



**Auditor of State
Betty Montgomery**

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Boardman Local School District, Mahoning County, Ohio, (the District), as of and for the year ended June 30, 2004, 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 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 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 business-type activities, the major fund, and the aggregate remaining fund information of the Boardman Local School District, Mahoning County, Ohio, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, 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 August 22, 2005, 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 inquires 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 expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Betty Montgomery
Auditor of State

August 22, 2005

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

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, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

- In total, net assets decreased \$2,062,371. Net assets of governmental activities decreased \$2,129,355, which represents a 13.39% decrease from 2003. Net assets of business-type activities increased \$66,984 or 2,118.41% from 2003.
- General revenues accounted for \$36,706,382 in revenue or 93.37% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,606,712 or 6.63% of total revenues of \$39,313,094.
- The District had \$41,442,449 in expenses related to governmental activities; only \$2,606,712 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$36,706,382 were not adequate to provide for these programs resulting in a decrease to net assets from \$15,896,941 to \$13,767,586.
- The District had \$1,394,461 in expenses related to business-type activities; a total of \$1,460,621 was offset by program specific charges for services, grants and contributions. General revenues include only interest earnings of \$824. Total revenues were adequate to provide for these programs by \$66,984 resulting in an increase to net assets from \$3,162 to \$70,146.
- The District's only major governmental fund is the general fund. The general fund had \$35,669,528 in revenues and other financing sources and \$37,408,133 in expenditures and other financing uses. The general fund's fund balance decreased \$1,758,908 from \$1,022,037 to a deficit of \$736,871.

Using these Basic Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
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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 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

Proprietary Funds

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

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 28-53 of this report.

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2004 and 2003.

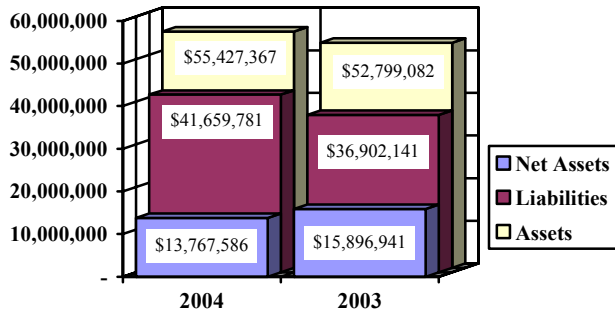
**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

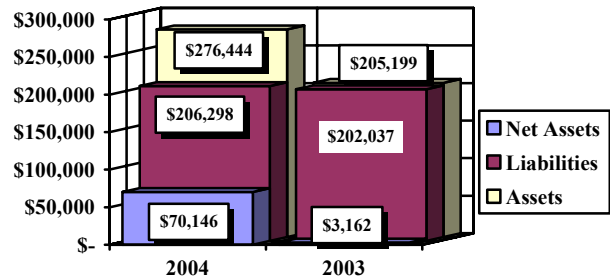
Net Assets

	Governmental Activities		Business-Type Activities	
	2004	2003	2004	2003
Assets				
Current assets	\$ 37,805,253	\$ 34,178,863	\$ 228,403	\$ 145,493
Capital assets	17,622,114	18,620,219	48,041	59,706
Total assets	55,427,367	52,799,082	276,444	205,199
Liabilities				
Current liabilities	34,852,966	29,778,767	169,270	168,376
Long-term liabilities	6,806,815	7,123,374	37,028	33,661
Total liabilities	41,659,781	36,902,141	206,298	202,037
Net Assets				
Invested in capital assets, net of debt	14,341,455	14,952,171	48,041	59,706
Restricted	1,166,011	1,067,276	-	-
Unrestricted	(1,739,880)	(122,506)	22,105	(56,544)
Total net assets	\$ 13,767,586	\$ 15,896,941	\$ 70,146	\$ 3,162

Governmental - Net Assets



Business-Type - Net Assets



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

The table below shows the changes in net assets for fiscal year 2004 and 2003.

	Change in Net Assets			
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>Revenues</u>				
Program revenues:				
Charges for services and sales	\$ 847,089	\$ 902,515	\$ 1,028,710	\$ 964,106
Operating grants and contributions	1,759,623	1,417,996	431,911	381,994
Capital grants and contributions	-	3,212	-	-
General revenues:				
Property taxes	26,442,915	24,158,946	-	-
Grants and entitlements	10,059,260	9,790,645	-	-
Investment earnings	79,925	156,346	824	644
Miscellaneous	124,282	118,758	-	-
Total revenues	<u>39,313,094</u>	<u>36,548,418</u>	<u>1,461,445</u>	<u>1,346,744</u>
<u>Expenses</u>				
Program expenses:				
Instruction:				
Regular	\$ 21,210,560	\$ 20,197,424	\$ -	\$ -
Special	2,680,226	2,512,122	-	-
Other	291,053	267,706	-	-
Support services:				
Pupil	1,955,799	1,786,039	-	-
Instructional staff	2,531,754	2,442,862	-	-
Board of education	111,446	140,330	-	-
Administration	2,485,350	2,453,898	-	-
Fiscal	885,734	853,527	-	-
Business	158,004	151,767	-	-
Operations and maintenance	4,240,356	4,404,637	-	-
Pupil transportation	2,799,773	2,554,135	-	-
Central	51,279	23,093	-	-
Operation of non-instructional services	279,097	292,605	-	-
Extracurricular activities	1,113,792	1,026,258	-	-
Intergovernmental	472,491	393,347	-	-
Interest and fiscal charges	175,735	191,555	-	-
Food service	-	-	1,181,252	1,157,728
Adult education	-	-	5,061	5,749
Special enterprise	-	-	208,148	214,184
Total expenses	<u>41,442,449</u>	<u>39,691,305</u>	<u>1,394,461</u>	<u>1,377,661</u>
Changes in net assets	<u>\$ (2,129,355)</u>	<u>\$ (3,142,887)</u>	<u>\$ 66,984</u>	<u>\$ (30,917)</u>

