

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Boardman Local School District, Mahoning County, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Boardman Local School District, Mahoning County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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



JIM PETRO
Auditor of State

February 10, 2000

Boardman Local School District

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$5,340,876	\$1,432,279	\$103,103	\$1,061,657
Receivables (net of allowance for doubtful accounts):				
Taxes	24,115,340	0	130,570	868,962
Accounts	3,579	10,044	0	0
Intergovernmental	6,790	10,624	0	154
Interest	1,269	0	0	0
Interfund Loan Receivable	138,157	0	0	0
Inventory of Supplies at Cost	79,253	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	835,931	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$30,521,195	\$1,452,947	\$233,673	\$1,930,773
Liabilities, Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$42,448	\$6,741	\$0	\$0
Accrued Wages and Benefits	3,254,422	48,551	0	0
Interfund Loan Payables	0	75,680	0	0
Intergovernmental Payables	816,173	11,109	0	13
Due to Students/Others	0	0	0	0
Deferred Revenue	0	0	0	0
Deferred Revenue - Taxes	24,115,340	0	130,570	868,962
General Obligation Bond Payable	0	0	0	0
Compensated Absences Payable	18,024	321,513	0	0
Capital Lease Payable	0	0	0	0
Total Liabilities	28,246,407	463,594	130,570	868,975
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	577,084	143,686	0	79,571
Reserved for Budget Stabilization	835,931	0	0	0
Reserved for Supplies Inventory	79,253	0	0	0
Reserved for Endowments	0	0	0	0
Reserved for Debt Service	0	0	103,103	0
Unreserved:				
Undesignated	782,520	845,667	0	982,227
Total Equity and Other Credits	2,274,788	989,353	103,103	1,061,798
Total Liabilities, Equity and Other Credits	\$30,521,195	\$1,452,947	\$233,673	\$1,930,773

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

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

<i>Proprietary</i> <i>Fund Types</i>	<i>Fiduciary</i> <i>Fund Types</i>	<i>Account</i> <i>Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$64,249	\$136,647	\$0	\$0	\$8,138,811
0	0	0	0	25,114,872
1,377	225	0	0	15,225
32,755	0	0	0	50,323
0	0	0	0	1,269
0	0	0	0	138,157
17,911	0	0	0	97,164
0	0	0	0	835,931
99,607	0	25,057,716	0	25,157,323
0	0	0	103,103	103,103
0	0	0	3,665,021	3,665,021
<u>\$215,899</u>	<u>\$136,872</u>	<u>\$25,057,716</u>	<u>\$3,768,124</u>	<u>\$63,317,199</u>
\$20	\$4,468	\$0	\$0	\$53,677
74,354	0	0	0	3,377,327
62,477	0	0	0	138,157
96,108	0	0	0	923,403
0	86,947	0	0	86,947
9,079	0	0	0	9,079
0	0	0	0	25,114,872
0	0	0	235,000	235,000
23,472	0	0	3,525,720	3,888,729
0	0	0	7,404	7,404
<u>265,510</u>	<u>91,415</u>	<u>0</u>	<u>3,768,124</u>	<u>33,834,595</u>
0	0	25,057,716	0	25,057,716
150,371	0	0	0	150,371
(199,982)	0	0	0	(199,982)
0	0	0	0	800,341
0	0	0	0	835,931
0	0	0	0	79,253
0	22,303	0	0	22,303
0	0	0	0	103,103
0	23,154	0	0	2,633,568
(49,611)	45,457	25,057,716	0	29,482,604
<u>\$215,899</u>	<u>\$136,872</u>	<u>\$25,057,716</u>	<u>\$3,768,124</u>	<u>\$63,317,199</u>

