



Dave Yost • Auditor of State

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Statement of Net Position	14
Statement of Activities.....	15
Balance Sheet – Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	20
Statement of Fund Net Position – Proprietary Fund	21
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	22
Statement of Cash Flows – Proprietary Fund.....	23
Statement of Net Position – Fiduciary Fund	24
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund	25
Notes to the Basic Financial Statements	27
Schedule of Federal Award Receipts and Expenditures	57
Notes to the Schedule of Federal Award Receipts and Expenditures	58
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i>	59
Independent Auditor's Report on Compliance with Requirements Applicable To Each Major Federal Program and On Internal Control Over Compliance Required By OMB Circular A-133.....	61
Schedule of Findings.....	63

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General and thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

The Schedule of Federal Award Receipts and Expenditures (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

September 24, 2015

This page intentionally left blank.

Boardman Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
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, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

In total, Net Position increased \$2,541,358, which represents a 13 percent increase from fiscal year 2013.

General revenues accounted for \$43,034,385 in revenue or 86 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,630,391 or 9 percent of total revenues of \$50,085,562.

The District had \$47,544,204 in expenses related to governmental activities; only \$4,630,391 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$43,034,385 plus a special item of \$2,420,786 were adequate to provide for these programs, as evidenced by the increase in Net Position of \$2,541,358.

The District's major fund is the general. The general fund had \$45,192,583 in revenues, other financing sources and a special item and \$43,106,892 in expenditures and other financing uses. The general fund balance increased \$2,085,691 from \$2,363,255 to a balance of \$4,448,946.

Using these Basic Financial Statements

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

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

Boardman Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The Statement of Net Position and the Statement of Activities answers this question. These statements include *all assets, deferred inflows of resources, liabilities, and deferred outflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *Net Position* and changes in that position. This change in net position 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 Position and the Statement of Activities, the District has only one kind of activity:

- **Governmental Activities** - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. Due to the continuing subsidies that go to the lunchroom fund from the general fund, the lunchroom operation is also being considered as governmental activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 8. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

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

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as private-purpose trust funds. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position

Boardman Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

The District as a Whole

Table 1 shows Net Position for fiscal year 2014 as compared to fiscal year 2013.

Net Position (Table 1)			
Governmental Activities			
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Assets			
Current and Other Assets	\$46,268,438	\$43,272,968	\$2,995,470
Capital Assets, Net	<u>26,318,070</u>	<u>27,369,828</u>	<u>(1,051,758)</u>
<i>Total Assets</i>	<u>72,586,508</u>	<u>70,642,796</u>	<u>1,943,712</u>
Liabilities			
Current Liabilities	6,975,668	7,255,661	(279,993)
Long-Term Liabilities			
Due within One Year	1,224,508	1,260,856	(36,348)
Due in More than One Year	<u>12,923,355</u>	<u>13,635,380</u>	<u>(712,025)</u>
<i>Total Liabilities</i>	<u>21,123,531</u>	<u>22,151,897</u>	<u>(1,028,366)</u>
Deferred Inflows of Resources			
Property Taxes	<u>29,497,236</u>	<u>29,066,516</u>	<u>430,720</u>
Net Position			
Net Investment in Capital Assets	14,232,832	14,670,552	(437,720)
Restricted	2,567,011	1,013,860	1,553,151
Unrestricted	<u>5,165,898</u>	<u>3,739,971</u>	<u>1,425,927</u>
<i>Total Net Position</i>	<u>\$21,965,741</u>	<u>\$19,424,383</u>	<u>\$2,541,358</u>

Over time, Net Position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities and deferred inflows of resources by \$21,965,741. Of this total, \$5,165,898 is unrestricted in use.

At fiscal year-end, capital assets represented 36 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2014, were \$14,232,832. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's Net Position, \$2,567,011 represents resources that are subject to external restriction on how they may be used. The remaining balance of governmental unrestricted Net Position of \$5,165,898 may be used to meet the District's ongoing obligations to the students and creditors.

Boardman Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2
Change in Net Position
Governmental Activities

	2014	2013	Increase (Decrease)
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,857,128	\$1,865,683	(\$8,555)
Operating Grants and Contributions	2,773,263	2,811,037	(37,774)
<i>Total Program Revenues</i>	<u>4,630,391</u>	<u>4,676,720</u>	<u>(46,329)</u>
General Revenues			
Property Taxes	28,957,474	25,932,067	3,025,407
Intergovernmental	13,794,455	13,038,333	756,122
Investment Earnings	10,574	9,861	713
Miscellaneous	266,582	343,694	(77,112)
Gain on Sale of Capital Assets	5,300	9,000	(3,700)
<i>Total General Revenues</i>	<u>43,034,385</u>	<u>39,332,955</u>	<u>3,701,430</u>
<i>Total Revenues</i>	<u>47,664,776</u>	<u>44,009,675</u>	<u>3,655,101</u>
Program Expenses			
Current:			
Instruction:			
Regular	22,416,720	20,411,482	(2,005,238)
Special	5,811,794	5,320,203	(491,591)
Adult/Continuing	2,102	4,013	1,911
Other	69,135	146,834	77,699
Support Services:			
Pupil	1,984,138	1,575,877	(408,261)
Instructional Staff	1,152,323	1,830,027	677,704
Board of Education	212,336	130,958	(81,378)
Administration	2,547,110	2,536,863	(10,247)
Fiscal	996,990	1,082,562	85,572
Business	203,869	84,533	(119,336)
Operation and Maintenance of Plant	4,965,460	4,612,634	(352,826)
Pupil Transportation	2,934,500	3,469,623	535,123
Central	333,178	53,878	(279,300)
Operation of Non-Instructional Services	774,819	787,947	13,128
Operation of Food Services	1,402,923	1,444,349	41,426
Extracurricular Activities	1,184,918	1,079,586	(105,332)
Interest and Fiscal Charges	551,889	534,990	(16,899)
<i>Total Program Expenses</i>	<u>47,544,204</u>	<u>45,106,359</u>	<u>(2,437,845)</u>
Special Item	2,420,786	0	2,420,786
<i>Change in Net Position</i>	<u>2,541,358</u>	<u>(1,096,684)</u>	<u>3,638,042</u>
Net Position Beginning of Year	19,424,383	20,521,067	(1,096,684)
<i>Net Position End of Year</i>	<u>\$21,965,741</u>	<u>\$19,424,383</u>	<u>\$2,541,358</u>

Boardman Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Governmental Activities

Total Net Position of the District increased \$2,541,358 during fiscal year 2014. The governmental expenses of \$47,544,204 were offset by program revenues of \$4,630,391, general revenues of \$43,034,385 and a special item of \$2,420,786. Program revenues supported 10 percent of the total governmental activities expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 85 percent of total governmental revenue. Property taxes support 61 percent of total expenses while grants and entitlements supported 29 percent of total expenses. Between these two revenue items, nearly 90 percent of total expenses were funded.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2014 and 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Table 3
Total and Net Cost of Program Services