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

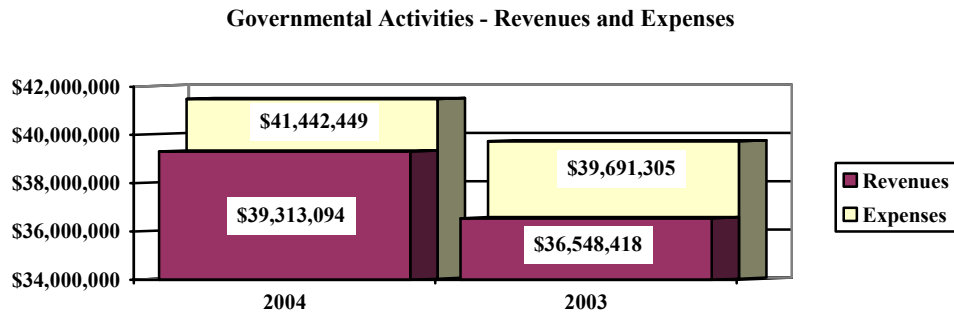
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Governmental Activities

Net assets of the District's governmental activities decreased \$2,129,355. Total governmental expenses of \$41,442,449 were primarily offset by program revenues of \$2,606,712 and general revenues of \$36,706,382. Program revenues supported 6.29% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 92.85% of total governmental revenue. Property taxes support 63.81% of total expenses while grants and entitlements supported 24.27% of total expenses. Between these two revenue items, 88.08% of total governmental expenditures were funded.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2004 and 2003.



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2004 and 2003. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Program expenses:				
Instruction:				
Regular	\$ 21,210,560	\$ 20,867,483	\$ 20,197,424	\$ 19,690,700
Special	2,680,226	2,272,849	2,512,122	2,204,458
Other	291,053	240,121	267,706	267,706

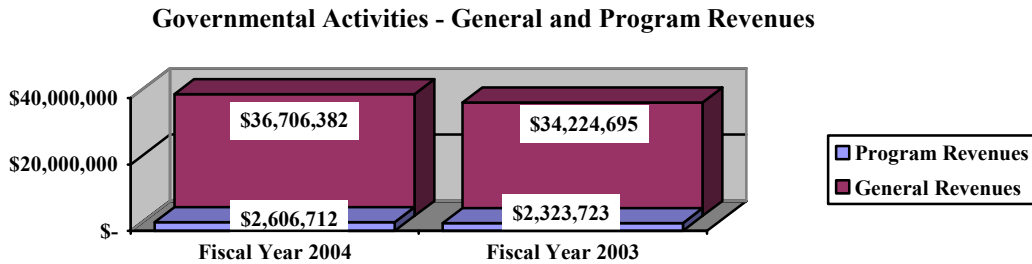
**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

	<u>Total Cost of Services 2004</u>	<u>Net Cost of Services 2004</u>	<u>Total Cost of Services 2003</u>	<u>Net Cost of Services 2003</u>
Support services:				
Pupil	\$ 1,955,799	\$ 1,634,854	\$ 1,786,039	\$ 1,607,177
Instructional staff	2,531,754	2,366,931	2,442,862	2,316,610
Board of education	111,446	111,446	140,330	140,330
Administration	2,485,350	2,243,395	2,453,898	2,288,136
Fiscal	885,734	885,734	853,527	853,527
Business	158,004	158,004	151,767	151,767
Operations and maintenance	4,240,356	4,240,356	4,404,637	4,404,263
Pupil transportation	2,799,773	2,691,869	2,554,135	2,512,666
Central	51,279	6,878	23,093	99
Operation of non-instructional services	279,097	61,666	292,605	70,469
Extracurricular activities	1,113,792	845,360	1,026,258	723,391
Intergovernmental	472,491	33,056	393,347	(55,272)
Interest and fiscal charges	<u>175,735</u>	<u>175,735</u>	<u>191,555</u>	<u>191,555</u>
Total expenses	<u>\$ 41,442,449</u>	<u>\$ 38,835,737</u>	<u>\$ 39,691,305</u>	<u>\$ 37,367,582</u>

The dependence upon tax revenues during fiscal year 2004 for governmental activities is apparent, as 96.69% of 2004 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 93.71% in 2004. The District's taxpayers, as a whole, is by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2004 and 2003.



Business-Type Activities

Business-type activities include food service, adult education and special enterprise operations. These programs had revenues of \$1,461,445 and expenses of \$1,394,461 for fiscal year 2004. The food service operations had expenses of \$1,181,252 and revenues of \$1,216,550. This resulted in an increase to net assets for the fiscal year of \$35,298. The adult education and special enterprise programs had expenses of \$213,209 and revenues of \$244,895. This resulted in an increase to net assets for the fiscal year of \$31,686. Each of these funds is self-supporting through user fees and charges. Management assesses their performance to ensure that they are run efficiently.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

The District's Funds

The District's governmental funds reported a combined fund balance of \$163,989, which is below last year's total of \$2,044,730. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2004 and 2003.

	<u>Fund Balance</u> <u>June 30, 2004</u>	<u>Fund Balance</u> <u>June 30, 2003</u>	<u>Decrease</u>
General	\$ (736,871)	\$ 1,022,037	\$ (1,758,908)
Other Governmental	<u>900,860</u>	<u>1,022,693</u>	<u>(121,833)</u>
Total	<u>\$ 163,989</u>	<u>\$ 2,044,730</u>	<u>\$ (1,880,741)</u>

General Fund

The District's general fund balance decreased by \$1,758,908, due to flat revenues and increased expenditures during 2004. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 25,218,157	\$ 23,053,398	9.39 %
Tuition	165,252	169,142	(2.30) %
Interest earnings	69,342	145,993	(52.50) %
Intergovernmental	9,990,920	9,677,625	3.24 %
Other revenues	<u>202,803</u>	<u>297,906</u>	(31.92) %
Total	<u>\$ 35,646,474</u>	<u>\$ 33,344,064</u>	6.91 %

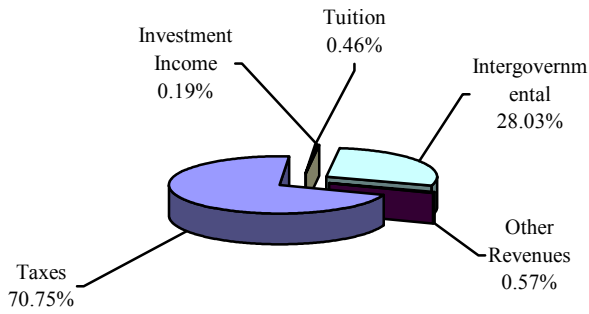
Tax revenue increased \$2,164,759 or 9.39% from the prior year.

Intergovernmental revenue increased \$313,295 or 3.24% from the prior year. This increase is attributed to an increase in the number of grants the District received in 2004. The decrease in investment income is due to drastic cuts in interest rates by the Federal Reserve Bank throughout the year. All other revenue remained comparable to 2003.