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BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$21,238,798	\$0	\$132,189	\$788,764	\$0	\$22,159,751
Tuition	60,064	0	0	0	0	60,064
Transportation Fees	24,869	0	0	0	0	24,869
Investment Earnings	370,180	7,636	0	4,420	0	382,236
Extracurricular Activities	0	259,425	0	0	0	259,425
Class Material and Fees	86,194	0	0	0	0	86,194
Intermediate Sources	61,913	13,850	0	0	0	75,763
Intergovernmental - State	8,748,804	566,121	0	94,980	0	9,409,905
Intergovernmental - Federal	0	457,959	0	0	0	457,959
All Other Revenues	0	185,417	0	219,216	1,043	405,676
Total Revenues	30,590,822	1,490,408	132,189	1,107,380	1,043	33,321,842
Expenditures:						
Current:						
Instruction	18,161,383	675,085	0	0	900	18,837,368
Supporting Services:						
Pupils	1,273,238	15,531	0	0	0	1,288,769
Instructional Staff	1,743,239	119,590	0	308,241	0	2,171,070
Board of Education	45,456	0	0	0	0	45,456
Administration	1,718,272	144,761	0	0	0	1,863,033
Fiscal Services	702,699	1,500	0	14,043	0	718,242
Business	129,189	0	0	0	0	129,189
Operation and Maintenance of Plant	3,249,647	0	0	0	0	3,249,647
Pupil Transportation	1,805,702	3,865	0	0	0	1,809,567
Central	0	936	0	0	0	936
Community Services	2,772	592,228	0	0	0	595,000
Extracurricular Activities	522,024	238,785	0	0	0	760,809
Capital Outlay	237,385	10,242	0	640,302	0	887,929
Debt Service:						
Principal Retirement	0	0	115,000	0	0	115,000
Interest and Fiscal Charges	0	0	17,189	0	0	17,189
Total Expenditures	29,591,006	1,802,523	132,189	962,586	900	32,489,204
Excess (Deficiency) of Revenues Over (Under) Expenditures	999,816	(312,115)	0	144,794	143	832,638
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	3,600	0	0	0	0	3,600
Refunds of Prior Years' Expenditures (Receipts)	665,124	0	0	0	0	665,124
Operating Transfers In	0	1,000,000	0	0	0	1,000,000
Operating Transfers Out	(1,007,903)	0	0	0	0	(1,007,903)
Total Other Financing Sources (Uses)	(339,179)	1,000,000	0	0	0	660,821
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	660,637	687,885	0	144,794	143	1,493,459
Fund Balance Beginning of Year	1,642,414	301,468	103,103	917,004	23,011	2,987,000
Decrease in Inventory Reserve	(28,263)	0	0	0	0	(28,263)
Fund Balance End of Year	\$2,274,788	\$989,353	\$103,103	\$1,061,798	\$23,154	\$4,452,196

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

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 1999

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$21,730,107	\$21,234,258	(\$495,849)	\$0	\$0	\$0
Tuition	0	116,370	116,370	0	0	0
Transportation Fees	0	27,188	27,188	0	0	0
Investment Earnings	315,000	369,452	54,452	0	8,376	8,376
Extracurricular Activities	0	0	0	460,000	263,011	(196,989)
Class Material and Fees	0	86,278	86,278	0	0	0
Intermediate Sources	0	61,913	61,913	5,000	13,850	8,850
Intergovernmental - State	8,657,791	8,869,511	211,720	480,930	566,121	85,191
Intergovernmental - Federal	0	0	0	482,210	447,335	(34,875)
All Other Revenues	236,103	72,621	(163,482)	0	177,218	177,218
Total Revenues	30,939,001	30,837,591	(101,410)	1,428,140	1,475,911	47,771
Expenditures:						
Current:						
Instruction	18,438,232	18,270,825	167,407	458,980	449,547	9,433
Supporting Services:						
Pupils	1,297,600	1,293,517	4,083	44,702	9,580	35,122
Instructional Staff	1,855,538	1,808,905	46,633	137,513	119,773	17,740
Board of Education	64,950	56,636	8,314	0	0	0
Administration	1,753,861	1,729,197	24,664	140,405	137,524	2,881
Fiscal Services	712,034	708,809	3,225	1,500	1,500	0
Business	132,901	130,554	2,347	0	0	0
Operation and Maintenance of Plant	3,339,845	3,231,619	108,226	0	0	0
Pupil Transportation	2,123,710	2,109,710	14,000	3,642	4,674	(1,032)
Central	9,500	0	9,500	10,875	2,536	8,339
Community Services	6,600	2,767	3,833	684,409	741,217	(56,808)
Extracurricular Activities	540,905	534,032	6,873	248,758	255,852	(7,094)
Capital Outlay	204,893	248,095	(43,202)	5,000	10,242	(5,242)
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	30,480,569	30,124,666	355,903	1,735,784	1,732,445	3,339
Excess (Deficiency) of Revenues Over (Under) Expenditures	458,432	712,925	254,493	(307,644)	(256,534)	51,110
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	3,600	3,600	0	0	0
Refunds of Prior Years' Expenditures (Receipts)	0	665,124	665,124	0	0	0
Operating Transfers In	0	0	0	1,000,000	1,000,000	0
Operating Transfers Out	(75,000)	(1,007,903)	(932,903)	0	0	0
Advances In	148,808	148,809	1	37,530	75,680	38,150
Advances Out	0	(107,164)	(107,164)	(14,419)	(20,820)	(6,401)
Total Other Financing Sources (Uses)	73,808	(297,534)	(371,342)	1,023,111	1,054,860	31,749
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	532,240	415,391	(116,849)	715,467	798,326	82,859
Fund Balance at Beginning of Year	4,693,093	4,693,093	0	254,477	254,477	0
Prior Year Encumbrances	448,791	448,791	0	192,591	192,591	0
Fund Balance at End of Year	\$5,674,124	\$5,557,275	(\$116,849)	\$1,162,535	\$1,245,394	\$82,859