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$28,299,751	\$26,623,069	\$25,882,532	\$24,369,900
Support Services:				
Pupil	1,984,138	1,578,871	1,575,877	1,199,824
Instructional Staff	1,152,323	1,093,843	1,830,027	1,712,151
Board of Education	212,336	212,336	130,958	130,958
Administration	2,547,110	2,376,345	2,536,863	2,352,791
Fiscal	996,990	996,990	1,082,562	1,082,562
Business	203,869	203,869	84,533	84,533
Operation and Maintenance of Plant	4,965,460	4,965,460	4,612,634	4,612,634
Pupil Transportation	2,934,500	2,925,790	3,469,623	3,457,391
Central	333,178	333,178	53,878	53,878
Operation of Non-Instructional Services	774,819	292,631	787,947	253,570
Food Service Operation	1,402,923	141,223	1,444,349	(52,517)
Extracurricular Activities	1,184,918	618,319	1,079,586	636,974
Interest and Fiscal Charges	551,889	551,889	534,990	534,990
<i>Total Expenditures</i>	<u>\$47,544,204</u>	<u>\$42,913,813</u>	<u>\$45,106,359</u>	<u>\$40,429,639</u>

The dependence upon general tax revenues for governmental activities is apparent. Over 60 percent of all District expenses are supported through property taxes alone. For all governmental activities, general revenue and prior year cash balances support all expenses as shown in the above table. The community, as a whole, is by far the primary support for Boardman Local School District students.

Boardman Local School District
Mahoning County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

The District's Funds

The District's funds (as presented on the balance sheet) reported a combined fund balance of \$5,483,473 which is higher than last year's total of \$3,180,236 by 72 percent. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	Fund Balance June 30, 2014	Fund Balance June 30, 2013	Increase (Decrease)
General	\$4,448,946	\$2,363,255	\$2,085,691
Other Governmental	2,255,313	816,981	1,438,332
Total	\$6,704,259	\$3,180,236	\$3,524,023

General Fund

During fiscal year 2014, the District's general fund balance increased on a modified accrual basis by \$2,085,691; total revenues within the general fund increased nearly 6 percent and expenditures also increased by 2 percent. The primary reason for the overall increase in fund balance this fiscal year is that revenues, special item and other financing sources exceeded expenditures and transfers out. The District has built a surplus by balancing its budget and by spending less than total revenues over the past few years. Various major expenditure savings policies were applied to the District's budget with great success. The District has utilized various phases of energy conservation permanent improvements that decrease utility expenditures and yet maintain the buildings. In addition, the District utilizes a negotiated Retire/Rehire Program for the professional staff yielding extensive savings in payroll. The use of these expenditure policies has extended the operating lives of the District's existing levies and also these policies have counteracted the recent environment of eroding tax revenues for the District. As a result, the control of expenditures has preserved the accumulation of prior year-end positive fund balances.

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

	2014	2013	% Change
<u>Revenues</u>			
Taxes	\$28,169,222	\$26,649,384	5.7 %
Tuition	713,768	639,864	11.5 %
Earnings on investments	10,126	9,225	9.8 %
Intergovernmental	13,438,625	12,703,591	5.8 %
Other revenues	545,386	644,017	(15.3) %
Total	\$42,877,127	\$40,646,081	5.5 %
<u>Expenditures</u>			
Instruction	26,684,257	25,472,170	4.8 %
Support services	13,403,611	14,123,085	(5.1) %
Operation of non-instructional services	294,053	347,312	(15.3) %
Extracurricular activities	824,377	722,428	14.1 %
Capital outlay	9,500	0	0.0 %
Debt service	151,294	40,092	277.4 %
Total	\$41,367,092	\$40,705,087	1.6 %

Boardman Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
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 2014 the District amended its General Fund budget at various times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, actual revenue, including other financing sources, was \$44,720,955, which was \$2,679,285 more than the original budget of \$42,041,670 and \$14,696 less than the final budgeted revenue estimate of \$44,735,651. The actual revenue amounts include revenue sources that were not anticipated at the beginning of the fiscal year, due to a conservative approach of estimating revenue used by the District.

Total actual expenditures, including other financing uses, were \$42,947,789, which was \$194,874 less than final budgeted expenditures of \$43,142,663 and \$1,028,510 more than original budgeted expenditures of \$41,919,279. The variance with original and final appropriations was due to a conservative estimates approach and insignificant when compared to an entire year of operation.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had \$26,318,070 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles.

Table 4 shows fiscal year 2014 balances compared to fiscal year 2013:

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

	2014	2013
Land	\$3,745,329	\$3,745,329
Construction in Progress	79,526	0
Land Improvements	1,239,043	1,296,710
Buildings and Improvements	18,943,446	19,609,145
Furniture, Fixtures and Equipment	609,950	828,709
Vehicles	1,700,776	1,889,935
<i>Total</i>	<u>\$26,318,070</u>	<u>\$27,369,828</u>

All capital assets, except land and construction in progress, are reported net of depreciation. As one can see, the District had an overall decrease in capital assets of \$1,051,758. The majority of this decrease is due to current year additions of \$190,022 being less than the current year depreciation expense of \$1,241,780. For more information about the District's capital assets, see Note 9 to the basic financial statements.

Boardman Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Long-Term Debt Obligations

At June 30, 2014, the District had qualified school construction bonds, one energy conservation note, a bus loan and lease purchase agreements outstanding in the amounts of \$3,488,000, \$2,613,252, \$415,345, and \$5,568,641 respectively. Of this total, \$677,679 is due within one year and \$11,407,559 is due in more than one year. The following table summarizes these loans and the District's outstanding capital lease obligations.

Table 5
Outstanding Debt at Year End

	<u>2014</u>	<u>2013</u>
Qualified School Construction Bonds	\$3,488,000	\$3,488,000
Energy Conservation Note	2,613,252	2,798,526
Bus Purchase Loan	415,345	516,910
Capital Lease Obligations	<u>5,568,641</u>	<u>5,895,840</u>
<i>Total</i>	<u>\$12,085,238</u>	<u>\$12,699,276</u>

The qualified school construction bonds, the energy conservation note and the bus loan are general obligations of the District for which the full faith and credit of the District is pledged for repayment. The energy conservation note is scheduled to mature in fiscal year 2024.

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

Current Financial Related Activities

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. In Mahoning County, our District's state funding per pupil is the one of the lowest from the State of Ohio. Boardman Local School District local taxes are represented by one permanent improvement levy, three emergency levies, and three current expense levies. These levies all need to be renewed and vary from three to five year terms.

