, 2008:

<u>Cash and Investments per Note Disclosure</u>	
Carrying amount of deposits	\$5,100,238
Investments	11,450,263
Cash on hand	<u>100</u>
Total	<u><u>\$16,550,601</u></u>
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$15,786,056
Private-purpose trust funds	608,927
Agency funds	<u>155,618</u>
Total	<u><u>\$16,550,601</u></u>

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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.

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Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Mahoning County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2009 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, 2008 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.

Due to the timing of the tax bills sent by the County, there is no money available as an advance to the School District at June 30, 2008 and June 30, 2007.

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.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$821,287,690	90.59 %	\$827,463,280	95.18 %
Public Utility Personal	42,112,170	4.65	20,311,500	2.34
Tangible Personal Property	43,183,272	4.76	21,591,636	2.48
Total	<u>\$906,583,132</u>	<u>100.00 %</u>	<u>\$869,366,416</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$55.90		\$56.05	

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**Note 8 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Restated Balance 6/30/07	Additions	Reductions	Balance 6/30/08
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$3,745,329	\$0	\$0	\$3,745,329
<i>Capital assets being depreciated:</i>				
Land improvements	1,476,745	620,838	0	2,097,583
Buildings and improvements	25,233,207	170,736	0	25,403,943
Furniture, fixtures and equipment	3,429,407	183,031	(10,283)	3,602,155
Vehicles	4,094,689	0	0	4,094,689
<i>Total capital assets being depreciated</i>	<u>34,234,048</u>	<u>974,605</u>	<u>(10,283)</u>	<u>35,198,370</u>
<i>Accumulated depreciation:</i>				
Land improvements	(754,174)	(85,929)	0	(840,103)
Buildings and improvements	(14,815,777)	(532,211)	0	(15,347,988)
Furniture, fixtures and equipment	(2,134,797)	(258,311)	9,896	(2,383,212)
Vehicles	(2,907,311)	(168,554)	0	(3,075,865)
<i>Total accumulated depreciation</i>	<u>(20,612,059)</u>	<u>(1,045,005) *</u>	<u>9,896</u>	<u>(21,647,168)</u>
Capital assets being depreciated, net	<u>13,621,989</u>	<u>(70,400)</u>	<u>(387)</u>	<u>13,551,202</u>
Governmental activities capital assets, net	<u>\$17,367,318</u>	<u>(\$70,400)</u>	<u>(\$387)</u>	<u>\$17,296,531</u>

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

<b>Instruction:</b>	
Regular	\$382,015
Special	3,367
<b>Support Services:</b>	
Pupil	451
Instructional Staff	100,816
Administration	4,991
Operation and Maintenance of Plant	256,111
Pupil Transportation	177,434
Operation of Non-Instructional Services	4,390
Operation of Food Services	16,994
Extracurricular	98,436
<b>Total Depreciation Expense</b>	<u><u>\$1,045,005</u></u>



**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

**Note 9 - Receivables**

Receivables at June 30, 2008, consisted of taxes, accounts (rent, student fees and tuition), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Non-major Governmental Funds:	
IDEA Part B Grant	\$162,147
Title I Grant	13,888
Title V Grant	13,534
Class Size Reduction Grant	24,413
Miscellaneous Federal Grants	<u>2,858</u>
Total Intergovernmental Receivable	<u><u>\$216,840</u></u>

**Note 10 - Interfund Activity**

***A. Interfund Transfers***

Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Fund:		
General	\$0	\$725,390
Non-major Governmental Funds:		
Bond Retirement	145,552	0
Uniform School Supplies	31,658	0
Special Enterprise	43,800	0
Separation Fund	461,198	0
District Managed Student Activity	<u>43,182</u>	<u>0</u>
	<u><u>\$725,390</u></u>	<u><u>\$725,390</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the government-wide financials. All transfers were made in compliance with Ohio Revised code Sections 5705.14, 5705.15 and 5705.16.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

**B. Interfund Receivable/Payable**

	Interfund Receivable	Interfund Payable
Major Governmental Fund:		
General	\$107,145	\$0
Non-major Governmental Funds:		
Uniform School Supplies	0	30,994
IDEA Part B Grant	0	44,719
Title I	0	12,375
Title V	0	13,451
Drug Free School Grant	0	26
Improving Teacher Quality	0	2,722
Miscellaneous Federal Grants	0	2,858
Total	\$107,145	\$107,145

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.

**Note 11 – Capitalized Lease – Lessee Disclosure**

In prior fiscal years, the District entered into capital leases 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 2008 fiscal year totaled \$206,318 and \$60,888, 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 2008 fiscal year totaled \$54,548 and \$3,644, respectively. These amounts are reported as debt service payments of the General fund.

