



**Auditor of State
Betty Montgomery**

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Boardman Local School District, Mahoning County, (the District), as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Boardman Local School District, Mahoning County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying federal awards expenditures schedule is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Betty Montgomery
Auditor of State

May 12, 2003

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BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2002

| | Governmental Fund Types | | | |
|---|-------------------------|--------------------|-------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| ASSETS AND OTHER DEBITS | | | | |
| ASSETS: | | | | |
| Equity in pooled cash and cash equivalents | \$ 7,804,165 | \$ 739,891 | \$ 265,771 | \$ 476,871 |
| Equity in pooled cash and cash equivalents - nonexpendable trust fund | - | - | - | - |
| Receivables (net of allowances of uncollectibles): | | | | |
| Property taxes - current & delinquent | 25,366,361 | - | 288,043 | 777,087 |
| Accounts | 38,917 | 5,357 | - | - |
| Accrued interest | 428 | 1,521 | - | - |
| Interfund loan receivable | 94,206 | - | - | - |
| Due from other governments | - | 158,658 | - | - |
| Materials and supplies inventory | 80,690 | - | - | - |
| Restricted assets: | | | | |
| Equity in pooled cash and cash equivalents | 233,898 | - | - | - |
| Property, plant and equipment (net of accumulated depreciation where applicable) | - | - | - | - |
| OTHER DEBITS: | | | | |
| Amount available in debt service fund | - | - | - | - |
| Amount to be provided for retirement of general long-term obligations | - | - | - | - |
| Total assets and other debits | <u>\$ 33,618,665</u> | <u>\$ 905,427</u> | <u>\$ 553,814</u> | <u>\$ 1,253,958</u> |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | |
| LIABILITIES: | | | | |
| Accounts payable | \$ 121,763 | \$ 33,883 | \$ - | \$ 11,957 |
| Accrued wages and benefits | 3,949,171 | 78,961 | - | - |
| Compensated absences payable | 73,313 | 167,868 | - | - |
| Pension obligation payable | 518,258 | 8,580 | - | - |
| Interfund loan payable | 1,928 | 63,212 | - | - |
| Deferred revenue | 25,366,361 | 28,669 | 288,043 | 777,087 |
| Due to other governments | 79,538 | 2,782 | - | - |
| Due to students | - | - | - | - |
| Notes payable | - | - | - | - |
| Capital lease obligation payable | - | - | - | - |
| Total liabilities | <u>30,110,332</u> | <u>383,955</u> | <u>288,043</u> | <u>789,044</u> |
| EQUITY AND OTHER CREDITS: | | | | |
| Investment in general fixed assets | - | - | - | - |
| Contributed capital | - | - | - | - |
| Retained earnings (accumulated deficit): unreserved . . | - | - | - | - |
| Fund balances: | | | | |
| Reserved for encumbrances | 444,377 | 149,779 | - | 269,264 |
| Reserved for materials and supplies inventory | 80,690 | - | - | - |
| Reserved for debt service | - | - | 265,771 | - |
| Reserved for budget stabilization | 233,898 | - | - | - |
| Reserved for principal endowment | - | - | - | - |
| Unreserved-undesignated | 2,749,368 | 371,693 | - | 195,650 |
| Total equity and other credits | <u>3,508,333</u> | <u>521,472</u> | <u>265,771</u> | <u>464,914</u> |
| Total liabilities, equity and other credits | <u>\$ 33,618,665</u> | <u>\$ 905,427</u> | <u>\$ 553,814</u> | <u>\$ 1,253,958</u> |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