The District continues to be very aggressive in cost cutting measures, while maintaining the high quality programs that are a tradition of our District. Retire/rehire has been a very successful cost savings program. The District is afforded a lower cost per employee, while retaining quality and expertise for up to a three year period. The Board continues to explore areas to reduce operating costs. These areas include staffing, health care, natural gas, electricity, workers' compensation and all insurances. The District is also exploring shared services with neighboring districts. The District has a three year contract which commenced in fiscal year 2012 and ended in fiscal year 2014 for all employees. The base wage has been frozen for all employees since 2008.

Several significant legislative and judicial actions have occurred that have had a major impact on our District - community schools, open enrollment, autistic scholarships, and the Jon Peterson Scholarship. The Jon Peterson scholarship gives more choice to special education students. Presently four parochial schools are receiving approximately \$128,060 for 12 students. The scholarship cost per pupil ranges from \$7,195 - \$20,000 and is paid 100 percent with local funds. This is a major concern for the District, which has a total of approximately 415 students who attend parochial schools. These changes have reduced the amount of funding for the District by \$243,405 for fiscal 2003, \$241,563 for fiscal 2004,

Boardman Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

\$480,219 for 2005, \$505,556 for fiscal 2006, \$535,258 for fiscal 2007, \$889,404 for fiscal 2008, \$984,654 for fiscal 2009, \$1,264,142 for fiscal 2010, \$1,339,182 for fiscal 2011, \$1,461,220 for fiscal 2012, \$1,893,643 for fiscal 2013, and \$2,063,977 for fiscal year 2014. The District will continue to lobby to the State of Ohio for changes in the way the funding is distributed for Community Schools, open enrollment, autistic scholarships and the Jon Peterson Scholarship. The District receives approximately \$1,100 for each student through the state foundation. When a student leaves Boardman to go to a Community School or Open Enrollment, approximately \$5,732 is reduced from our District's funding. The numbers above representing fiscal year 2003 through 2014 are evidence of the increased dollars that are being diverted to Community Schools, Open Enrollment Schools, and private schools that receive autistic scholarship funding.

The state's 2014 school foundation level had an increase of approximately \$554,417 from fiscal year 2013. This was the first year of the new two year state budget. In the prior two year state budget which commenced in fiscal year 2012 the District lost approximately \$860,000 each year for the personal property reimbursement and remains at the reduced level going to fiscal year 2014. The school district collected \$2,522,536 in personal property loss reimbursement from the state and anticipates the same dollar amount for fiscal year 2015. The school district joined the Coalition for Fiscal Fairness in Ohio. This group consists of school districts who have hired two lobbyists to speak on behalf of the districts which are at risk of losing the remaining replacement funds. This will have devastating effects on school districts throughout the state if the legislatures decrease the remaining replacement funds in future state bienniums.

The funding for the hold harmless will come from the commercial activity tax. The Board of Education is very concerned about the uncertainty after fiscal year 2015. The personal property represented ten percent of the District's revenue. In fiscal year 2003, the District collected \$3,764,061 on personal property. The District collected \$3,610,647 for fiscal year 2004, \$4,223,663 for fiscal year 2005, \$3,809,881 for fiscal year 2006, \$3,068,093 for fiscal year 2007, \$3,338,201 for fiscal 2008, \$1,422,928 for fiscal 2009, \$166,226 for fiscal 2010, \$77,614 for fiscal 2011, \$54,450 for fiscal 2012, \$1,225 for fiscal 2013 and \$17,395 for fiscal 2014. If the District is not held harmless, this will have a tremendous impact on the District's revenue and the ability to maintain financial stability.

The District has committed itself to educational and financial excellence for many years and is very proud of the 4 A's of the district: Academics, Arts, Athletics and Accountability. The diverse curriculum programs offered to the students, our excellent rating for school years 2001, 2002, 2003, 2004, 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014 in addition to unqualified audits, are evidence of the Board's commitment to maximize the resources that are provided to educate the students of the District. The District is committed to living within its financial means, and working with the community it serves in order to provide adequate resources to support the education program.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 Position
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$14,712,496
Accounts Receivable	36,648
Intergovernmental Receivable	250,096
Property Taxes Receivable	31,175,260
Inventory Held for Resale	18,026
Materials and Supplies Inventory	75,912
Nondepreciable Capital Assets	3,824,855
Depreciable Capital Assets, Net	22,493,215
<i>Total Assets</i>	<u>72,586,508</u>
Liabilities	
Accounts Payable	88,870
Accrued Wages and Benefits Payable	4,784,737
Intergovernmental Payable	1,281,500
Matured Compensated Absences Payable	216,691
Accrued Interest Payable	95,270
Claims Payable	508,600
Long-Term Liabilities:	
Due Within One Year	1,224,508
Due In More Than One Year	12,923,355
<i>Total Liabilities</i>	<u>21,123,531</u>
Deferred Inflows of Resources	
Property Taxes	<u>29,497,236</u>
Net Position	
Net Investment in Capital Assets	14,232,832
Restricted for:	
Capital Projects	1,353,929
Debt Service	570,302
Other Purposes	408,882
Set-asides	233,898
Unrestricted	5,165,898
<i>Total Net Position</i>	<u>\$21,965,741</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, 2014

	Program Revenues		Net (Expense)	
	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position	
Expenses			Governmental Activities	
Governmental Activities				
Current:				
Instruction:				
Regular	\$22,416,720	\$528,319	\$60,295	(\$21,828,106)
Special	5,811,794	115,109	947,265	(4,749,420)
Adult/Continuing	2,102	0	0	(2,102)
Other	69,135	25,694	0	(43,441)
Support Services:				
Pupils	1,984,138	0	405,267	(1,578,871)
Instructional Staff	1,152,323	0	58,480	(1,093,843)
Board of Education	212,336	0	0	(212,336)
Administration	2,547,110	0	170,765	(2,376,345)
Fiscal	996,990	0	0	(996,990)
Business	203,869	0	0	(203,869)
Operation and Maintenance of Plant	4,965,460	0	0	(4,965,460)
Pupil Transportation	2,934,500	0	8,710	(2,925,790)
Central	333,178	0	0	(333,178)
Operation of Non-Instructional Services	774,819	92,285	389,903	(292,631)
Operation of Food Services	1,402,923	546,596	715,104	(141,223)
Extracurricular Activities	1,184,918	549,125	17,474	(618,319)
Interest and Fiscal Charges	551,889	0	0	(551,889)
Total Governmental Activities	\$47,544,204	\$1,857,128	\$2,773,263	(42,913,813)
General Revenues				
Property Taxes Levied for:				
				27,978,847
				978,627
Grants and Entitlements not				
				13,794,455
				10,574
				266,582
				5,300
Total General Revenues				43,034,385
Special Item				
				2,420,786
Change in Net Position				2,541,358
Net Position Beginning of Year				19,424,383
Net Position End of Year				\$21,965,741