**Boardman Local School District**  
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*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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, 2008:

<u>Fiscal Year Ending June 30,</u>	
2009	\$321,241
2010	267,206
2011	267,206
2012	267,206
2013	267,206
2014 - 2015	<u>334,007</u>
Total Minimum Lease Payments	1,724,072
Less: Amount Representing Interest	<u>(189,261)</u>
Present Value of Minimum Lease	<u><u>\$1,534,811</u></u>

**Note 12 - Long-term Obligations**

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Restated Amount Outstanding 6/30/07	Additions	Deductions	Amount Outstanding 6/30/08	Amounts due in One Year
<b>Governmental-Type Activities</b>					
2000 Energy Conservation Note 5.89%	\$667,224	\$0	\$124,152	\$543,072	\$128,633
Capital Lease Obligations	1,795,677	0	260,866	1,534,811	267,812
Compensated Absences	3,386,276	152,991	497,343	3,041,924	551,825
Early Retirement Incentive	<u>0</u>	<u>127,500</u>	<u>0</u>	<u>127,500</u>	<u>0</u>
<i>Total Long-Term Obligations</i>	<u><u>\$5,849,177</u></u>	<u><u>\$280,491</u></u>	<u><u>\$882,361</u></u>	<u><u>\$5,247,307</u></u>	<u><u>\$948,270</u></u>

The District issued an Energy Conservation Note in the amount of \$1,290,000 in July of 2000. The note matures in October 2011 and has an average interest rate of 3.61 percent.

Compensated absences will be paid from the general fund and the food service, auxiliary services and IDEA grant special revenue funds. The early retirement incentive payable will be paid from the separation special revenue fund.

The capital leases are being repaid from the general fund and the permanent improvement capital projects fund.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

The School District's overall legal debt margin was \$77,699,905 with an unvoted debt margin of \$869,366 at June 30, 2008. Principal requirements to retire the energy conservation notes outstanding at June 30, 2008, are as follows:

Fiscal year Ending June 30,	2000 Energy Conservation Notes	
	Principal	Interest
2009	\$128,633	\$19,605
2010	133,277	14,961
2011	138,088	10,150
2012	143,074	5,165
<i>Total</i>	<u>\$543,072</u>	<u>\$49,881</u>

**Note 13 - Risk Management**

***A. Property, Fleet and Liability Insurance***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 \$118,021,297. The deductible is \$5,000 and the coinsurance is 90 percent. The business auto coverage limits are \$1,000,000 for liability and \$1,000,000 for uninsured motorists with no deductible. The District's audio-visual and computer equipment policy has a liability limit of \$2,605,224, and its musical instrument policy has a liability limit of \$2,583,975 with \$500 deductibles. The District's machinery and equipment policy has an \$116,372,000 annual aggregate with a \$5,000 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 \$2,000,000 annual aggregate.

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

***B. Employee Group Health Insurance***

In July 2006, the District joined the Stark County Schools Council of Governments (the "COG") in Stark County, Ohio. The COG is a corporate and political body established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio as defined by Chapter 167 of the Ohio Revised Code.

The COG is a shared risk pool as defined by GASB Statement No. 10. It was formed to carry out a cooperative program for the provision and administration of health care benefits for member employees and to promote other cooperative programs (such as the group rating plan for Workers' Compensation) which may be approved in accordance with the by-laws of the COG.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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The Council Assembly is the legislative decision-making body of the COG and is comprised of the superintendent or executive officer from each member of the COG. As of June 30, 2008, there were 47 members of the COG. Members pay monthly premiums (program costs) that are placed in a common fund from which eligible claims are paid for member employees and their covered dependents. Claims are paid for all participants regardless of claims flows, resulting in a transfer of all risk. Members with less than 3 years experience are required to maintain a "reserve balance" equal to 30 percent of their prior fiscal year claims.

The Board of Directors is the advisory body of the COG and is comprised of five individuals, including the Superintendent of the Stark County Educational Service Center, who serves as the Chairman. Among other responsibilities, the Board of Directors reviews the applications of potential new COG members, reviews health insurance policies, and selects carriers for insurance coverage. The Board of Directors also reviews contracts for the purpose of selecting third-party administrators and makes recommendations to the Council Assembly related to member program costs and adjustments.

The COG Agreement can be terminated by two-thirds vote of the participating members. Upon such termination, the net reserve balance will be transferred to the members in proportion to their fiscal year premium deposits divided by the total deposits of all members.

**C. Workers' Compensation**

The District participates in the Retrospective Rating Plan (Retro Plan) for Workers' Compensation. In 1997, the BWC began offering a two tier Retro Plan to private and public employers. With the Retro Plan, employers initially pay the BWC less premiums than required without the plan. Participants in the Retro Plan may earn possible premium reductions by assuming a portion of the risk. The greater the portion of assumed risk taken by the District, the greater the possibility of a premium reduction there is. The District was accepted into the Retro Plan for policy year 2005. The District was no longer able to qualify for the group rating through OSBA.