| Proprietary Fund Types | | Fiduciary Fund Types | Account Groups | | Total (Memorandum Only) |
|------------------------|-------------------|----------------------|----------------------|-------------------------------|-------------------------|
| Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-Term Obligations | |
| \$ 89,407 | \$ 270,000 | \$ 142,484 | \$ - | \$ - | \$ 9,788,589 |
| - | - | 549,788 | - | - | 549,788 |
| - | - | - | - | - | 26,431,491 |
| 7,382 | - | - | - | - | 51,656 |
| - | - | - | - | - | 1,949 |
| - | - | 1,928 | - | - | 96,134 |
| 46,670 | - | - | - | - | 205,328 |
| 24,313 | - | - | - | - | 105,003 |
| - | - | - | - | - | 233,898 |
| 92,486 | - | - | 32,549,656 | - | 32,642,142 |
| - | - | - | - | 265,771 | 265,771 |
| - | - | - | - | 7,109,495 | 7,109,495 |
| <u>\$ 260,258</u> | <u>\$ 270,000</u> | <u>\$ 694,200</u> | <u>\$ 32,549,656</u> | <u>\$ 7,375,266</u> | <u>\$ 77,481,244</u> |
| \$ 1,333 | \$ - | \$ - | \$ - | \$ - | \$ 168,936 |
| 77,154 | - | - | - | - | 4,105,286 |
| 26,026 | - | - | - | 3,041,288 | 3,308,495 |
| 85,488 | - | - | - | 296,762 | 909,088 |
| 30,994 | - | - | - | - | 96,134 |
| 11,317 | - | - | - | - | 26,471,477 |
| 1,700 | - | 50,990 | - | - | 135,010 |
| - | - | 73,547 | - | - | 73,547 |
| - | - | - | - | 1,441,554 | 1,441,554 |
| - | - | - | - | 2,595,662 | 2,595,662 |
| <u>234,012</u> | <u>-</u> | <u>124,537</u> | <u>-</u> | <u>7,375,266</u> | <u>39,305,189</u> |
| - | - | - | 32,549,656 | - | 32,549,656 |
| 150,371 | - | - | - | - | 150,371 |
| (124,125) | 270,000 | - | - | - | 145,875 |
| - | - | 112 | - | - | 863,532 |
| - | - | - | - | - | 80,690 |
| - | - | - | - | - | 265,771 |
| - | - | - | - | - | 233,898 |
| - | - | 549,788 | - | - | 549,788 |
| - | - | 19,763 | - | - | 3,336,474 |
| <u>26,246</u> | <u>270,000</u> | <u>569,663</u> | <u>32,549,656</u> | <u>-</u> | <u>38,176,055</u> |
| <u>\$ 260,258</u> | <u>\$ 270,000</u> | <u>\$ 694,200</u> | <u>\$ 32,549,656</u> | <u>\$ 7,375,266</u> | <u>\$ 77,481,244</u> |