See accompanying notes to the basic financial statements

Boardman Local School District

Mahoning County, Ohio

*Balance Sheet
Governmental Funds
June 30, 2014*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$10,048,488	\$2,663,085	\$12,711,573
Accounts Receivable	36,648	0	36,648
Interfund Receivable	92,197	0	92,197
Intergovernmental Receivable	0	250,096	250,096
Property Taxes Receivable	29,917,080	1,258,180	31,175,260
Inventory Held for Resale	0	18,026	18,026
Materials and Supplies Inventory	69,185	6,727	75,912
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	233,898	0	233,898
<i>Total Assets</i>	<u>\$40,397,496</u>	<u>\$4,196,114</u>	<u>\$44,593,610</u>
Liabilities			
Accounts Payable	\$56,844	\$32,026	\$88,870
Accrued Wages and Benefits Payable	4,570,279	214,458	4,784,737
Intergovernmental Payable	1,189,559	91,941	1,281,500
Matured Compensated Absences Payable	214,788	1,903	216,691
Interfund Payable	0	92,197	92,197
<i>Total Liabilities</i>	<u>6,031,470</u>	<u>432,525</u>	<u>6,463,995</u>
Deferred Inflows of Resources			
Property Taxes	28,306,569	1,190,667	29,497,236
Unavailable Revenue - Property Taxes	1,610,511	67,513	1,678,024
Unavailable Revenue - Intergovernmental	0	250,096	250,096
<i>Total Deferred Inflows of Resources</i>	<u>29,917,080</u>	<u>1,508,276</u>	<u>31,425,356</u>
Fund Balances			
Nonspendable	69,185	6,727	75,912
Restricted	0	1,278,429	1,278,429
Committed	275,882	1,124,874	1,400,756
Assigned	423,183	37	423,220
Unassigned (Deficit)	3,680,696	(154,754)	3,525,942
<i>Total Fund Balances</i>	<u>4,448,946</u>	<u>2,255,313</u>	<u>6,704,259</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$40,397,496</u>	<u>\$4,196,114</u>	<u>\$44,593,610</u>

See accompanying notes to the basic financial statements

Boardman Local School District
Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014*

Total Governmental Fund Balances	\$6,704,259
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,318,070
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	1,678,024
Intergovernmental	250,096
Total	1,928,120
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,258,425
In the statement of activities, interest is accrued on outstanding bonds and lease purchase agreements, whereas in governmental funds, an interest expenditure is reported when due.	(95,270)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Energy Conservation Loan	(2,613,252)
Qualified School Construction Bonds	(3,488,000)
Bus Loan	(415,345)
Capital Leases	(5,568,641)
Compensated Absences	(2,062,625)
Total	(14,147,863)
<i>Net Position of Governmental Activities</i>	\$21,965,741

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, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$28,169,222	\$958,329	\$29,127,551
Tuition and Fees	713,768	0	713,768
Interest	10,126	448	10,574
Charges for Services	0	546,596	546,596
Extracurricular Activities	133,883	329,646	463,529
Rentals	127,915	5,320	133,235
Contributions and Donations	45,884	17,474	63,358
Intergovernmental	13,438,625	2,945,042	16,383,667
Miscellaneous	237,704	28,878	266,582
<i>Total Revenues</i>	<u>42,877,127</u>	<u>4,831,733</u>	<u>47,708,860</u>
Expenditures			
Current:			
Instruction:			
Regular	21,869,475	105,227	21,974,702
Special	4,740,301	958,336	5,698,637
Adult/Continuing	2,102	0	2,102
Other	72,379	0	72,379
Support Services:			
Pupils	1,560,204	397,707	1,957,911
Instructional Staff	1,071,919	54,804	1,126,723
Board of Education	212,309	27	212,336
Administration	2,323,763	173,238	2,497,001
Fiscal	969,945	18,894	988,839
Business	194,756	0	194,756
Operation and Maintenance of Plant	4,259,692	178,361	4,438,053
Pupil Transportation	2,517,948	8,812	2,526,760
Central	293,075	15,534	308,609
Operation of Non-Instructional Services	294,053	436,608	730,661
Operation of Food Services	0	1,369,185	1,369,185
Extracurricular Activities	824,377	325,528	1,149,905
Capital Outlay	9,500	180,522	190,022
Debt Service:			
Principal Retirement	137,764	476,274	614,038
Interest and Fiscal Charges	13,530	544,774	558,304
<i>Total Expenditures</i>	<u>41,367,092</u>	<u>5,243,831</u>	<u>46,610,923</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,510,035</u>	<u>(412,098)</u>	<u>1,097,937</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	5,300	0	5,300
Transfers In	0	1,739,800	1,739,800
Transfers Out	(1,739,800)	0	(1,739,800)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,734,500)</u>	<u>1,739,800</u>	<u>5,300</u>
Special Item			
Health Insurance Reserve Refund	2,310,156	110,630	2,420,786
<i>Net Change in Fund Balances</i>	2,085,691	1,438,332	3,524,023
<i>Fund Balance Beginning of Year</i>	2,363,255	816,981	3,180,236
<i>Fund Balance End of Year</i>	<u>\$4,448,946</u>	<u>\$2,255,313</u>	<u>\$6,704,259</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, 2014*

Net Change in Fund Balances - Total Governmental Funds \$3,524,023

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	190,022	
Current Year Depreciation	(1,241,780)	
Total		(1,051,758)

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

Assets Disposed	(141,165)	
Accumulated Depreciation on Disposals	141,165	
Total		0

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

Property Taxes	(170,077)	
Intergovernmental	120,693	
Total		(49,384)

Repayment of long-term bond and lease/purchase principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.

614,038

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

Accrued Interest on Bonds and Lease Purchases		6,415
---	--	-------

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

Compensated Absences	(7,331)	
Early Retirement Incentive	141,666	
Total		134,335

The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(636,311)