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

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 1999

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$132,189	\$132,189	\$0	\$873,208	\$788,610	(\$84,598)	\$22,735,504	\$22,155,057	(\$580,447)
0	0	0	0	0	0	0	116,370	116,370
0	0	0	0	0	0	0	27,188	27,188
0	0	0	0	4,420	4,420	315,000	382,248	67,248
0	0	0	0	0	0	460,000	263,011	(196,989)
0	0	0	0	0	0	0	86,278	86,278
0	0	0	0	0	0	5,000	75,763	70,763
0	0	0	0	94,980	94,980	9,138,721	9,530,612	391,891
0	0	0	0	0	0	482,210	447,335	(34,875)
0	0	0	0	219,216	219,216	236,103	469,055	232,952
132,189	132,189	0	873,208	1,107,226	234,018	33,372,538	33,552,917	180,379
0	0	0	0	0	0	18,897,212	18,720,372	176,840
0	0	0	0	0	0	1,342,302	1,303,097	39,205
0	0	0	452,185	314,476	137,709	2,445,236	2,243,154	202,082
0	0	0	0	0	0	64,950	56,636	8,314
0	0	0	0	0	0	1,894,266	1,866,721	27,545
0	0	0	13,000	14,043	(1,043)	726,534	724,352	2,182
0	0	0	0	0	0	132,901	130,554	2,347
0	0	0	0	0	0	3,339,845	3,231,619	108,226
0	0	0	0	0	0	2,127,352	2,114,384	12,968
0	0	0	0	0	0	20,375	2,536	17,839
0	0	0	0	0	0	691,009	743,984	(52,975)
0	0	0	0	0	0	789,663	789,884	(221)
0	0	0	1,326,067	713,667	612,400	1,535,960	972,004	563,956
115,000	115,000	0	0	0	0	115,000	115,000	0
17,189	17,189	0	0	0	0	17,189	17,189	0
132,189	132,189	0	1,791,252	1,042,186	749,066	34,139,794	33,031,486	1,108,308
0	0	0	(918,044)	65,040	983,084	(767,256)	521,431	1,288,687
0	0	0	0	0	0	0	3,600	3,600
0	0	0	0	0	0	0	665,124	665,124
0	0	0	0	0	0	1,000,000	1,000,000	0
0	0	0	0	0	0	(75,000)	(1,007,903)	(932,903)
0	0	0	0	0	0	186,338	224,489	38,151
0	0	0	0	(98,040)	(98,040)	(14,419)	(226,024)	(211,605)
0	0	0	0	(98,040)	(98,040)	1,096,919	659,286	(437,633)
0	0	0	(918,044)	(33,000)	885,044	329,663	1,180,717	851,054
103,103	103,103	0	448,386	448,386	0	5,499,059	5,499,059	0
0	0	0	566,700	566,700	0	1,208,082	1,208,082	0
\$103,103	\$103,103	\$0	\$97,042	\$982,086	\$885,044	\$7,036,804	\$7,887,858	\$851,054