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BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Governmental Fund Types | | | | Fiduciary | Total (Memorandum Only) |
|--|----------------------------|--------------------------|--------------------------|--------------------------|-------------------------|-------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust | |
| Revenues: | | | | | | |
| From local sources: | | | | | | |
| Taxes | \$ 22,778,483 | \$ - | \$ 349,918 | \$ 687,538 | \$ - | \$ 23,815,939 |
| Tuition | 190,216 | - | - | - | - | 190,216 |
| Earnings on investments | 318,014 | 11,628 | - | - | 806 | 330,448 |
| Extracurricular | - | 339,926 | - | - | - | 339,926 |
| Other local revenues | 297,163 | 206,625 | - | 112,481 | 49,086 | 665,355 |
| Other revenue | 30,312 | 37,584 | - | - | - | 67,896 |
| Intergovernmental - State | 9,593,350 | 523,523 | - | 99,469 | - | 10,216,342 |
| Intergovernmental - Federal | - | 764,669 | - | - | - | 764,669 |
| Total revenue | <u>33,207,538</u> | <u>1,883,955</u> | <u>349,918</u> | <u>899,488</u> | <u>49,892</u> | <u>36,390,791</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 18,237,360 | 257,640 | - | - | - | 18,495,000 |
| Special | 2,164,832 | 248,677 | - | - | - | 2,413,509 |
| Other | 316,031 | 3,994 | - | - | 11,350 | 331,375 |
| Support services: | | | | | | |
| Pupil | 1,572,704 | 119,703 | - | - | - | 1,692,407 |
| Instructional staff | 2,353,700 | 148,138 | - | 128,188 | - | 2,630,026 |
| Board of Education | 69,568 | - | - | - | - | 69,568 |
| Administration | 2,054,679 | 160,144 | - | - | - | 2,214,823 |
| Fiscal | 769,477 | - | - | 14,010 | - | 783,487 |
| Business | 150,419 | - | - | - | - | 150,419 |
| Operations and maintenance | 3,595,616 | 3,423 | - | - | - | 3,599,039 |
| Pupil transportation | 2,424,197 | 9,767 | - | - | - | 2,433,964 |
| Central | 12,756 | 18,664 | - | - | - | 31,420 |
| Community services | 672 | 181,524 | - | - | - | 182,196 |
| Extracurricular activities | 635,241 | 330,605 | - | - | - | 965,846 |
| Facilities acquisition and construction | - | 10,669 | - | 839,940 | 74,621 | 925,230 |
| Intergovernmental pass-through | - | 386,752 | - | - | - | 386,752 |
| Debt service: | | | | | | |
| Principal retirement | - | - | 257,882 | 153,658 | - | 411,540 |
| Interest and fiscal charges | - | - | 92,036 | 126,011 | - | 218,047 |
| Total expenditures | <u>34,357,252</u> | <u>1,879,700</u> | <u>349,918</u> | <u>1,261,807</u> | <u>85,971</u> | <u>37,934,648</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,149,714) | 4,255 | - | (362,319) | (36,079) | (1,543,857) |
| Other financing sources (uses): | | | | | | |
| Operating transfers in | - | 205,564 | - | - | - | 205,564 |
| Operating transfers out | (492,915) | - | - | - | - | (492,915) |
| Proceeds from sale of fixed assets | 12,800 | - | - | - | - | 12,800 |
| Total other financing sources (uses) | <u>(480,115)</u> | <u>205,564</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(274,551)</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) | (1,629,829) | 209,819 | - | (362,319) | (36,079) | (1,818,408) |
| Fund balances, July 1 | 5,127,753 | 311,653 | 265,771 | 827,233 | 55,954 | 6,588,364 |
| Increase in reserve for inventory | 10,409 | - | - | - | - | 10,409 |
| Fund balances, June 30 | <u>\$ 3,508,333</u> | <u>\$ 521,472</u> | <u>\$ 265,771</u> | <u>\$ 464,914</u> | <u>\$ 19,875</u> | <u>\$ 4,780,365</u> |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | General | | | Special Revenue | | |
|--|---------------------|---------------------|---|-------------------|-------------------|---|