Change in Net Position of Governmental Activities

\$2,541,358

See accompanying notes to the basic financial statements

Boardman Local School District
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$28,114,259	\$28,169,222	\$28,169,222	\$0
Tuition and Fees	413,808	470,704	476,493	5,789
Interest	10,000	10,027	10,027	0
Extracurricular Activities	47,100	40,445	40,445	0
Rentals	48,500	35,063	35,063	0
Contributions and Donations	200	500	500	0
Intergovernmental	13,236,995	13,438,625	13,438,625	0
Miscellaneous	134,767	230,378	230,378	0
<i>Total Revenues</i>	<u>42,005,629</u>	<u>42,394,964</u>	<u>42,400,753</u>	<u>5,789</u>
Expenditures				
Current:				
Instruction:				
Regular	21,039,838	21,039,838	21,451,282	(411,444)
Special	5,169,114	5,169,114	4,719,923	449,191
Other	161,172	161,172	72,379	88,793
Support Services:				
Pupils	1,411,373	1,411,373	1,526,327	(114,954)
Instructional Staff	1,064,456	1,064,456	1,136,546	(72,090)
Board of Education	180,247	180,247	219,959	(39,712)
Administration	2,400,074	2,400,074	2,348,839	51,235
Fiscal	1,059,134	1,059,134	1,042,526	16,608
Business	198,103	198,103	186,259	11,844
Operation and Maintenance of Plant	4,307,976	4,331,360	4,348,401	(17,041)
Pupil Transportation	2,612,275	2,612,275	2,704,202	(91,927)
Central	539,625	539,625	281,744	257,881
Operation of Non-Instructional Services	1,727	1,727	0	1,727
Extracurricular Activities	775,820	775,820	803,888	(28,068)
<i>Total Expenditures</i>	<u>40,920,934</u>	<u>40,944,318</u>	<u>40,842,275</u>	<u>102,043</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,084,695</u>	<u>1,450,646</u>	<u>1,558,478</u>	<u>107,832</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	5,300	5,300	0
Health Insurance Reserve Refund	0	2,304,346	2,304,346	0
Advances In	31,041	31,041	10,556	(20,485)
Advances Out	(100,000)	(100,000)	(92,197)	7,803
Transfers Out	(898,345)	(2,098,345)	(2,013,317)	85,028
<i>Total Other Financing Sources (Uses)</i>	<u>(962,304)</u>	<u>142,342</u>	<u>214,688</u>	<u>72,346</u>
<i>Net Change in Fund Balance</i>	122,391	1,592,988	1,773,166	180,178
<i>Fund Balance Beginning of Year</i>	7,825,045	7,825,045	7,825,045	0
<i>Prior Year Encumbrances Appropriated</i>	176,635	176,635	176,635	0
<i>Fund Balance End of Year</i>	<u>\$8,124,071</u>	<u>\$9,594,668</u>	<u>\$9,774,846</u>	<u>\$180,178</u>

See accompanying notes to the basic financial statements

Boardman Local School District

Mahoning County, Ohio

Statement of Fund Net Position

Proprietary Fund

June 30, 2014

	<u>Internal Service</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,767,025
Liabilities	
Claims Payable	<u>508,600</u>
Net Position	
Unrestricted	<u><u>\$1,258,425</u></u>

See accompanying notes to the basic financial statements

Boardman Local School District

Mahoning County, Ohio

*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2014*

	<u>Internal Service</u>
Operating Revenues	
Charges for Services	<u>\$7,044,578</u>
Operating Expenses	
Purchased Services	652,853
Claims	7,028,036
<i>Total Operating Expenses</i>	<u>7,680,889</u>
<i>Change in Net Position</i>	(636,311)
<i>Net Position Beginning of Year</i>	<u>1,894,736</u>
<i>Net Position End of Year</i>	<u><u>\$1,258,425</u></u>

See accompanying notes to the basic financial statements

Boardman Local School District

Mahoning County, Ohio

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2014

	<u>Internal Service</u>
<i>Increase in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Charges for Services	\$7,044,578
Cash Payments for Goods and Services	(652,853)
Cash Payments for Claims	<u>(6,945,009)</u>
<i>Net Cash Used for Operating Activities</i>	(553,284)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,320,309</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,767,025</u></u>
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$636,311)
Adjustments:	
Change in Claims Payable	<u>83,027</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$553,284)</u></u>

See accompanying notes to the basic financial statements

Boardman Local School District

Mahoning County, Ohio

Statement of Net Position

Fiduciary Fund

June 30, 2014

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$601,255	\$120,214
Liabilities		
Due to Students	0	\$120,214
Net Position		
Held in Trust for Scholarships	\$601,255	

See accompanying notes to the basic financial statements

Boardman Local School District
Mahoning County, Ohio

Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2014

	<u>Scholarship</u>
Additions	
Interest	\$181
Contributions and Donations	<u>25,659</u>
<i>Total Additions</i>	25,840
Deductions	
Scholarships Awarded	<u>21,550</u>
<i>Change in Net Position</i>	4,290
<i>Net Position Beginning of Year</i>	<u>596,965</u>
<i>Net Position End of Year</i>	<u><u>\$601,255</u></u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 1 - Description of the District

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

The District is the 72nd largest in the State of Ohio (among the 876 public school districts in the State of Ohio) in terms of enrollment. The District is staffed by 263 non-certificated and 344 certificated personnel to provide services to approximately 4,673 students and other community members.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (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 more significant of the School District's accounting policies are described below.

A. - Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 ad No. 34". A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. When applying GASB Statement No. 14, management has considered all potential component units.

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

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 The Area Cooperative Computerized Educational Service System/ACCESS Assembly (ACCESS) is a consortium of twenty-six school districts in Mahoning and Columbiana Counties, two educational service centers, twenty non-public schools and two Special Education Regional Resource Centers.

The jointly governed organization was formed for the purpose of utilizing computers and other electronic equipment for administrative and instructional functions among member districts. These include educational management information system services, fiscal services, library services, network services and student services.

ACCESS is governed by an Assembly, which makes all decisions regarding programs, fees, budget and policy. The Assembly is composed of the Superintendent of each of the member districts. Assembly members may designate proxy attendees at meetings for voting purposes. The Assembly meets twice per year, once in November and once in May. Budgets and fees are discussed at the fall meeting, while the Board of Directors are chosen at the spring meeting.

While the Assembly has overall governance for ACCESS, the Board of Directors is selected to make the majority of the day to day operational decisions. Everything from equipment purchases, contracts, personnel action and financial oversight is handled by the Board. The Board is made up of two superintendents each from both Mahoning and Columbiana counties, and the superintendents from both the Mahoning County and Columbiana County Educational Service Centers. The ACCESS Executive Director and the Treasurer are also part of the Board of Directors, but are non-voting members.

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Suite 220, Youngstown, Ohio, 44512.

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

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Public Entity Risk Pools

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

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

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, committed or assigned to a particular purpose.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds. The following is a description of the School District's internal service fund.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self-insurance fund that accounts for prescription drug, dental and vision claims of the School District's employees.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Fiduciary Funds

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

C. - Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position 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 activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is 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, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 and the statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 Outflows/Inflows of Resources In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, there were no deferred outflows of resources to report.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

E. - Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2014 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Mahoning County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2014.

4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the object level within the general fund and at the fund level of expenditures for all other District funds, 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 object level of expenditures for the general fund, the District has elected to present the budgetary statement comparison 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.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 year 2014.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. - Cash and Investments

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

During fiscal 2014, the District's investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), a repurchase agreement, and a money market fund. 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 2014. 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, 2014.