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**BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<i>Proprietary Fund Type</i>	<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)
	Enterprise Funds	Nonexpendable Trust Fund	
<u>Operating Revenues:</u>			
Tuition and Fees	\$180,071	\$0	\$180,071
Sales	666,372	0	666,372
Other Operating Revenues	0	30,020	30,020
Investment Earnings	0	1,778	1,778
Total Operating Revenues	846,443	31,798	878,241
<u>Operating Expenses:</u>			
Salaries and Wages	478,903	0	478,903
Fringe Benefits	188,292	0	188,292
Contractual Services	28,244	0	28,244
Materials and Supplies	431,421	0	431,421
Depreciation	12,999	0	12,999
Other Operating Expenses	2,034	31,150	33,184
Total Operating Expenses	1,141,893	31,150	1,173,043
Operating Income (Loss)	(295,450)	648	(294,802)
<u>Non-Operating Revenues:</u>			
Operating Grants	195,492	0	195,492
Federally Donated Commodities	49,894	0	49,894
Investment Earnings	187	0	187
Miscellaneous	775	0	775
Total Non-Operating Revenues	246,348	0	246,348
Income (Loss) Before Operating Transfers	(49,102)	648	(48,454)
<u>Operating Transfers:</u>			
Operating Transfers In	7,903	0	7,903
Total Operating Transfers	7,903	0	7,903
Net Income (Loss)	(41,199)	648	(40,551)
Accumulated Deficit/Fund Balance at Beginning of Year	(158,783)	21,655	(137,128)
Accumulated Deficit/Fund Balance at End of Year	(\$199,982)	\$22,303	(\$177,679)

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

**BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	Enterprise Funds	Nonexpendable Trust Fund	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$180,434	\$30,020	\$210,454
Cash Received from Tuition and Fee Payments	665,976	0	665,976
Cash Payments for Goods and Services	(394,459)	(31,150)	(425,609)
Cash Payments to Employees for Services and Benefits	(681,471)	0	(681,471)
Net Cash Used by Operating Activities	<u>(229,520)</u>	<u>(1,130)</u>	<u>(230,650)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	9,438	0	9,438
Operating Grants Received	192,763	0	192,763
Net Cash Provided by Noncapital Financing Activities	<u>202,201</u>	<u>0</u>	<u>202,201</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	187	1,778	1,965
Net Cash Provided by Investing Activities	<u>187</u>	<u>1,778</u>	<u>1,965</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(27,132)	648	(26,484)
Cash and Cash Equivalents at Beginning of Year	91,381	21,655	113,036
Cash and Cash Equivalents at End of Year	<u>\$64,249</u>	<u>\$22,303</u>	<u>\$86,552</u>
<u>Reconciliation of Cash and Cash Equivalents per Balance Sheet</u>			
Cash and Cash Equivalents	\$64,249	\$136,647	\$200,896
Less: Cash and Cash Equivalents in Expendable Trust Fund	0	(23,154)	(23,154)
Less: Cash and Cash Equivalents in Agency Fund	0	(91,190)	(91,190)
Cash and Cash Equivalents at End of Year	<u>\$64,249</u>	<u>\$22,303</u>	<u>\$86,552</u>

(Continued)

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Proprietary</u> <u>Fund Types</u>	<u>Fiduciary</u> <u>Fund Type</u>	Totals (Memorandum Only)
	Enterprise Funds	Nonexpendable Trust Fund	
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Used by Operating Activities:</u>			
Operating Income (Loss)	(\$295,450)	\$648	(\$294,802)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	12,999	0	12,999
Donated Commodities Used During the Year	49,894	0	49,894
Miscellaneous Receipt	775	(1,778)	(1,003)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(808)	0	(808)
Decrease in Inventory	20,113	0	20,113
Increase in Accounts Payable	7	0	7
Increase in Accrued Wages and Benefits	5,582	0	5,582
Decrease in Intergovernmental Payables	(20,966)	0	(20,966)
Decrease in Deferred Revenue	(2,774)	0	(2,774)
Increase in Compensated Absences	1,108	0	1,108
Total Adjustments	<u>65,930</u>	<u>(1,778)</u>	<u>64,152</u>
Net Cash Used by Operating Activities	<u>(\$229,520)</u>	<u>(\$1,130)</u>	<u>(\$230,650)</u>

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

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 259 noncertified and 311 certified teaching personnel and administrative employees providing education to 4,957 students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. The District is a member of the Area Cooperative Computerized Educational Service System (ACCESS), a jointly governed organization which provides computer service to twenty-four (24) school districts. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

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

B. Basis of Presentation - Fund Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

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

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

Fiduciary Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

C. Basis of Accounting

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

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

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

Current property taxes measurable at June 30, 1999, and which are not intended to finance fiscal 1999 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue at year end.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 1999.