| | Revised Budget | Actual | Variance: Favorable (Unfavorable) | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
| Revenues: | | | | | | |
| From local sources: | | | | | | |
| Taxes | \$ 22,778,483 | \$ 22,778,483 | \$ - | \$ - | \$ - | \$ - |
| Tuition | 190,216 | 190,216 | - | - | - | - |
| Earnings on investments | 314,261 | 314,261 | - | 10,107 | 10,107 | - |
| Extracurricular | - | - | - | 338,931 | 338,931 | - |
| Other local revenues | 289,179 | 289,179 | - | 202,267 | 202,267 | - |
| Other revenue | 10,142 | 10,142 | - | 37,584 | 37,584 | - |
| Intergovernmental - State | 9,593,351 | 9,593,351 | - | 523,523 | 523,523 | - |
| Intergovernmental - Federal | - | - | - | 634,678 | 634,678 | - |
| Total revenues | <u>33,175,632</u> | <u>33,175,632</u> | <u>-</u> | <u>1,747,090</u> | <u>1,747,090</u> | <u>-</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 18,297,278 | 18,495,912 | (198,634) | 195,530 | 183,142 | 12,388 |
| Special | 1,929,336 | 1,885,474 | 43,862 | 256,982 | 256,217 | 765 |
| Other | 208,000 | 315,190 | (107,190) | 4,000 | 4,000 | - |
| Support services: | | | | | | |
| Pupil | 1,607,180 | 1,570,601 | 36,579 | 129,322 | 129,322 | - |
| Instructional staff | 2,283,396 | 2,350,187 | (66,791) | 188,828 | 173,901 | 14,927 |
| Board of Education | 91,877 | 66,516 | 25,361 | - | - | - |
| Administration | 2,072,938 | 2,029,673 | 43,265 | 173,860 | 166,400 | 7,460 |
| Fiscal | 793,349 | 776,426 | 16,923 | 1,500 | 1,500 | - |
| Business | 150,446 | 147,333 | 3,113 | - | - | - |
| Operations and maintenance | 3,798,792 | 3,702,980 | 95,812 | 5,010 | 4,910 | 100 |
| Pupil transportation | 2,857,870 | 2,726,793 | 131,077 | 11,906 | 11,906 | - |
| Central | 21,000 | 12,756 | 8,244 | 19,261 | 16,736 | 2,525 |
| Community services | 1,207 | 676 | 531 | 180,379 | 182,949 | (2,570) |
| Extracurricular activities | 608,462 | 582,370 | 26,092 | 364,174 | 330,332 | 33,842 |
| Facilities acquisition and construction | - | - | - | 8,000 | 10,669 | (2,669) |
| Intergovernmental pass-through | - | - | - | 537,618 | 526,766 | 10,852 |
| Debt service: | | | | | | |
| Principal retirement | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Total expenditures | <u>34,721,131</u> | <u>34,662,887</u> | <u>58,244</u> | <u>2,076,370</u> | <u>1,998,750</u> | <u>77,620</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,545,499) | (1,487,255) | 58,244 | (329,280) | (251,660) | 77,620 |
| Other financing sources (uses): | | | | | | |
| Advances in | 80,023 | 80,023 | - | 63,213 | 63,213 | - |
| Advances out | (560,000) | (63,213) | 496,787 | - | (52,545) | (52,545) |
| Operating transfers in | - | - | - | 205,564 | 205,564 | - |
| Operating transfers out | - | (492,915) | (492,915) | - | - | - |
| Proceeds from sale of fixed assets | 12,800 | 12,800 | - | - | - | - |
| Refund of prior year expenditures | 319 | 319 | - | 3,600 | 3,600 | - |
| Total other financing sources (uses) | <u>(466,858)</u> | <u>(462,986)</u> | <u>3,872</u> | <u>272,377</u> | <u>219,832</u> | <u>(52,545)</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) | (2,012,357) | (1,950,241) | 62,116 | (56,903) | (31,828) | 25,075 |
| Fund balances, July 1 | 8,923,725 | 8,923,725 | - | 416,877 | 416,877 | - |
| Prior year encumbrances appropriated | 515,330 | 515,330 | - | 173,132 | 173,132 | - |
| Fund balances, June 30 | <u>\$ 7,426,698</u> | <u>\$ 7,488,814</u> | <u>\$ 62,116</u> | <u>\$ 533,106</u> | <u>\$ 558,181</u> | <u>\$ 25,075</u> |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