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 2014 amounted to \$10,126, of which \$907 was assigned from other District funds.

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

An analysis of the District's investment account at year-end is provided in Note 6.

G - Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories consist of donated food, purchased food, and non-food supplies held for resale and are expensed when used.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

H. - Capital Assets

The District's only capital assets are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of four thousand dollars. 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.

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

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

I. - Interfund Balances

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

J. - Interfund Activity

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

K. - Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, 2014, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

L. – Accrued Liabilities and Long-Term Obligations

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

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

M. - Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education, which may be expressed by a motion but need not be passed by formal action, such as a Board Resolution.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. – Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

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

O. - Estimates

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

P. – Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

assets include the amounts formerly required by state statute to be set aside for budget stabilization. See Note 18 for details.

Q. – Special Item

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. During the fiscal year, the District received an insurance reserve refund from the Stark County Council of Governments in the amount of \$2,420,786.

Note 3 – Change in Accounting Principles

For fiscal year 2014, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”, Statement No. 67, “Financial Reporting for Pension Plans”, and Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

GASB Statement No. 67 establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the District.

GASB Statement No. 70 improves the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

Note 4 – Fund Deficits

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor Governmental Funds:</u>	<u>Deficit</u>
IDEA Part B Grant	\$87,652
Title III Limited English Proficiency	1,541
Title I	46,055
Improving Teacher Quality	19,506
	<u>\$154,754</u>

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Note 5 - Budgetary Basis of Accounting

While the District is reporting its financial Position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balances (GAAP).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transaction (GAAP).
5. *Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP).

*As part of Governmental Accounting Standards Board No. 54 "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. These include the uniform school supplies, adult education, public school support, television network and separation special revenue funds.

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

Net Change in Fund Balance	
GAAP Basis	\$2,085,691
Net Adjustment for Revenue Accruals	(717,293)
Advances In	10,556
Net Adjustment for Expenditure Accruals	399,968
Advance Out	(92,197)
Net Adjustment for Funds Budgeted as Special Revenue	235,109
Adjustment for Encumbrances	(148,668)
Budget Basis	<u>\$1,773,166</u>

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

A. Cash on Hand

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

B. Deposits

At June 30, 2014, the carrying value amount of all the District's deposits was \$532,783, exclusive of the \$2,247,790 repurchase agreement and \$10,695,814 money market fund, included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2014, \$550,000 of the District's bank balance of \$810,663 was exposed to custodial risk as described below, meaning \$260,663 was covered by the Federal Deposit Insurance Corporation (FDIC).

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

C. Investments

As of June 30, 2014, the District had the following investments. All investments are in an internal investment pool.

	<u>Fair Value</u>	<u>Maturity</u>
Repurchase Agreements	\$2,247,790	6 months or less
STAROhio	1,957,478	6 months or less
Money Market Fund	<u>10,695,814</u>	6 months or less
Total Portfolio	<u><u>\$14,901,082</u></u>	

The weighted average of maturities is one day.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements and money market funds, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The District places no limit on the amount it may invest in any one issuer. The District's investment in STAROhio, repurchase agreements and the money market fund represent 13, 15 and 72 percent, respectively, of the District's total investments.

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the Statement of Net Position as of June 30, 2014:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Position</u>	
Carrying amount of deposits	\$532,783	Governmental Activities	\$14,712,496
Investments	14,901,082	Private-purpose trust funds	601,255
Cash on hand	100	Agency funds	120,214
Total	<u>\$15,433,965</u>	Total	<u>\$15,433,965</u>

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenue received in calendar 2014 represent collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 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.

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, 2014, are available to finance fiscal year 2014 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 and public utility property taxes which are measurable as of June 30, 2014 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 inflows of resources – property taxes.

Due to the timing of the tax bills sent by the County, there is no money available as an advance to the School District at June 30, 2014 and June 30, 2013.

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 made unavailable.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 First		2014 First	
	Half Collections		Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$795,505,790	96.98 %	\$796,195,450	96.69 %
Public Utility Personal	24,744,430	3.02	27,236,600	3.31
Total	<u>\$820,250,220</u>	<u>100.00 %</u>	<u>\$823,432,050</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$58.15		\$58.15	

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 8 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Nonmajor Governmental	Total
<i>Nonspendable:</i>			
Inventory	\$69,185	\$6,727	\$75,912
<i>Restricted for:</i>			
Food Service Operations	0	278,361	278,361
Technology Improvements	0	469	469
Athletics & Music	0	152,038	152,038
Auxiliary Services	0	19,965	19,965
Student Achievement	0	460	460
Teacher Development	0	22	22
Debt Service Payments	0	570,302	570,302
Capital Improvements	0	256,812	256,812
<i>Total Restricted</i>	0	1,278,429	1,278,429
<i>Committed to:</i>			
Boardman Schools Television Network	127,703	0	127,703
Termination Payments	148,179	0	148,179
Capital Improvements	0	1,124,874	1,124,874
<i>Total Committed</i>	275,882	1,124,874	1,400,756
<i>Assigned to:</i>			
College Scholarships	0	37	37
Other Purposes	77,180	0	77,180
Budget Stabilization	233,898	0	233,898
Encumbrances	112,105	0	112,105
<i>Total Assigned</i>	423,183	37	423,220
<i>Unassigned (Deficit)</i>	3,680,696	(154,754)	3,525,942
<i>Total Fund Balances</i>	\$4,448,946	\$2,255,313	\$6,704,259

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance 6/30/13	Additions	Reductions	Balance 6/30/14
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$3,745,329	\$0	\$0	\$3,745,329
Construction in progress	0	79,526	0	79,526
Total capital assets not being depreciated	3,745,329	79,526	0	3,824,855
<i>Capital assets being depreciated:</i>				
Land improvements	2,425,426	0	0	2,425,426
Buildings and improvements	38,018,156	40,000	0	38,058,156
Furniture, fixtures and equipment	4,450,122	60,996	(34,513)	4,476,605
Vehicles	4,521,452	9,500	(111,652)	4,419,300
Total capital assets being depreciated	49,415,156	110,496	(146,165)	49,379,487
<i>Accumulated depreciation:</i>				
Land improvements	(1,128,716)	(57,667)	0	(1,186,383)
Buildings and improvements	(18,409,011)	(705,699)	0	(19,114,710)
Furniture, fixtures and equipment	(3,621,413)	(279,755)	34,513	(3,866,655)
Vehicles	(2,631,517)	(198,659)	111,652	(2,718,524)
Total accumulated depreciation	(25,790,657)	(1,241,780) *	146,165	(26,886,272)
Capital assets being depreciated, net	23,624,499	(1,131,284)	0	22,493,215
Governmental activities capital assets, net	\$27,369,828	(\$1,051,758)	\$0	\$26,318,070