3. Appropriations

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

4. Encumbrances

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

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

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BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		
	General Fund	Special Revenue Funds	Capital Projects Funds
GAAP Basis (as reported)	\$660,637	\$687,885	\$144,794
Increase (Decrease):			
Accrued Revenues at June 30, 1999, received during FY 2000	(11,638)	(20,668)	(154)
Accrued Revenues at June 30, 1998, received during FY 1999	258,407	6,171	0
Accrued Expenditures at June 30, 1999, paid during FY 2000	4,172,712	442,774	13
Accrued Expenditures at June 30, 1998, paid during FY 1999	(4,078,857)	(130,951)	(98,082)
FY 1998 Prepays for FY 1999	33,662	0	0
Encumbrances Outstanding at June 30, 1999	(619,532)	(186,885)	(79,571)
Budget Basis	<u>\$415,391</u>	<u>\$798,326</u>	<u>(\$33,000)</u>

E. Cash and Cash Equivalents

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

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 3, Cash, Cash Equivalents and Investments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements and certificates of deposit) which are reported at cost. See Note 3, Cash, Cash Equivalents and Investments.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1999. 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, 1999.

G. Inventory

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

H. Fixed Assets and Depreciation

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

I. Property, Plant and Equipment - General Governmental Purposes

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Fund

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

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

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

I. Long-Term Obligations

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

Obligation	Fund
General Obligation Bonds	General Obligation Bond Retirement Fund
Capital Lease	General Fund
Compensated Absences	General Fund, Food Services Fund, Termination Fund

J. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. The liability for sick leave payments is based upon the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive payment for sick leave upon termination, as well as certified and administrative employees with eight (8) years of service. Classified employees with twenty (20) years of service at any age, or 15 years of service and at least forty-five (45) years of age, or with five (5) years of service and at least fifty (50) years of age. Employees may earn 15 days of sick leave per year. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 55 days. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions

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

L. Interfund Transactions

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

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

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

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, a reserve for textbook purchases and a reserve for capital maintenance. These reserves are required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. Fund balance reserves have also been established for these amounts.

N. Reservations of Fund Balance

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

O. Contributed Capital

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

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Total Columns on Combined Financial Statements - Overview

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits

Fund Deficits - The fund deficit at June 30, 1999 of \$49 in the Teacher Development Fund and \$39,908 in the Chapter I Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the cash basis of accounting. The fund deficits at June 30, 1999 of \$193,140 in the Food Service Fund and \$30,994 in the Uniform School Supply Fund (enterprise funds) arise from the recognition of expenses on the accrual basis which are greater than expenses recognized on the cash basis. A deficit does not exist under the cash basis of accounting.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 1999, expenditures exceeded appropriations as follows:

Fund/Function	Excess
General Fund:	
Capital Outlay	\$43,202
Special Revenue Funds:	
Public School Fund:	
Instruction	2,770
Administration	4,900
Community Services	2,824
Capital Outlay	5,242
District Managed Student Activity Fund:	
Community Services	11,162
Extracurricular Activities	11,708
Auxillary Services Fund:	
Community Services	49,485
Teacher Development Fund:	
Instructional Staff	38
Public School Preschool Fund:	
Instruction	244
Title VI-B Fund:	
Pupil Transportation	1,032
Chapter I Fund:	
Instruction	7,118
Drug Free School Grant Fund:	
Instructional Staff	2,938
Capital Projects Funds:	
Permanent Improvement Fund:	
Fiscal Services	1,043

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

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

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

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

Deposits:

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

Investments:

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

A. Deposits

At year end the carrying amount of the District's deposits was an overdraft of \$38,719 and the bank balance was \$151,797. The Federal Deposit Insurance Corporation (FDIC) covered \$151,797 of the bank balance.