The District meets monthly with representatives from PRM, our third party administrator, and Comp 1, our MCO, and a consultant from the BWC. Claims are reviewed and watched to ensure that the District has maximized the potential for savings.

**Note 14 - Pension Plans**

**A - School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per 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 can be obtained by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://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 School District's contribution is used to fund pension

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers, by the SERS' Retirement Board. The School District's required contribution for pension obligations to SERS for fiscal years ended 2008, 2007, and 2006 were \$515,846, \$601,976, and \$579,218, respectively; 52.0 percent has been contributed for fiscal year 2008 and 100 percent has been contributed for fiscal year 2007 and 2006.

**B - State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. 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.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the “money-purchase benefit” calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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first anniversary of the first day of paid service. 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.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by three percent of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit 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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2008, were 10 percent of covered payroll for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006, were \$2,624,664, \$2,571,961, and \$2,491,136, respectively; 82.6 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$16,611 made by the School District and \$38,694 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, 2008*

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STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2007 *Comprehensive Annual Financial Report* were available after December 26, 2007.

Additional information or copies of STRS Ohio's 2007 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**Note 15 - Postemployment Benefits**

***A. School Employees Retirement System***

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

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, 2008, employer contributions to fund health care benefits were 4.84 percent of covered payroll. 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 2008, the minimum pay was established as \$35,800. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2008 fiscal year equaled \$315,942.

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. Health care benefits are financed on a pay as you go basis. Net health care costs for the year ending June 30, 2007 (the latest information available), were \$158,651,207. The number of participants eligible to receive benefits was 59,492. The target level for the health care fund is 150 percent of the projected claims less premium contributions for the next fiscal year. At June 30, 2007 the value of the health care fund was \$295.6 million, which is about 221 percent of next year's 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.

***B. State Teachers Retirement System of Ohio***

STRS Ohio provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code (R.C.), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. For the fiscal year ended June 30, 2008, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$201,897 for fiscal year 2008.



**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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The R.C. grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2007 (the latest information available) the board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$4.1 billion on June 30, 2007.

For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were \$265,558,000. There were 122,934 eligible benefit recipients.

**Note 16 - Other Employee Benefits**

***A. Compensated Absences***

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

Each employee earns sick leave at the rate of one and one-quarter days per month. Sick leave may be accumulated without a maximum for all employees. Upon retirement, classified employees receive payments for twenty five percent of the total sick leave accumulation up to a maximum of 60 days. Teachers and administrators receive payment for twenty five percent of the total sick leave accumulation up to 63 days.

***B. Retirement Incentive***

The School District Board of Education offered employees participation in a Retirement Incentive program beginning September 1, 2007 through June 20, 2008 for certified employees. Participation was open to teachers who were eligible to retire by July 1, 2008. The value of the incentive for certified employees was \$15,000 payable over 2 fiscal years. In fiscal year 2008, seventeen certified staff members participated in the program.

**Note 17 - Set-Asides**

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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

	Capital		Budget
	Textbooks	Improvements	Stabilization
Set-Aside Reserve Balance as of June 30, 2007	(\$1,871,745)	\$249,677	\$233,898
Current Year Set-Aside Requirement	767,948	767,948	0
Qualifying Disbursements	(942,249)	(554,748)	0
Total	<u>(\$2,046,046)</u>	<u>\$462,877</u>	<u>\$233,898</u>
Set-Aside Balance Carried Forward to			
Future Fiscal Years	<u>(\$2,046,046)</u>	<u>\$462,877</u>	<u>\$233,898</u>
Cash balance as of June 30, 2008	<u>\$0</u>	<u>\$462,877</u>	<u>\$233,898</u>

The total reserve balance for the three set-asides at the end of the fiscal year was \$696,775.

**Note 18 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

**B. Litigation**

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2008.

**Note 19 – Subsequent Events**

On July 3, 2008 the School District entered into a lease purchase agreement in the amount of \$6,050,000 for classroom additions. The term of the lease is for 28 years at a rate of 4.40 percent and will mature on December 1, 2036.

On July 3, 2008 the School District entered into a lease purchase agreement in the amount of \$1,010,000 for the performing arts center refinancing. The term of the lease is for 12 years at a rate of 4.45 percent and will mature on June 1, 2020.