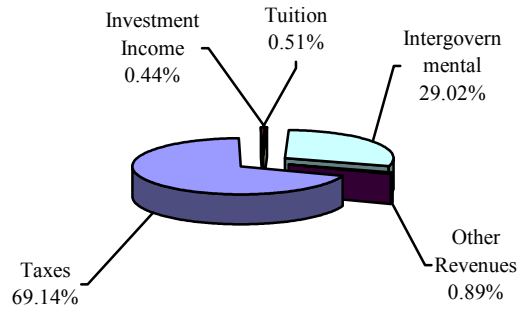
**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

Revenues - Fiscal Year 2004



Revenues - Fiscal Year 2003

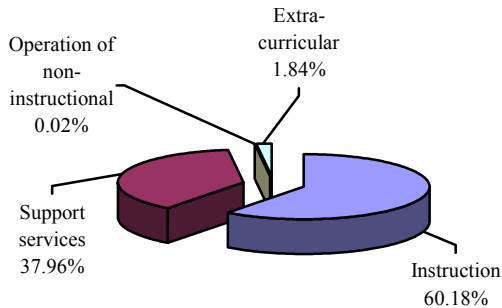


The table that follows assists in illustrating the expenditures of the general fund.

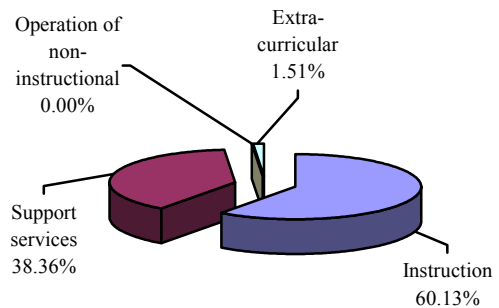
	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 22,363,185	\$ 21,584,919	3.61 %
Support services	14,105,445	13,769,040	2.44 %
Operation of non-instructional services	6,187	417	1,383.69 %
Extracurricular activities	<u>683,316</u>	<u>540,536</u>	26.41 %
Total	<u>\$ 37,158,133</u>	<u>\$ 35,894,912</u>	3.52 %

Instruction expenditures increased by \$778,266 or 3.61%.

Expenditures - Fiscal Year 2004



Expenditures - Fiscal Year 2003



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

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 2004, the District amended its general fund budget several times, none significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$36,076,172, above original budget estimates of \$35,757,651. Actual revenues and other financing sources for fiscal year 2004 totaled \$35,757,648, which was \$318,524 lower than the final budgeted revenues.

General fund original appropriations (expenditures plus other financing uses) of \$37,742,365 were increased to \$38,021,746 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2004 totaled \$37,994,005, which was \$27,741 less than the final budget appropriations, primarily because salary and benefit costs proved to be lower than anticipated in the original and final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004, the District had \$17,670,155 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Of this total, \$17,622,114 was reported in governmental activities and \$48,041 was reported in business-type activities. The following table shows fiscal 2004 balances compared to 2003:

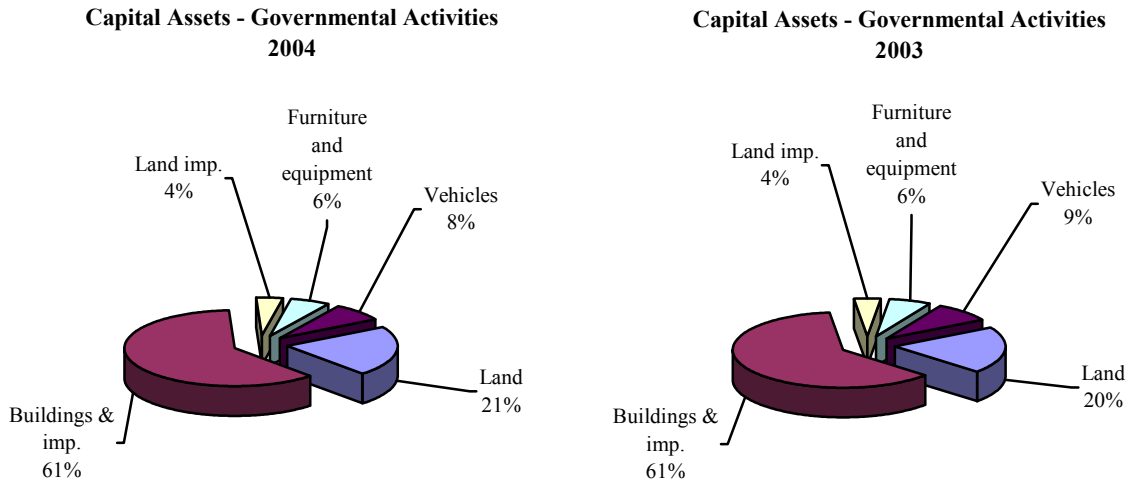
**Capital Assets at June 30
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 3,745,329	\$ 3,745,329	\$ -	\$ -	\$ 3,745,329	\$ 3,745,329
Land improvements	692,869	712,134	-	-	692,869	712,134
Building and improvement	10,782,285	11,412,121	-	-	10,782,285	11,412,121
Furniture/equipment	1,048,936	1,161,697	48,041	59,706	1,096,977	1,221,403
Vehicles	1,352,695	1,588,938	-	-	1,352,695	1,588,938
Total	\$ 17,622,114	\$ 18,620,219	\$ 48,041	\$ 59,706	\$ 17,670,155	\$ 18,679,925

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

The following graphs show the breakdown of governmental activities capital assets by category for 2004 and 2003.



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

Debt Administration

At June 30, 2004 the District had \$1,014,322 in energy conservation notes. Of this total, \$111,621 is due within one year and \$902,701 is due within greater than one year. The following table summarizes the notes outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2004	Governmental Activities 2003
Energy conservation note	\$ 1,014,322	\$ 1,111,521
Energy conservation note	-	121,842
Total	\$ 1,014,322	\$ 1,233,363

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

At June 30, 2004, the District's overall legal debt margin was \$77,785,087 with an unvoted debt margin of \$861,325.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Current Financial Related Activities

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

The District placed a 5.9 mill continuous levy on the November 2002 ballot that was defeated by 336 votes. In February 2003, the 5.9 mill levy was placed on the ballot again and passed by 149 votes. This levy will generate approximately \$5,040,453 per year. The District collected approximately half of this amount during fiscal year 2004, and will collect the full amount thereafter. As a continuous effort to promote fiscal responsibility, the Board of Education reduced a total of 9.4 positions. The Board is very committed to maximizing the new levy to the fullest extent while providing the best educational instruction for its students. This new levy will be used to maintain the District's level of excellence as reported by the Ohio Department of Education's report card for the 2001, 2002, 2003 and 2004 school years.