| Debt Service | | | Capital Projects | | | Total (Memorandum only) | | |
|-------------------|-------------------|-----------------------------------|------------------|-------------------|-----------------------------------|-------------------------|---------------------|-----------------------------------|
| Budget Revised | Actual | Variance: Favorable (Unfavorable) | Budget Revised | Actual | Variance: Favorable (Unfavorable) | Budget Revised | Actual | Variance: Favorable (Unfavorable) |
| \$ 224,543 | \$ 349,918 | \$ 125,375 | \$ 687,538 | \$ 687,538 | \$ - | \$ 23,690,564 | \$ 23,815,939 | \$ 125,375 |
| - | - | - | - | - | - | 190,216 | 190,216 | - |
| - | - | - | - | - | - | 324,368 | 324,368 | - |
| - | - | - | - | - | - | 338,931 | 338,931 | - |
| - | - | - | 112,481 | 112,481 | - | 603,927 | 603,927 | - |
| - | - | - | - | - | - | 47,726 | 47,726 | - |
| - | - | - | 99,469 | 99,469 | - | 10,216,343 | 10,216,343 | - |
| - | - | - | - | - | - | 634,678 | 634,678 | - |
| <u>224,543</u> | <u>349,918</u> | <u>125,375</u> | <u>899,488</u> | <u>899,488</u> | <u>-</u> | <u>36,046,753</u> | <u>36,172,128</u> | <u>125,375</u> |
| - | - | - | - | - | - | 18,492,808 | 18,679,054 | (186,246) |
| - | - | - | - | - | - | 2,186,318 | 2,141,691 | 44,627 |
| - | - | - | - | - | - | 212,000 | 319,190 | (107,190) |
| - | - | - | - | - | - | 1,736,502 | 1,699,923 | 36,579 |
| - | - | - | 145,772 | 128,185 | 17,587 | 2,617,996 | 2,652,273 | (34,277) |
| - | - | - | - | - | - | 91,877 | 66,516 | 25,361 |
| - | - | - | - | - | - | 2,246,798 | 2,196,073 | 50,725 |
| - | - | - | 14,300 | 14,010 | 290 | 809,149 | 791,936 | 17,213 |
| - | - | - | - | - | - | 150,446 | 147,333 | 3,113 |
| - | - | - | - | - | - | 3,803,802 | 3,707,890 | 95,912 |
| - | - | - | - | - | - | 2,869,776 | 2,738,699 | 131,077 |
| - | - | - | - | - | - | 40,261 | 29,492 | 10,769 |
| - | - | - | - | - | - | 181,586 | 183,625 | (2,039) |
| - | - | - | - | - | - | 972,636 | 912,702 | 59,934 |
| - | - | - | 1,567,882 | 1,390,159 | 177,723 | 1,575,882 | 1,400,828 | 175,054 |
| - | - | - | - | - | - | 537,618 | 526,766 | 10,852 |
| 257,882 | 257,882 | - | - | - | - | 257,882 | 257,882 | - |
| 92,036 | 92,036 | - | - | - | - | 92,036 | 92,036 | - |
| <u>349,918</u> | <u>349,918</u> | <u>-</u> | <u>1,727,954</u> | <u>1,532,354</u> | <u>195,600</u> | <u>38,875,373</u> | <u>38,543,909</u> | <u>331,464</u> |
| (125,375) | - | 125,375 | (828,466) | (632,866) | 195,600 | (2,828,620) | (2,371,781) | 456,839 |
| - | - | - | - | - | - | 143,236 | 143,236 | - |
| - | - | - | - | (25,550) | (25,550) | (560,000) | (141,308) | 418,692 |
| 125,375 | - | (125,375) | - | - | - | 330,939 | 205,564 | (125,375) |
| (103,103) | - | 103,103 | - | - | - | (103,103) | (492,915) | (389,812) |
| - | - | - | - | - | - | 12,800 | 12,800 | - |
| - | - | - | - | - | - | 3,919 | 3,919 | - |
| <u>22,272</u> | <u>-</u> | <u>(22,272)</u> | <u>-</u> | <u>(25,550)</u> | <u>(25,550)</u> | <u>(172,209)</u> | <u>(268,704)</u> | <u>(96,495)</u> |
| (103,103) | - | 103,103 | (828,466) | (658,416) | 170,050 | (3,000,829) | (2,640,485) | 360,344 |
| 265,771 | 265,771 | - | 322,174 | 322,174 | - | 9,928,547 | 9,928,547 | - |
| - | - | - | 531,892 | 531,892 | - | 1,220,354 | 1,220,354 | - |
| <u>\$ 162,668</u> | <u>\$ 265,771</u> | <u>\$ 103,103</u> | <u>\$ 25,600</u> | <u>\$ 195,650</u> | <u>\$ 170,050</u> | <u>\$ 8,148,072</u> | <u>\$ 8,508,416</u> | <u>\$ 360,344</u> |

BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCE
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Proprietary Fund Types | | Fiduciary Fund Type | Total (Memorandum Only) |
|---|------------------------|---------------------|------------------------|-------------------------------|
| | Enterprise | Internal Service | Nonexpendable Trust | |
| Operating revenues: | | | | |
| Tuition and fees | \$ 223,998 | \$ - | \$ - | \$ 223,998 |
| Sales/charges for services | 756,031 | - | - | 756,031 |
| Investment earnings | - | - | 42,294 | 42,294 |
| Other operating revenues. | <u>-</u> | <u>-</u> | <u>504,287</u> | <u>504,287</u> |
| Total operating revenues | <u>980,029</u> | <u>-</u> | <u>546,581</u> | <u>1,526,610</u> |
| Operating expenses: | | | | |
| Personal services | 775,523 | - | - | 775,523 |
| Contract services | 5,886 | - | - | 5,886 |
| Materials and supplies | 539,042 | - | - | 539,042 |
| Depreciation | 6,920 | - | - | 6,920 |
| Other | <u>4,483</u> | <u>-</u> | <u>33,961</u> | <u>38,444</u> |
| Total operating expenses | <u>1,331,854</u> | <u>-</u> | <u>33,961</u> | <u>1,365,815</u> |
| Operating income (loss) | <u>(351,825)</u> | <u>-</u> | <u>512,620</u> | <u>160,795</u> |
| Nonoperating revenues: | | | | |
| Operating grants | 314,664 | - | - | 314,664 |
| Federal commodities | 59,153 | - | - | 59,153 |
| Interest revenue. | <u>1,095</u> | <u>-</u> | <u>-</u> | <u>1,095</u> |
| Total nonoperating revenues | <u>374,912</u> | <u>-</u> | <u>-</u> | <u>374,912</u> |
| Net income before operating transfers | 23,087 | - | 512,620 | 535,707 |
| Operating transfers in | <u>17,351</u> | <u>270,000</u> | <u>-</u> | <u>287,351</u> |
| Net income | 40,438 | 270,000 | 512,620 | 823,058 |
| Retained earnings (accumulated deficit)/ fund balance, July 1 | <u>(164,563)</u> | <u>-</u> | <u>37,168</u> | <u>(127,395)</u> |
| Retained earnings (accumulated deficit)/ fund balance, June 30 | <u>\$ (124,125)</u> | <u>\$ 270,000</u> | <u>\$ 549,788</u> | <u>\$ 695,663</u> |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Proprietary Fund Types | | Fiduciary Fund Type | Total (Memorandum Only) |
|---|------------------------|---------------------|------------------------|-------------------------------|
| | Enterprise | Internal Service | Nonexpendable Trust | |
| Cash flows from operating activities: | | | | |
| Cash received from tuition and fees | \$ 219,403 | \$ - | \$ - | \$ 219,403 |
| Cash received from sales/service charges | 754,155 | - | - | 754,155 |
| Cash received from other operating revenues | - | - | 504,287 | 504,287 |
| Cash payments for personal services | (782,204) | - | - | (782,204) |
| Cash payments for contract services | (5,886) | - | - | (5,886) |
| Cash payments for materials and supplies | (479,089) | - | - | (479,089) |
| Cash payments for other expenses | (4,483) | - | (33,961) | (38,444) |
| Net cash provided by (used in) operating activities | <u>(298,104)</u> | <u>-</u> | <u>470,326</u> | <u>172,222</u> |
| Cash flows from noncapital financing activities: | | | | |
| Cash received from operating grants | 308,015 | - | - | 308,015 |
| Operating transfers in from other funds | 17,351 | 270,000 | - | 287,351 |
| Net cash provided by noncapital financing activities | <u>325,366</u> | <u>270,000</u> | <u>-</u> | <u>595,366</u> |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition of capital assets | (12,062) | - | - | (12,062) |
| Net cash used in capital and related financing activities | <u>(12,062)</u> | <u>-</u> | <u>-</u> | <u>(12,062)</u> |
| Cash flows from investing activities: | | | | |
| Interest received | 1,095 | - | 42,294 | 43,389 |
| Net cash provided by investing activities | <u>1,095</u> | <u>-</u> | <u>42,294</u> | <u>43,389</u> |
| Net increase in cash and cash equivalents | 16,295 | 270,000 | 512,620 | 798,915 |
| Cash and cash equivalents at beginning of year | 73,112 | - | 37,168 | 110,280 |
| Cash and cash equivalents at end of year | <u>\$ 89,407</u> | <u>\$ 270,000</u> | <u>\$ 549,788</u> | <u>\$ 909,195</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ (351,825) | \$ - | \$ 512,620 | \$ 160,795 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 6,920 | - | - | 6,920 |
| Federal donated commodities | 59,153 | - | - | 59,153 |
| Interest reported as operating income | - | - | (42,294) | (42,294) |
| Changes in assets and liabilities: | | | | |
| Increase in materials and supplies inventory | (5,446) | - | - | (5,446) |
| Increase in accounts receivable | (6,471) | - | - | (6,471) |
| Increase in accounts payable | 1,276 | - | - | 1,276 |
| Decrease in accrued wages and benefits | (7,379) | - | - | (7,379) |
| Increase in compensated absences payable | 5,145 | - | - | 5,145 |
| Decrease in pension obligation payable | (5,586) | - | - | (5,586) |
| Increase in due to other governments | 1,139 | - | - | 1,139 |
| Increase in deferred revenue | 4,970 | - | - | 4,970 |
| Net cash provided by (used in) operating activities | <u>\$ (298,104)</u> | <u>\$ -</u> | <u>\$ 470,326</u> | <u>\$ 172,222</u> |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District is the 72nd largest in the State of Ohio (among the 705 public and community school districts in the state) in terms of enrollment. The District is staffed by 259 non-certificated and 311 certificated personnel to provide services to approximately 4,852 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements.