Boardman Local School District implemented House Bill 264 (HB264) energy conservation projects in July of 2008. The HB264 program is a state house bill that allows special financing opportunities for energy conservation permanent improvements in school districts. The project will encompass heating, air condition, and lighting improvements. The special HB264 capital lease financing agreements were for \$543,072 over 8 years at 3.61 percent and also \$3,488,480 over 15 years at rates ranging from 3.30 percent to 3.62 percent.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**Note 20 – New Accounting Standards**

In August of 2004, the GASB issued Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions”, which addresses how state and local governments should account for and report their costs and obligations related to postemployment health care and other non-pension benefits, or OPEB. Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. Statement No. 45 will not be effective for the District until fiscal year 2009 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In November 2006, the GASB issued Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations.” This Statement is to establish accounting and financial reporting standards for pollution remediation obligations. Statement No. 49 will not be effective for the District until fiscal year 2009 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In June of 2007, the GASB issued Statement No. 51, “Accounting and Financial Reporting for Intangible Assets.” This Statement requires that all intangible assets, which include easements, water rights, timber rights, patents, trademarks, and computer software, be classified as capital assets. Statement No. 51 will not be effective for the District until fiscal year 2010 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In March of 2007, the GASB issued Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments.” This Statement establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. Endowments include permanent and term endowments, and permanent funds. This Statement does not apply to lands granted by the Federal government in connection with a state being admitted to the United States. It also does not apply to quasi-endowments. This Statement applies to all state and local governments. Statement No. 52 will not be effective for the District until fiscal year 2009 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In November of 2007, the GASB issued Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments.” This Statement establishes accounting and financial reporting standards for all state and local governments that enter into derivative instruments as defined in this Statement. Statement No. 53 will not be effective for the District until fiscal year 2011 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

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**BOARDMAN LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disburse- ments</b>	<b>Non-Cash Disburse- ments</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution	48306	10.550		\$105,159		\$105,159
Nutrition Cluster:						
School Breakfast Program	08-PU	10.553	\$28,278		\$28,278	
National School Lunch Program	LL-P8	10.555	<u>506,237</u>		<u>506,237</u>	
Subtotal - Nutrition Cluster			<u>534,515</u>		<u>534,515</u>	
Total U.S. Department of Agriculture			<u>534,515</u>	<u>105,159</u>	<u>534,515</u>	<u>105,159</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies (ESEA Title I)	C1-S1-07	84.010	39,723		45,382	
	C1-S1-08	84.010	<u>387,102</u>		<u>395,496</u>	
Subtotal - Title I Grants to Local Educational Agencies			426,825		440,878	
Special Education Cluster:						
Special Education_ Grants to States (IDEA Part B)	6B-SF-07	84.027	244,774		236,338	
	6B-SF-08	84.027	<u>967,915</u>		<u>951,933</u>	
Subtotal - Special Education Cluster			1,212,689		1,188,271	
Safe and Drug-Free Schools and Communities - State Grants	DR-S1-07	84.186	2,338		2,174	
	DR-S1-08	84.186	<u>15,835</u>		<u>15,545</u>	
Subtotal - Safe & Drug-Free Schools & Communities - State Grants			18,173		17,719	
Eisenhower Professional Development State Grants	MS-S1-01	84.281				
	MS-S1-02	84.281				
Subtotal - Eisenhower Professional Development Grant			<u>0</u>		<u>0</u>	
Innovative Education Program Strategies	C2-S1-07	84.298	(277)		19,031	
	C2-S1-08	84.298	<u>1,383</u>		<u>6,224</u>	
Subtotal - Innovative Education Program Strategies			1,106		25,255	
Education Technology State Grant (Title II-D)	TJ-S1-07	84.318	(163)		0	
	TJ-S1-08	84.318	<u>1,266</u>		<u>4,123</u>	
Subtotal - Education Technology State Grant			1,103		4,123	
Improving Teacher Quality State Grant (Title II-A)	TR-S1-07	84.367	17,554		16,254	
	TR-S1-08	84.367	<u>93,070</u>		<u>95,792</u>	
Subtotal - Improving Teacher Quality State Grant			<u>110,624</u>		<u>112,046</u>	
Total U.S. Department of Education			<u>1,770,520</u>		<u>1,788,292</u>	
<b>Totals</b>			<u><b>\$2,305,035</b></u>	<u><b>\$105,159</b></u>	<u><b>\$2,322,807</b></u>	<u><b>\$105,159</b></u>

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

**BOARDMAN LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# 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  
Youngstown, Ohio 44512

To the Board of Education:

We have audited the financial statements of the governmental activities, the 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, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 28, 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the District's management in a separate letter dated July 28, 2009.

### **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*.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one 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

July 28, 2009





# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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 (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Boardman Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008.

#### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs.

In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Boardman Local School District

Mahoning County

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

Page 2

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 28, 2009

**BOARDMAN LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster – CFDA #10.55X Title I Grants to Local Educational Agencies (ESEA) – CFDA #84.010 Special Education – Grants to States (IDEA Part B) – CFDA #84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





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  
AUGUST 27, 2009**