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$242,710
Special	18,545
Vocational	300
Support Services:	
Pupil	202
Instructional Staff	72,163
Administration	12,439
Fiscal	315
Operation and Maintenance of Plant	445,626
Pupil Transportation	357,681
Operation of Non-Instructional Services	16,604
Operation of Food Services	41,189
Extracurricular	34,006
Total Depreciation Expense	\$1,241,780

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 10 - Receivables

Receivables at June 30, 2014, consisted of taxes, accounts (rent, student fees and tuition), accrued interest and intergovernmental distributions and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables are as follows:

Non-major Governmental Funds:	
IDEA Part B Grant	\$147,333
Title III Grant	1,541
Title I Grant	71,137
Class Size Reduction Grant	30,085
Total Intergovernmental Receivable	\$250,096

Note 11 - Interfund Activity

A. Interfund Transfers

Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund financial statements:

	Transfers In	Transfers Out
Major Governmental Fund:		
General	\$0	\$1,739,800
Non-major Governmental Funds:		
Bond Retirement	499,800	0
District Managed Student Activity	40,000	0
Capital Projects Fund	1,200,000	0
	\$1,739,800	\$1,739,800

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

Boardman Local School District
Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

B. Interfund Receivable/Payable

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Fund:		
General	\$92,197	\$0
Non-major Governmental Funds:		
IDEA Part B Grant	0	19,032
Title III	0	2,493
Title I	0	50,576
Improving Teacher Quality	0	20,096
Total	<u>\$92,197</u>	<u>\$92,197</u>

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

Note 12 - Long-term Obligations

The changes in the District's long-term obligations during fiscal year 2014 were as follows:

	<u>Amount Outstanding 6/30/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 6/30/14</u>	<u>Amounts due in One Year</u>
Governmental-Type Activities					
2011 Qualified School Construction Bonds	\$3,488,000	\$0	\$0	\$3,488,000	\$0
2009 Energy Conservation Note 3.30% - 3.62%	2,798,526	0	(185,274)	2,613,252	237,523
Bus Purchase Loan	516,910	0	(101,565)	415,345	99,648
Capital Lease Obligations	5,895,840	0	(327,199)	5,568,641	340,508
Compensated Absences	2,055,294	490,463	(483,132)	2,062,625	546,829
Early Retirement Incentive	141,666	0	(141,666)	0	0
<i>Total Long-Term Obligations</i>	<u>\$14,896,236</u>	<u>\$490,463</u>	<u>(\$1,238,836)</u>	<u>\$14,147,863</u>	<u>\$1,224,508</u>

On August 10, 2011, the District issued Qualified School Construction Bonds of \$3,488,000 (par value) with an interest rate of 5.14 percent and maturing on 12/1/2026. The purpose of the issuance is to assist the District in paying the costs of installations, modifications and remodeling of school buildings to conserve energy. After paying issuance costs of \$69,760, the net proceeds were \$3,418,240.

The District has implemented House Bill 264 (HB264) energy conservation projects. The HB264 program is a state house bill that allows special financing opportunities for energy conservation permanent improvements in school districts. The project will encompass heating, air conditioning, and lighting improvements. The special HB264 capital lease financing agreement was for \$3,488,480 over 15 years at rates ranging from 3.30 percent to 3.62 percent. The notes mature January 1st, 2024.

On October 26, 2012 the District entered into a loan agreement in the amount of \$516,910 for the purchase of busses. The loan is for 5 years at a rate of 2.75 percent and will mature on July 1, 2017.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

Compensated absences will be paid from the General fund and the Food Service, Auxiliary Services, IDEA Grant and Title I special revenue funds. The early retirement incentive payable will be paid from the general fund.

The capital leases are being repaid from the Permanent Improvement capital projects fund.

The District's overall legal debt margin was \$68,577,935 with an unvoted debt margin of \$823,432, and a legal energy conservation debt margin of \$4,797,636 at June 30, 2014.

Principal and interest requirements to retire the school construction bonds, energy conservation note and bus purchase loan outstanding at June 30, 2014, are as follows:

Fiscal year Ending June 30,	2011 Qualified School Construction Bonds		2009 Energy Conservation Note		Bus Purchase Loan	
	Principal	***Interest	Principal	Interest	Principal	Interest
2015	\$0	\$179,283	\$237,523	\$103,071	\$99,648	\$11,587
2016	0	179,283	223,971	94,479	102,427	8,808
2017	0	179,283	232,906	85,544	105,266	5,969
2018	0	179,283	242,198	76,252	108,004	3,017
2019	0	179,283	251,860	66,590	0	0
2020 - 2024	0	896,415	1,424,794	167,456	0	0
2025 - 2027	3,488,000	448,208	0	0	0	0
<i>Total</i>	<u>\$3,488,000</u>	<u>\$2,241,038</u>	<u>\$2,613,252</u>	<u>\$593,392</u>	<u>\$415,345</u>	<u>\$29,381</u>

***Interest payments made on the 2012 Qualified School Construction Bonds are being offset by tax credits received from the Federal government in the approximate amount of \$2,744,527 through 2026. These tax credits will reduce the net amount of interest paid by the District over the life of the bonds.

Note 13 – Capitalized Lease – Lessee Disclosure

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

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Governmental activities capital assets consisting of building improvements and equipment have been capitalized in the amount of \$9,411,710. This amount represents the present value of the future minimum lease payments at the time of acquisition.

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments on the performing arts center lease in the 2014 fiscal year totaled \$81,000 and \$26,932, respectively. These amounts are reported as debt service payments of the Permanent Improvement capital projects fund.

Principal and interest payments on the classroom additions lease in the 2014 fiscal year totaled \$210,000 and \$226,495, respectively. These amounts are reported as debt service payments of the Permanent Improvement capital projects fund.

Principal and interest payments on the copiers lease in the 2014 fiscal year totaled \$36,199 and \$3,893, respectively. These amounts are reported as debt service payments of the general fund.