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 1999 are summarized below:

	<u>Category 2</u>	<u>Fair Value</u>
Categorized Investments		
Repurchase Agreements	\$614,889	\$614,889
Noncategorized Investments		
STAR Ohio	N/A	8,398,572
Total Investments	<u>\$614,889</u>	<u>\$9,013,461</u>

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$8,974,742	\$0
Repurchase Agreements	(614,889)	614,889
STAR Ohio	(8,398,572)	8,398,572
Per GASB Statement No. 3	<u>(\$38,719)</u>	<u>\$9,013,461</u>

NOTE 4 - TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1999. A statistical update was completed in 1996. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 4 - TAXES (Continued)

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

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

The assessed values for collection in 1999, upon which the 1998 levies were based, were as follows:

	1998 Second Half Collections	1999 First Half Collections
Agricultural/Residential and Other Real Estate	\$581,615,140	\$593,022,540
Public Utility Personal	37,301,270	39,403,580
Tangible Personal Property	<u>87,465,860</u>	<u>88,329,210</u>
Total Assessed Value	<u>\$706,382,270</u>	<u>\$720,755,330</u>
Taxrate per \$1,000 of assessed valuation	\$50.95	\$48.70

NOTE 5 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, interest, interfund loans and accounts receivable.

NOTE 6 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds at June 30, 1999:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$1,007,903
Special Revenue Funds:		
Termination Fund	1,000,000	0
Enterprise Funds:		
Uniform School Supply Fund	<u>7,903</u>	<u>0</u>
Total All Funds	<u>\$1,007,903</u>	<u>\$1,007,903</u>

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 7 - INTERFUND BALANCES

Individual interfund loan receivable and loan payable balances at June 30, 1999, are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$138,157	\$0
Special Revenue Fund:		
District Managed Student Activity Fund	0	38,150
Chapter II Fund	0	32,340
Drug Free School Grant Fund	0	5,190
Total Special Revenue	0	75,680
Enterprise Fund:		
Food Service Fund	0	31,483
Uniform School Supply Fund	0	30,994
Total Enterprise	0	62,477
Totals	<u>\$138,157</u>	<u>\$138,157</u>

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 1999:

Class	June 30, 1998	Additions	Deletions	June 30, 1999
Land/Improvements	\$354,699	\$0	\$0	\$354,699
Buildings	17,513,391	165,557	0	17,678,948
Furniture and Equipment	3,512,107	579,695	(87,230)	4,004,572
Vehicles/Other	3,073,497	0	(54,000)	3,019,497
Totals	<u>\$24,453,694</u>	<u>\$745,252</u>	<u>(\$141,230)</u>	<u>\$25,057,716</u>

B. Proprietary Fixed Assets

Summary by Category at June 30, 1999:

Category	Historical Cost	Accumulated Depreciation	Book Value
Machinery and Equipment	\$373,826	(\$274,219)	\$99,607
Total Property, Plant and Equipment	<u>\$373,826</u>	<u>(\$274,219)</u>	<u>\$99,607</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 1998, (the latest information available) 9.02% was allocated to fund the pension and 4.98% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$685,506, \$659,760, and \$612,870, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 1998 employer contribution rate (identified above) that was used to fund health care for the year 1998 was 4.98%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 1999, the minimum pay has been established as \$12,400 and the surcharge amounted to \$103,518.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. Net assets available for payment of benefits at June 30, 1998 was \$160.3 million, at cost.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to the STRS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$2,213,568, \$2,182,632, and \$2,099,604, respectively, which were equal to the required contributions for each year.

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

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions, equal to 3.5% of covered payroll, to a health care reserve fund. The balance of the Health Care Reserve Fund was \$2,156 million at June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999 will be 8% of covered payroll. For the fiscal year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

NOTE 10 - COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 1999, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	Sick Leave	Vacation	Total
Liability	\$3,329,268	\$196,452	\$3,525,720

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

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 11 - CAPITAL LEASE COMMITMENTS

The District is obligated under one lease accounted for as a capital lease. The cost of the leased asset (a copier) is accounted for in the General Fixed Assets Account Group and the related liability in the General Long-Term Obligations Account Group. The original cost of the asset under capital lease was \$28,686.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 1999

<u>Year Ending June 30,</u>	<u>Capital Lease</u>
2000	\$6,771
2001	<u>1,000</u>
Minimum Lease Payments	7,771
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(367)</u>
Present Value of minimum lease payments	<u>\$7,404</u>

NOTE 12 - GENERAL LONG-TERM DEBT AND OTHER GENERAL LONG-TERM OBLIGATIONS

Detail of the changes in the bonds, capital lease payable, and compensated absences of the District for the year ended June 30, 1999 is as follows:

		<u>Balance June 30, 1998</u>	<u>Issued (Retired)</u>	<u>Balance June 30, 1999</u>
General Long-Term Debt:				
(General Obligation Bonds)				
School Improvement	6.25%	\$215,000	(\$50,000)	\$165,000
Computer Technology	5.15%	<u>135,000</u>	<u>(65,000)</u>	<u>70,000</u>
Total General Long-Term Debt		350,000	(115,000)	235,000
Other General Long-Term Obligations:				
Capital Lease		13,323	(5,919)	7,404
Compensated Absences		<u>2,845,428</u>	<u>680,292</u>	<u>3,525,720</u>
Total Other General Long-Term Obligations		<u>2,858,751</u>	<u>674,373</u>	<u>3,533,124</u>
Total General Long-Term Debt and Other General Long-Term Obligations		<u>\$3,208,751</u>	<u>\$559,373</u>	<u>\$3,768,124</u>

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 12 - GENERAL LONG-TERM DEBT AND OTHER GENERAL LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 1999, follows:

Years	General Obligation Bonds		Capital Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$120,000	\$10,570	\$6,411	\$360	\$126,411	\$10,930
2001	55,000	5,469	993	7	55,993	5,476
2002	60,000	1,875	0	0	60,000	1,875
Totals	<u>\$235,000</u>	<u>\$17,914</u>	<u>\$7,404</u>	<u>\$367</u>	<u>\$242,404</u>	<u>\$18,281</u>

NOTE 13 - STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 199	\$0	\$0	\$174,740	\$174,740
Current Year Set-Aside Requirement	552,660	552,660	552,660	1,657,980
Additional Set-Aside	0	0	108,531	108,531
Current Year Offset Credits	0	0	0	0
Qualifying Disbursements	(552,660)	(552,660)	0	(1,105,320)
Total	<u>\$0</u>	<u>\$0</u>	<u>\$835,931</u>	<u>\$835,931</u>
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$835,931</u>	<u>\$835,931</u>
Amount Restricted for Budget Stabilization				835,931
Total Restricted Assets				<u>\$835,931</u>

BOARDMAN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains three Enterprise Funds to account for the operation of Food Services, Uniform School Supply Sales and a Adult Education program. The key financial information for the year ended June 30, 1999 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Adult Education	Total
Operating Revenues	\$666,372	\$25,199	\$154,872	\$846,443
Depreciation Expense	12,999	0	0	12,999
Operating Loss	(241,485)	(25,012)	(28,953)	(295,450)
Net Income (Loss)	4,088	(17,109)	(28,178)	(41,199)
Property, Plant and Equipment:				
Additions	11,421	0	0	11,421
Operating Transfers In	0	7,903	0	7,903
Operating Grants	195,492	0	0	195,492
Total Assets	151,238	0	64,661	215,899
Net Working Capital	(142,374)	(30,994)	(40,097)	(125,746)
Total Equity	(42,769)	(30,994)	24,152	(49,611)

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, boilers, electronic data processing equipment and instruments.

The comprehensive commercial property coverage limit is \$86,798,755. The deductible is \$500 and the coinsurance is 90 percent. The business auto coverage limits are \$2,000,000 for liability and uninsured motorists with a \$250 deductible. The District audio-visual and computer equipment policy has a liability limit of \$1,965,928 and the musical instrument policy has a liability limit of \$2,026,279. The deductible for the audio-visual, computer equipment, and musical instruments is \$250. The District has liability insurance coverage limits of \$2,000,000 each occurrence and \$5,000,000 annual aggregate. The District commercial crime coverage liability limit is \$100,000 with no deductible.

A. Mahoning County Employee Insurance Consortium

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

NOTE 15 - RISK MANAGEMENT (Continued)

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

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

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

B. OSBA Group Rating Program

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

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

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

NOTE 16 - JOINTLY GOVERNED ORGANIZATION

Area Cooperative Computerized Educational Service System

Area Cooperative Computerized Educational Service System (ACCESS), a not-for-profit computer service, is jointly governed by 24 districts within Mahoning and Columbiana counties. ACCESS is governed by an assembly consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the assembly. Members of ACCESS are assessed annual user fees and periodic capital improvement fees based on their average daily membership. During fiscal year 1999, the District paid \$75,095 to ACCESS for computer services. The members do have an ongoing financial interest in ACCESS, however, they do not have an equity interest.