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

The state's 2004 school foundation level was essentially the same as fiscal year 2003. The state's 2004 budget contains legislation that reduces personal property tax revenue distributed to the District at a more accelerated rate than anticipated. In prior legislation, the inventory tax was to be reduced by one percent over twenty-five years. Now, it will be phased out at two percent each year over the next fourteen years. In fiscal year 2003, the District collected \$3,764,061 on personal property. For fiscal year 2004, \$3,610,647 was collected. This was the second year for the one percent decline in valuation. The personal property tax represents ten percent of the District's revenue and \$80,585,458 of the total \$861,324,518 valuation. The Board of education is very concerned with the legislator's decisions that have no replacement funds to balance the loss. Inventory tax reduction and the state personal property exemption phase out will have a major impact of loss tax revenue for the District.

The Boardman Local School District has committed itself to educational and financial excellence for many years. The State Report Card and the unqualified audits are evidence of the Boards' 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, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents. . .	\$ 5,889,315	\$ 159,808	\$ 6,049,123
Receivables:			
Taxes	31,122,678	-	31,122,678
Accounts	9,200	48	9,248
Intergovernmental	715,156	48,873	764,029
Accrued interest	310	-	310
Materials and supplies inventory	68,594	19,674	88,268
Capital assets:			
Land	3,745,329	-	3,745,329
Depreciable capital assets, net	<u>13,876,785</u>	<u>48,041</u>	<u>13,924,826</u>
Capital assets, net.	<u>17,622,114</u>	<u>48,041</u>	<u>17,670,155</u>
 Total assets.	 <u>55,427,367</u>	 <u>276,444</u>	 <u>55,703,811</u>
Liabilities:			
Accounts payable.	938,046	43	938,089
Accrued wages and benefits	4,140,542	87,085	4,227,627
Pension obligation payable.	845,387	76,391	921,778
Intergovernmental payable	262,272	5,751	268,023
Deferred revenue	28,596,372	-	28,596,372
Accrued interest payable	70,347	-	70,347
Long-term liabilities:			
Due within one year.	886,102	5,639	891,741
Due within more than one year	<u>5,920,712</u>	<u>31,389</u>	<u>5,952,101</u>
 Total liabilities	 <u>41,659,780</u>	 <u>206,298</u>	 <u>41,866,078</u>
Net Assets:			
Invested in capital assets, net of related debt.	14,341,455	48,041	14,389,496
Restricted for:			
Capital projects	462,677	-	462,677
Debt service.	208,755	-	208,755
Other purposes	494,579	-	494,579
Unrestricted (deficit)	<u>(1,739,880)</u>	<u>22,105</u>	<u>(1,717,775)</u>
 Total net assets	 <u>\$ 13,767,586</u>	 <u>\$ 70,146</u>	 <u>\$ 13,837,732</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, 2004

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 21,210,560	\$ 214,539	\$ 128,538
Special	2,680,226	1,936	405,441
Other.	291,053	50,570	362
Support services:			
Pupil.	1,955,799	-	320,945
Instructional staff.	2,531,754	214	164,609
Board of education	111,446	-	-
Administration.	2,485,350	86,626	155,329
Fiscal.	885,734	-	-
Business.	158,004	-	-
Operations and maintenance	4,240,356	-	-
Pupil transportation	2,799,773	98,897	9,007
Central.	51,279	-	44,401
Operation of non-instructional services	279,097	125,875	91,556
Extracurricular activities	1,113,792	268,432	-
Intergovernmental	472,491	-	439,435
Interest and fiscal charges	175,735	-	-
Total governmental activities	41,442,449	847,089	1,759,623
Business-type activities:			
Food service.	1,181,252	783,815	431,911
Adult education	5,061	4,468	-
Special enterprise	208,148	240,427	-
Total business-type activities	1,394,461	1,028,710	431,911
Totals	\$ 42,836,910	\$ 1,875,799	\$ 2,191,534

General Revenues:

Property taxes levied for:

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

Total general revenues

Change in net assets

Net assets at beginning of year.

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-Type Activities	Total
\$ (20,867,483)	\$ -	\$ (20,867,483)
(2,272,849)	-	(2,272,849)
(240,121)	-	(240,121)
(1,634,854)	-	(1,634,854)
(2,366,931)	-	(2,366,931)
(111,446)	-	(111,446)
(2,243,395)	-	(2,243,395)
(885,734)	-	(885,734)
(158,004)	-	(158,004)
(4,240,356)	-	(4,240,356)
(2,691,869)	-	(2,691,869)
(6,878)	-	(6,878)
(61,666)	-	(61,666)
(845,360)	-	(845,360)
(33,056)	-	(33,056)
(175,735)	-	(175,735)
<u>(38,835,737)</u>	<u>-</u>	<u>(38,835,737)</u>
-	34,474	34,474
-	(593)	(593)
<u>-</u>	<u>32,279</u>	<u>32,279</u>
-	66,160	66,160
<u>(38,835,737)</u>	<u>66,160</u>	<u>(38,769,577)</u>
25,430,858	-	25,430,858
301,439	-	301,439
710,618	-	710,618
10,059,260	-	10,059,260
79,925	824	80,749
124,282	-	124,282
<u>36,706,382</u>	<u>824</u>	<u>36,707,206</u>
(2,129,355)	66,984	(2,062,371)
<u>15,896,941</u>	<u>3,162</u>	<u>15,900,103</u>
<u>\$ 13,767,586</u>	<u>\$ 70,146</u>	<u>\$ 13,837,732</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 3,922,260	\$ 1,733,157	\$ 5,655,417
Receivables:			
Taxes	30,213,959	908,719	31,122,678
Accounts	8,541	659	9,200
Accrued interest	310	-	310
Intergovernmental	13,085	702,071	715,156
Interfund loans receivable	434,154	-	434,154
Loans to other funds	30,994	-	30,994
Due from other funds	4,928	-	4,928
Materials and supplies inventory	68,594	-	68,594
Restricted assets:			
Equity in pooled cash and cash equivalents	233,898	-	233,898
Total assets	\$ 34,930,723	\$ 3,344,606	\$ 38,275,329
Liabilities:			
Accounts payable	\$ 643,438	\$ 294,608	\$ 938,046
Accrued wages and benefits	4,034,889	105,653	4,140,542
Compensated absences payable	-	360,342	360,342
Pension obligation payable	525,304	17,562	542,866
Intergovernmental payable	250,004	12,268	262,272
Interfund loans payable	-	434,154	434,154
Due to other funds	-	4,928	4,928
Loans from other funds	-	30,994	30,994
Deferred revenue	30,213,959	1,183,237	31,397,196
Total liabilities	35,667,594	2,443,746	38,111,340
Fund Balances:			
Reserved for encumbrances	111,377	754,183	865,560
Reserved for materials and supplies inventory	68,594	-	68,594
Reserved for loans	30,994	-	30,994
Reserved for debt service	-	265,880	265,880
Reserved for budget stabilization	233,898	-	233,898
Unreserved, undesignated (deficit), reported in:			
General fund	(1,181,734)	-	(1,181,734)
Special revenue funds	-	75,053	75,053
Capital projects funds	-	(194,256)	(194,256)
Total fund balances (deficit)	(736,871)	900,860	163,989
Total liabilities and fund balances	\$ 34,930,723	\$ 3,344,606	\$ 38,275,329