The following is a schedule of the future minimum lease payments required under the capital lease obligations and the present value of the future minimum lease payments as of June 30, 2014:

<u>Fiscal Year Ending June 30,</u>	
2015	\$572,951
2016	572,261
2017	545,304
2018	530,212
2019	529,947
2020 - 2024	2,222,066
2025 - 2029	1,589,584
2030 - 2034	813,744
2035 - 2037	486,080
Total Minimum Lease Payments	<u>7,862,149</u>
Less: Amount Representing Interest	<u>(2,293,508)</u>
Present Value of Minimum Lease	<u>\$5,568,641</u>

Note 14 - 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 \$165,915,804. The deductible is \$1,000 and the coinsurance is 100 percent. The business auto coverage limits are \$6,000,000 for liability and \$1,000,000 for uninsured motorists with no deductible. The District's audio-visual and computer equipment policy and musical instrument policy are covered under the commercial property coverage limit. The District's machinery and equipment policy has an \$150,604,922 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 \$6,000,000 each occurrence and \$8,000,000 annual aggregate.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

B. Employee Medical Benefits

During the fiscal year, the School District elected to provide medical, vision, dental and prescription drug benefits through a self-insurance program. The School District maintains an insurance reserve internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Medical Mutual of Ohio, reviews all claims which are then paid by the School District. The School District pays into the insurance reserve internal service fund \$11 for family vision coverage and \$4 for single vision coverage per employee per month, \$93 for family dental and \$38 for single dental per month and \$1,367 for family and \$563 for single medical/prescription drug coverage per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$508,600 reported in the internal service fund at June 30, 2014, is based on an estimate provided by the third party administrator and the requirements of the Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the claims liability amount during the last fiscal year was as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2013	\$0	5,979,649	5,554,076	\$425,573
2014	425,573	7,028,036	6,945,009	508,600

C. Workers' Compensation

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

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

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 15 - Pension Plans

A - School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$790,119, \$794,747, and \$753,865, respectively; 30 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B - State Teachers Retirement System

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

Plan Options - New members have a choice of three retirement plans. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 9.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members transfer to the DB Plan during their fifth year of membership. Eligible members who do not make a choice during the reselection period will permanently remain in their current plan.

DB Plan Benefits - Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit", the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 9.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits – For members who select the Combined Plan, 10 percent of the 11 percent member contribution rate is deposited into the member's defined contribution account and the remaining amount is applied to the DB Plan. Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service credit. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

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

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

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

A Defined Benefit or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013 until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The District was required to contribute 14 percent, 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012, were \$2,529,288, \$2,443,270 and \$2,619,856, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Member and employer contributions actually made for DC and Combined Plans participants will be provided upon written request.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2014 *Comprehensive Annual Financial Report* will be available after December 31, 2014.

Additional information or copies of STRS Ohio's 2014 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

C. Social Security System

Effective, July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2014, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

Note 16 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan – The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50 if they participated in one of SERS' health care plans.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is 0.76 percent. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012 were \$45,839, \$44,894 and \$44,520, respectively. For fiscal year 2014, 30 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is 0.14 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$109,778, \$100,708 and \$121,687, respectively. For fiscal year 2014, 30 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. That report can be obtained on SERS' website at www.ohsers.org, under *Employers/Audit Resources*.

B. State Teachers Retirement System of Ohio

Plan Description - STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

STRS Ohio issued as stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013 and 2012. Effective July 1, 2014, 0 percent of covered payroll was allocated to post-employment health care. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$194,561, \$187,944 and \$201,070, respectively. For fiscal year 2014, 83 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Note 17 - Other Employee Benefits

A. Compensated Absences

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

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

B. Retirement Incentive

The District Board of Education offered employees participation in a Retirement Incentive program. Participation was open to teachers who were eligible to retire by July 1, 2014.

Note 18 - Set-Asides

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

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

	Capital Improvements	Budget Stabilization
Set-Aside Reserve Balance as of June 30, 2013	\$0	\$233,898
Current Year Set-Aside Requirement	763,604	0
Qualifying Disbursements	0	0
Current year offsets	(1,147,784)	0
Total	<u>(\$384,180)</u>	<u>\$233,898</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>	<u>\$233,898</u>
Cash balance as of June 30, 2014	<u>\$0</u>	<u>\$233,898</u>

Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

The total reserve balance for the three set-asides at the end of the fiscal year was \$233,898.

Note 19 - Contingencies

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2014.

This page intentionally left blank.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

SCHEDULE OF FEDERAL AWARD RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education:</i>					
<i>Nutrition Cluster:</i>					
School Breakfast Program	10.553	\$83,415		\$83,415	
National School Lunch Program	10.555	<u>525,960</u>	<u>\$88,418</u>	<u>525,960</u>	<u>\$88,418</u>
Total U.S. Department of Agriculture - Nutrition Cluster		<u>609,375</u>	<u>88,418</u>	<u>609,375</u>	<u>88,418</u>
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education:</i>					
<i>Title I Cluster:</i>					
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	677,924		702,065	
<i>Special Education Cluster:</i>					
Special Education_Grants to States (IDEA, Part B)	84.027	838,001		906,227	
ARRA - Race to the Top	84.395	5,250		5,250	
English Language Acquisition Grants (Title III)	84.365	8,006		16,126	
Improving Teacher Quality State Grants (Title II-A)	84.367	<u>68,946</u>		<u>91,117</u>	
Total U.S. Department of Education		<u>1,598,127</u>	<u>-</u>	<u>1,720,785</u>	<u>-</u>
Totals		<u>\$2,207,502</u>	<u>\$88,418</u>	<u>\$2,330,160</u>	<u>\$88,418</u>
		2,295,920		2,418,578	

The accompanying notes are an integral part of this schedule.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARD RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Award Receipts and Expenditures (the Schedule) reports the Boardman Local School District's (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the lower of cost or market value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 24, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

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, opining 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*.

Entity's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 24, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Boardman Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Boardman Local School District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Boardman Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 24, 2015

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control 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 weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control 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(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 84.027/84.173- Special Education Cluster (IDEA) CFDA # 84.010 - Title I Grants to LEAs
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

1. Self-Insurance Monies

<i>Finding Number</i>	2014-001
-----------------------	----------

MATERIAL WEAKNESS

Management and the Board are responsible for designing controls to prevent, detect and correct misstatements to ensure the information provided to the readers of the financial statements is complete and accurate. The District terminated their membership with the Stark County Council of Governments, an insurance consortium, opting to save money with self-insurance. The District then received a check from the Stark County Council of Governments in the amount of \$2,420,786 for the District's remaining health benefits reserve balance. The District posted \$1,200,000 to the Capital Projects Fund (070) and the remaining \$1,220,786 to the Self Insurance Fund (024). These monies essentially represent a refund of remaining contributions to the insurance consortium, which should have gone back to the originating funds.

The lack of adequate documentation and/or authority to support the manner in which these funds were distributed among the District's funds has led to District monies not being credited to the appropriate funds.

The District recorded the audit adjustment to correct the errors. The audit adjustment resulted in reducing revenue in the Capital Projects Fund (070) by \$1,200,000 and the Self-Insurance Fund (024) by \$1,220,786 and increased revenue in the following funds by the following amounts:

General (001)	2,304,346
Food Service(006)	44,058
After School (020)	5,810
Auxiliary Services (401)	12,830
Title VI-B (516)	51,321
Title II-A (590)	2,421

The District should have adequate support for the posting of receipts and controls procedures to make sure receipts are posted to the appropriate funds.

Official's Response:

The District is aware of the above issue and has corrected it.



Dave Yost • Auditor of State

BOARDMAN LOCAL SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 5, 2015**