NOTE 17 - CONTRIBUTED CAPITAL

Contributed capital balance as of year end was as follows:

	Food Service Fund
Contributed Capital at June 30, 1998	<u>\$138,950</u>
Additions:	11,421
Contributed Capital at June 30, 1999	<u>\$150,371</u>

NOTE 18 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

B. Litigation

There are currently no pending lawsuits in which the District is named as defendant.

NOTE 18 - CONTINGENCIES (Continued)

C. State School Funding

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$5,984,477 of school foundation support for its general fund. Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws, and in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional. As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education: Nutrition Cluster:</i>						
Food Distribution Program	048306	10.550	\$0	\$47,120	\$0	\$49,894
National School Breakfast Program	05-PU	10.553	2,178	0	2,178	0
National School Lunch Program	03/04-PU	10.555	180,754	0	180,754	0
Total Department of Agriculture - Nutrition Cluster			182,932	47,120	182,932	49,894
UNITED STATES DEPARTMENT OF EDUCATION						
Telecommunications Act Grant	0004078	84.XXX	19,216	0	0	0
<i>Passed Through Ohio Department of Education:</i>						
Employment Services (School To Work)	-	17.249	15,000	0	825	0
Educationally Deprived Children Local Educational Agencies - Title I	C1-S1-98	84.010	40,634	0	32,681	0
	C1-S1-99	84.010	134,652	0	166,512	0
	Carryover 98	84.010	0	0	32,769	0
Total			175,286	0	231,962	0
Title VI-B - Special Education Grants to States	6B-SF-98	84.027	0	0	24,009	0
	6B-SF-99	84.027	198,745	0	156,189	0
Total			198,745	0	180,198	0
Safe and Drug Free Schools Grant	DR-S1-98	84.186	11,401	0	8,466	0
	DR-S1-99	84.186	15,934	0	21,125	0
Total			27,335	0	29,591	0
Goals 2000 Program	C2-S1-99	84.276	5,000	0	5,000	0
Title VI - Innovative Education Program	C2-S1-98	84.298	0	0	4,326	0
	C2-S1-99	84.298	22,812	0	8,071	0
Total			22,812	0	12,397	0
Total Department of Education			463,394	0	459,973	0
Totals			646,326	47,120	642,905	49,894

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE A—SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Youngstown, Ohio 44503
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800-443-9271
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**REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the financial statements of Boardman Local School District, Mahoning County, (the District), as of and for the year ended June 30, 1999, and have issued our report thereon dated February 10, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Boardman Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However we noted a certain immaterial instance of noncompliance that we have reported to the management of the District in a separate letter dated February 10, 2000.

Internal Control Over Financial Reporting

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

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 10, 2000.

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



JIM PETRO
Auditor of State

February 10, 2000



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

Board of Education
Boardman Local School District
Mahoning County
7410 Market Street
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 are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control over Compliance

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

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

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



JIM PETRO
Auditor of State

February 10, 2000

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY
JULY 1, 1998 - JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion.	UNQUALIFIED
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level. (GAGAS)?	NO
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level. (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
(d)(1)(v)	Type of Major Programs' Compliance Opinion.	UNQUALIFIED
(d)(1)(vi)	Are there any reportable findings under § .510?	NO
(d)(1)(vii)	Major Programs (list):	Title VI - B
(d)(1)(viii)	Dollar Threshold: Type A/B Programs:	Type A: >\$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	YES

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY
JULY 1, 1998 - JUNE 30, 1999**

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

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

Finding Number - NONE

NOT APPLICABLE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number - NONE

NOT APPLICABLE

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY
JULY 1, 1998 - JUNE 30, 1999**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .315 (b)**

SCHEDULE OF PRIOR AUDIT FINDINGS

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid;
1998-11150-001	The Board of Education delegated its authority to amend appropriations at the legal level of control to the Treasurer. Such amendments should have been approved by the Board itself.	YES	Corrected
1998-11150-002	Section 5705.41 (B) Revised Code, states that no expenditure of money is to be made unless it has been properly appropriated. At fiscal year end the District had variances contrary to the above mentioned Revised Code Section:	YES	Corrected