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, 2004

Total governmental fund balances		\$ 163,989
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,622,114
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 2,526,306	
Intergovernmental revenue	<u>274,518</u>	
Total		2,800,824
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy conservation notes	1,014,322	
Capital lease obligation	2,261,907	
Compensated absences	3,170,244	
Pension obligation payable	302,521	
Accrued interest payable	<u>70,347</u>	
Total		<u>(6,819,341)</u>
Net assets of governmental activities		<u><u>\$ 13,767,586</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, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 25,218,157	\$ 1,016,196	\$ 26,234,353
Tuition	165,252	-	165,252
Transportation fees	22,203	-	22,203
Earnings on investments	69,342	10,583	79,925
Extracurricular	-	325,802	325,802
Classroom materials and fees	77,238	50,570	127,808
Other local revenues	103,362	172,259	275,621
Intergovernmental - Intermediate	32,279	9,091	41,370
Intergovernmental - State	9,954,923	691,537	10,646,460
Intergovernmental - Federal	3,718	1,058,824	1,062,542
Total revenue	<u>35,646,474</u>	<u>3,334,862</u>	<u>38,981,336</u>
Expenditures:			
Current:			
Instruction:			
Regular	19,870,768	339,253	20,210,021
Special	2,236,241	375,836	2,612,077
Other	256,176	34,877	291,053
Support Services:			
Pupil	1,588,237	327,168	1,915,405
Instructional staff	2,458,712	187,546	2,646,258
Board of education	111,446	-	111,446
Administration	2,200,841	285,314	2,486,155
Fiscal	864,132	20,556	884,688
Business	137,866	47,137	185,003
Operations and maintenance	4,201,557	3,005	4,204,562
Pupil transportation	2,532,746	18,100	2,550,846
Central	9,908	41,575	51,483
Operation of non-instructional services	6,187	211,682	217,869
Extracurricular activities	683,316	292,450	975,766
Facilities acquisition and construction	-	473,841	473,841
Intergovernmental pass through	-	472,306	472,306
Debt service:			
Principal retirement	-	391,819	391,819
Interest and fiscal charges	-	182,948	182,948
Total expenditures	<u>37,158,133</u>	<u>3,705,413</u>	<u>40,863,546</u>
Excess of revenues under expenditures	<u>(1,511,659)</u>	<u>(370,551)</u>	<u>(1,882,210)</u>
Other financing sources (uses):			
Transfers in	-	250,000	250,000
Transfers (out)	(250,000)	-	(250,000)
Proceeds from sale of capital assets	23,054	-	23,054
Total other financing sources (uses)	<u>(226,946)</u>	<u>250,000</u>	<u>23,054</u>
Net change in fund balances	(1,738,605)	(120,551)	(1,859,156)
Fund balances at beginning of year	1,022,037	1,022,693	2,044,730
Decrease in reserve for inventory	(20,303)	(1,282)	(21,585)
Fund balances at end of year	<u>\$ (736,871)</u>	<u>\$ 900,860</u>	<u>\$ 163,989</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, 2004

Net change in fund balances - total governmental funds	\$	(1,859,156)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$1,308,952) exceeds capital outlays (\$311,495) in the current period.		(997,457)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		(648)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		(21,585)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		309,352
Repayment of note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		391,819
In the statement of activities, interest is accrued on outstanding notes and capital leases, whereas in governmental funds an interest expenditure is reported when due.		7,213
Some expenses reported in the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		41,107
Change in net assets of governmental activities	\$	(2,129,355)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 23,381,089	\$ 25,298,204	\$ 25,218,157	\$ (80,047)
Tuition.	200,335	208,146	164,910	(43,236)
Transportation fees.	22,895	23,788	21,991	(1,797)
Earnings on investments.	169,807	176,428	69,327	(107,101)
Classroom materials and fees	71,548	74,338	77,200	2,862
Other local revenues.	83,951	87,223	105,649	18,426
Intergovernmental - Intermediate	47,699	49,559	48,545	(1,014)
Intergovernmental - State	9,697,900	9,770,584	9,953,395	182,811
Intergovernmental - Federal	-	-	3,718	3,718
Total revenue	<u>33,675,224</u>	<u>35,688,270</u>	<u>35,662,892</u>	<u>(25,378)</u>
Expenditures:				
Current:				
Instruction:				
Regular	19,967,647	20,115,454	19,911,753	203,701
Special.	2,095,719	2,111,232	2,225,242	(114,010)
Other.	362,318	365,000	256,176	108,824
Support services:				
Pupil.	1,609,117	1,621,028	1,596,294	24,734
Instructional staff	2,593,969	2,613,170	2,485,263	127,907
Board of education	112,692	113,526	115,951	(2,425)
Administration.	2,110,103	2,125,723	2,206,906	(81,183)
Fiscal	868,963	875,395	862,502	12,893
Business	145,570	146,648	139,974	6,674
Operations and maintenance.	3,797,875	3,825,988	4,222,552	(396,564)
Pupil transportation	2,653,842	2,673,487	2,550,835	122,652
Central.	24,816	25,000	9,908	15,092
Operation of non-instructional services	1,144	1,152	6,339	(5,187)
Extracurricular activities.	681,033	686,074	681,442	4,632
Total expenditures	<u>37,024,808</u>	<u>37,298,877</u>	<u>37,271,137</u>	<u>27,740</u>
Excess of revenues over (under) expenditures.	<u>(3,349,584)</u>	<u>(1,610,607)</u>	<u>(1,608,245)</u>	<u>2,362</u>
Other financing sources (uses):				
Advances in	30,515	31,705	32,987	1,282
Advances (out)	-	-	(434,154)	(434,154)
Transfers in.	36,262	37,676	38,715	1,039
Transfers (out)	(717,557)	(722,869)	(288,714)	434,155
Proceeds from sale of capital assets.	-	-	23,054	23,054
Total other financing sources (uses)	<u>(650,780)</u>	<u>(653,488)</u>	<u>(628,112)</u>	<u>25,376</u>
Net change in fund balance	(4,000,364)	(2,264,095)	(2,236,357)	27,738
Fund balance at beginning of year.	5,346,616	5,346,616	5,346,616	-
Prior year encumbrances appropriated	341,187	341,187	341,187	-
Fund balance at end of year	<u>\$ 1,687,439</u>	<u>\$ 3,423,708</u>	<u>\$ 3,451,446</u>	<u>\$ 27,738</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004

	<u>Nonmajor Enterprise Funds</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents.	\$ 159,808
Receivables:	
Accounts.	48
Intergovernmental	48,873
Materials and supplies inventory	19,674
Total current assets	<u>228,403</u>
Noncurrent assets:	
Capital assets, net.	<u>48,041</u>
Total assets	<u>276,444</u>
Liabilities:	
Current liabilities:	
Accounts payable.	43
Accrued wages and benefits	87,085
Compensated absences.	5,639
Pension obligation payable.	76,391
Intergovernmental payable	5,751
Total current liabilities.	<u>174,909</u>
Long-term liabilities:	
Compensated absences.	<u>31,389</u>
Total liabilities	<u>206,298</u>
Net assets:	
Invested in capital assets	48,041
Unrestricted.	22,105
Total net assets	<u>\$ 70,146</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Nonmajor Enterprise Funds
Operating revenues:	
Tuition and fees	\$ 244,895
Sales/charges for services	783,815
Total operating revenues	<u>1,028,710</u>
Operating expenses:	
Personal services	817,041
Purchased services.	2,517
Materials and supplies.	557,967
Depreciation	11,665
Other.	5,271
Total operating expenses	<u>1,394,461</u>
Operating loss.	<u>(365,751)</u>
Nonoperating revenues:	
Federal donated commodities	91,346
Interest revenue	824
Grants and subsidies	340,565
Total nonoperating revenues	<u>432,735</u>
Change in net assets.	66,984
Net assets at beginning of year.	<u>3,162</u>
Net assets at end of year	<u><u>\$ 70,146</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Nonmajor Enterprise Funds</u>
Cash flows from operating activities:	
Cash received from tuition and fees	\$ 244,895
Cash received from sales/charges for services	784,096
Cash payments for personal services	(811,533)
Cash payments for purchased services	(2,517)
Cash payments for materials and supplies	(464,780)
Cash payments for other expenses	(5,271)
	<u>(255,110)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
Cash received from grants and subsidies	338,234
Cash used in repayment of interfund loans	(500)
	<u>337,734</u>
Net cash provided by noncapital financing activities	
Cash flows from investing activities:	
Interest received	824
	<u>824</u>
Net cash provided by investing activities	
Net increase in cash and cash equivalents	83,448
Cash and cash equivalents at beginning of year	<u>76,360</u>
Cash and cash equivalents at end of year	<u><u>\$ 159,808</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (365,751)
Adjustments:	
Depreciation	11,665
Federal donated commodities	91,346
Changes in assets and liabilities:	
Decrease in accounts receivable	281
Decrease in materials and supplies inventory	3,088
Decrease in accounts payable	(1,247)
Increase in accrued wages and benefits	6,085
Decrease in pension obligation payable	(5,669)
Increase in intergovernmental payable	1,725
Increase in compensated absences payable	3,367
	<u>3,367</u>
Net cash used in operating activities	<u><u>\$ (255,110)</u></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, 2004

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents.	\$ 558,692	\$ 136,188
Total assets	558,692	\$ 136,188
Liabilities:		
Due to others	-	\$ 76,641
Due to students	-	59,547
Total liabilities	-	\$ 136,188
Net Assets:		
Held in trust for scholarships	558,692	
Total net assets	\$ 558,692	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 7,041
Gifts and contributions.	6,710
	13,751
Total additions.	13,751
Deductions:	
Scholarships awarded	13,650
	101
Change in net assets	101
Net assets at beginning of year	558,591
Net assets at end of year	\$ 558,692

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District is the 71st largest in the State of Ohio (among the 613 public school districts in the state) in terms of enrollment. The District is staffed by 275 non-certificated and 318 certificated personnel to provide services to approximately 4,895 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or 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 this 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, 2004

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

BLENDED COMPONENT UNIT

Boardman School Building Corporation

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

JOINTLY GOVERNED ORGANIZATIONS

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

ACCESS is a computer network which provides data services to twenty three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and industrial functions among member districts. Each of the governments of these school districts supports ACCESS based upon a per pupil charge, which was \$40 for fiscal year 2004. The District paid \$157,804 to ACCESS during fiscal year 2004. ACCESS is governed by an assembly consisting of superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting, and designating management. All ACCESS revenues are generated from charges for services and State funding.

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

Mahoning County Career & Technical Center

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

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

Mahoning County School Employees Insurance Consortium

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

PROPRIETARY FUNDS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

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

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

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

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

D. Basis of Accounting

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2004 is as follows:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2004.

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 2004.
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, including proprietary 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 Investments" on the financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

During fiscal 2004, 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 2004. 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, 2004.

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 2004 amounted to \$69,342, which includes \$14,983 assigned from other District funds.

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

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

G. Inventory

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

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

H. Capital Assets

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

J. Compensated Absences

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

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2004, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

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

M. Net Assets

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

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

N. Estimates

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

O. Restricted Assets

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

P. Operating Revenues and Expenses

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

Q. Interfund Activity

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2004.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

Fund balances at June 30, 2004 included the following individual fund deficits:

Major governmental fund

General	\$ 736,871
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Nonmajor Governmental Funds

Uniform School Supplies	14,799
Separation Fund	128,573
SchoolNet	1
Summer Intervention	24,063
Title VI-B	35,954
Drug-Free Schools	684
Improving Teacher Quality	13,425

These funds complied with Ohio state law, which does not permit cash basis deficits. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities. These deficits should be eliminated by future intergovernmental revenues not recognized under GAAP at June 30.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

State statute classifies monies held by the District into three categories.

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

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the finance 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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

8. Under limited circumstances, corporate debt instrument rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At fiscal year-end, the District had \$100 in undeposited cash on hand, which is included on the combined balance sheet of the District as part of "Equity in Pooled Cash and Investments".

The following information classifies deposits and investments by categories of custodial credit risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the District's deposits was \$1,329,105 and the bank balance was \$1,678,323. Of the bank balance:

1. \$212,755 was covered by federal depository insurance or surety company bonds deposited with the District; and
2. \$1,465,568 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Investments: Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. Investments in STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form. The following is a breakdown of the District's investments.

	Category 3	Carrying Amount	Fair Value
Repurchase agreements	\$ 2,022,455	\$ 2,022,455	\$ 2,022,455
Investment in state treasurer's investment pool		3,392,343	3,392,343
Total investments		\$ 5,414,798	\$ 5,414,798

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 6,744,003	\$ -
Investments of the cash management pool:		
Repurchase agreements	(2,022,455)	2,022,455
Investments in STAR Ohio	(3,392,343)	3,392,343
Cash on hand	(100)	-
GASB Statement No. 3	<u>\$ 1,329,105</u>	<u>\$ 5,414,798</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2004, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 434,154

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.

- B. Interfund transfers for the year ended June 30, 2004, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	\$ 250,000

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

- C. Loans from/to other funds consisted of the following at June 30, 2004, as reported on the fund statements:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, 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 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2004, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. 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 District prior to June 30.

The District receives property taxes from Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 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, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

There were no property tax advances available to the District at June 30, 2004 or June 30, 2003.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 732,944,460	85.72	\$ 744,000,010	86.38
Public utility personal	34,058,630	3.98	36,739,050	4.27
Tangible personal property	<u>88,067,690</u>	<u>10.30</u>	<u>80,585,458</u>	<u>9.35</u>
Total	<u>\$ 855,070,780</u>	<u>100.00</u>	<u>\$ 861,324,518</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 50.10		\$ 56.00	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2004 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities:

Taxes	\$ 31,122,678
Accounts	9,200
Intergovernmental	715,156
Accrued interest	310

Business-type Activities:

Accounts	48
Intergovernmental	<u>48,873</u>

Total receivables	<u>\$ 31,896,265</u>
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Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within subsequent years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year-ended June 30, 2004, was as follows:

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,745,329	\$ -	\$ -	\$ 3,745,329
 <i>Capital assets, being depreciated:</i>				
Land improvements	1,229,248	45,120	-	1,274,368
Building/improvements	23,768,508	90,273	-	23,858,781
Furniture/equipment	2,357,867	97,035	(6,478)	2,448,424
Vehicles	3,527,661	79,067	-	3,606,728
Total capital assets, being depreciated	<u>30,883,284</u>	<u>311,495</u>	<u>(6,478)</u>	<u>31,188,301</u>
 <i>Less: accumulated depreciation:</i>				
Land improvements	(517,114)	(64,385)	-	(581,499)
Building/improvements	(12,356,387)	(720,109)	-	(13,076,496)
Furniture/equipment	(1,196,170)	(209,148)	5,830	(1,399,488)
Vehicles	(1,938,723)	(315,310)	-	(2,254,033)
Total accumulated depreciation	<u>(16,008,394)</u>	<u>(1,308,952)</u>	<u>5,830</u>	<u>(17,311,516)</u>
Governmental activities capital assets, net	<u>\$ 18,620,219</u>	<u>\$ (997,457)</u>	<u>\$ (648)</u>	<u>\$ 17,622,114</u>
 Business-Type Activities:				
<i>Capital assets, being depreciated:</i>				
Furniture/equipment	\$ 229,888	\$ -	\$ -	\$ 229,888
<i>Less: accumulated depreciation</i>	<u>(170,182)</u>	<u>(11,665)</u>	<u>-</u>	<u>(181,847)</u>
Business-type activities capital assets, net	<u>\$ 59,706</u>	<u>\$ (11,665)</u>	<u>\$ -</u>	<u>\$ 48,041</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 575,961
Special	60,732
Support Services:	
Pupil	25,468
Instructional staff	38,572
Administration	26,254
Fiscal	904
Business	904
Operations and maintenance	22,075
Pupil transportation	336,000
Operation of non-instructional services	58,931
Extracurricular	161,602
Intergovernmental	<u>1,549</u>
Total depreciation expense	<u>\$ 1,308,952</u>

NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE

During a prior fiscal year, the District entered into capital lease agreements for the acquisition of a new auditorium. This lease meets 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 have been capitalized in the amount of \$2,966,625. 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 in the 2004 fiscal year totaled \$172,778 and \$100,659, respectively. These amounts are reported as debt service payments of 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, 2004

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2004:

Year Ending June 30	Amount
2005	\$ 279,669
2006	279,669
2007	279,669
2008	279,669
2009	279,669
2010 - 2014	1,398,346
2015	65,488
Total minimum lease payment	2,862,179
Less: amount representing interest	(600,272)
Present value of minimum lease payments	\$ 2,261,907

NOTE 10 - LONG-TERM OBLIGATIONS

A. The following is a description of the District's long-term debt obligations outstanding as of June 30, 2004:

	Interest Rate	Issue Date	Maturity Date	Outstanding July 1, 2003	Retired in 2004	Outstanding June 30, 2004
Energy conservation note	5.89%	7/17/2000	7/17/2011	\$ 1,111,521	\$ (97,199)	\$ 1,014,322
Energy conservation note	4.60%	4/3/2001	4/30/2004	121,842	(121,842)	-
Total				\$ 1,233,363	\$ (219,041)	\$ 1,014,322

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

Fiscal Year Ending	Principal	Interest	Total
2005	\$ 111,621	\$ 36,617	\$ 148,238
2006	115,651	32,587	148,238
2007	119,826	28,412	148,238
2008	124,152	24,087	148,239
2009	128,634	19,605	148,239
2010 - 2012	414,438	30,276	444,714
Total	\$ 1,014,322	\$ 171,584	\$ 1,185,906

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

	Balance			Balance	Amount
	<u>June 30, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2004</u>	<u>Due in</u>
					<u>One Year</u>
Governmental Activities:					
Compensated absences payable	\$ 3,455,326	\$ 226,652	\$ (151,392)	\$ 3,530,586	\$ 590,184
Energy conservation notes	1,233,363	-	(219,041)	1,014,322	111,621
Capital lease obligation	<u>2,434,685</u>	<u>-</u>	<u>(172,778)</u>	<u>2,261,907</u>	<u>184,298</u>
 Total governmental activities long-term liabilities	 <u>\$ 7,123,374</u>	 <u>\$ 226,652</u>	 <u>\$ (543,211)</u>	 <u>\$ 6,806,815</u>	 <u>\$ 886,103</u>
Business-Type Activities:					
Compensated absences	<u>\$ 33,661</u>	<u>\$ 3,367</u>	<u>\$ -</u>	<u>\$ 37,028</u>	<u>\$ 5,639</u>

Compensated absences will be paid from the fund from which the employee is paid.

D. Legal Debt Margin

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

The effects of these debt limitations at June 30, 2004 are a voted debt margin of \$77,785,087 (including available funds of \$265,880) an unvoted debt margin of \$861,325.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 11 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

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

The comprehensive commercial property coverage limit is \$103,167,927. The deductible is \$5,000 and the coinsurance is 100 percent. The business auto coverage limits are \$1,000,000 for liability and uninsured motorists with a \$250 deductible. The District's audio-visual and computer equipment policy has a liability limit of \$3,636,312, and its musical instrument policy has a liability limit of \$1,817,587 with \$500 deductibles. The District's machinery and equipment policy has a \$5,000,000 annual aggregate with a \$1,000 deductible. The District's commercial crime coverage liability limit is \$100,000. The District has general liability coverage limits of \$1,000,000 each occurrence and \$3,000,000 annual aggregate.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

B. Employee Group Health Insurance

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

Rates are calculated and set through an annual update process. The District pays a monthly contribution which is placed in a common fund from which claims or payments are made for all participating districts and claims are paid for all participants regardless of claims flow. The Mahoning County School Employees Insurance Consortium is responsible for paying claims prior to coverage by a stop/loss carrier.

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

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

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 2.A.). The GRP's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 11 - RISK MANAGEMENT - (Continued)

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

NOTE 12 - DEFINED BENEFIT 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 and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17% 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, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$857,594, \$828,759, and \$803,140, respectively; 51.49% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$416,040, represents the unpaid contribution for fiscal year 2004.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 13% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$2,750,482, \$2,608,879, and \$2,584,510, respectively; 84.47% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2004, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 13 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go-basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$211,576 during fiscal 2004.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.1 billion at June 30, 2004. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$368.739 million and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2004 were \$224.444 million and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$546,888 during fiscal year 2004.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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

	<u>General Fund</u>
Budget basis	\$ (2,236,357)
Net adjustment for revenue accruals	(16,418)
Net adjustment for expenditure accruals	(591,708)
Net adjustment for other sources/uses	401,166
Adjustment for encumbrances	<u>704,712</u>
GAAP basis	<u>\$ (1,738,605)</u>

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 15 - CONTINGENCIES - (Continued)

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

NOTE 16 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2004, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2003	\$ (1,017,994)	\$ -	\$ 233,898
Current year set-aside requirement	708,205	708,205	-
Qualifying disbursements	<u>(1,016,667)</u>	<u>(966,132)</u>	<u>-</u>
Total	<u>\$ (1,326,456)</u>	<u>\$ (257,927)</u>	<u>\$ 233,898</u>
Balance carried forward to FY 2004	<u>\$ (1,326,456)</u>	<u>\$ -</u>	<u>\$ 233,898</u>

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

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

A schedule of the governmental fund restricted assets at June 30, 2004 follows:

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY
FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	48306	10.550		\$91,346		\$91,346
School Breakfast Program	05-PU	10.553	\$10,609		\$10,609	
National School Lunch Program	LL-P4	10.555	313,669		313,669	
Team Nutrition Training Grant		10.574	2,000		999	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>326,278</u>	<u>91,346</u>	<u>325,277</u>	<u>91,346</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-03 C1-S1-04	84.010 84.010	12,144 <u>141,234</u>		4,692 <u>315,451</u>	
Subtotal - Grants to Local Educational Agencies			153,378		320,143	
Special Education Cluster:						
Special Education_ Grants to States (IDEA Part B)	6B-SF-03 6B-SF-04	84.027 84.027	80,561 <u>373,766</u>		86,540 <u>469,006</u>	
Subtotal - Special Education Cluster			454,327		555,546	
Safe and Drug-Free Schools Grant	DR-S1-03 DR-S1-04	84.186 84.186	1,861 <u>5,965</u>		2,150 <u>13,446</u>	
Subtotal - Safe and Drug-Free Schools Grant			7,826		15,596	
Innovative Education Program Strategies	C2-S1-03 C2-S1-04	84.298 84.298	1,462 <u>5,695</u>		4,790 <u>16,697</u>	
Subtotal -Inovative Education Program Strategies			7,157		21,487	
Improving Teacher Quality Grant (Title II-A)	TR-S1-03 TR-S1-04	84.367 84.367	18,147 <u>50,488</u>		15,129 <u>118,446</u>	
Subtotal - Improving Teacher Quality Grant			<u>68,635</u>		<u>133,575</u>	
Total U.S. Department of Education			<u>691,323</u>		<u>1,046,347</u>	
Totals			<u>\$1,017,601</u>	<u>\$91,346</u>	<u>\$1,371,624</u>	<u>\$91,346</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 EXPENDITURES SCHEDULE
JUNE 30, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards 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

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 nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

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



**Auditor of State
Betty Montgomery**

**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 business-type 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, 2004, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 22, 2005. 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated August 22, 2005, we reported another matter related to noncompliance we deemed immaterial.

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

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

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

Betty Montgomery
Auditor of State

August 22, 2005



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS 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
Youngstown, Ohio 44512

To the Board of Education:

Compliance

We have audited the compliance of Boardman Local School District, Mahoning County, Ohio, (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 its major federal program for the year ended June 30, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. 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 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 Boardman Local School District, Mahoning County, Ohio complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2004.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

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

Betty Montgomery
Auditor of State

August 22, 2005

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance 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):	Special Education – Grants to States (IDEA Part B) – CFDA #84.027
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE



**Auditor of State
Betty Montgomery**

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BOARDMAN LOCAL SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 13, 2005**