A. Reporting Entity

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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

BLENDDED 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 Boardman Local School District.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System (ACCESS)

ACCESS is a joint venture among 22 school districts and 2 county boards of education. The joint venture was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last 12 months financial contribution. ACCESS is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in ACCESS as a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest.

Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507-1693.

Mahoning County Career & Technical Center

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

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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.

Mahoning County School Employees Insurance Consortium

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

B. Fund Accounting

The District uses funds and account groups 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. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain 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 are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

PROPRIETARY FUNDS

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

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

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 District on a cost reimbursement basis.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an expendable trust, nonexpendable trust fund and agency funds. The expendable trust fund is accounted for in the same manner as governmental funds. The nonexpendable trust fund is accounted for in the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. See Note 3.B. for an analysis of the agency fund accruals which, in other fund types, would be recognized in the combined balance sheet.

ACCOUNT GROUPS

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

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

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2002, and which are intended to finance fiscal 2003 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available. 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.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary funds and the nonexpendable trust fund are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

D. 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 2002 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 final Amended Certificate issued for fiscal year 2002.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2002.
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.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 12 discloses encumbrances outstanding for the enterprise funds at fiscal year-end.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

E. Cash and Investments

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

During fiscal 2002, the District's investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and a repurchase agreement. Investments in STAR Ohio are reported at fair value. Fair value is based on quoted market price. Investments in nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2002. 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, 2002.

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 2002 amounted to \$318,014, which includes \$51,059 assigned from other District funds.

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

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

F. Inventory

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at year-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds consist of donated food, purchased food, food service paper and janitorial supplies and are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

2. *Proprietary Funds*

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

| <u>Asset</u> | <u>Life (years)</u> |
|-----------------------------------|---------------------|
| Furniture, fixtures and equipment | 5 - 20 |

H. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment 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. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least 10 years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16. Employees may earn 15 days of sick leave per year. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum 55 days.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

I. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal interest. GAAP requires the allocation of the debt liability among the general and the general long-term obligations account group, with principal and interest payments on matured general long-term debt being reported in the debt service fund. To comply with the GAAP reporting requirements, the District's debt retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

J. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, debt service, principal endowment, and budget stabilization. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

K. Interfund Transactions

During the course of normal operations, the District may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had short-term interfund loans receivable and payable at June 30, 2002.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable or payable at June 30, 2002.

See Note 5 for an analysis of interfund transactions.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

L. Contributions of Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. In accordance with GASB Statement No. 33, capital contributions are recorded as revenue and a component of retained earnings at fiscal year-end. The enterprise funds did not receive any contributions of capital during fiscal 2002. Contributed capital in the enterprise funds at June 30, 2002, is \$150,371.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by state statute. A fund balance reserve has also been established. See Note 17 for details.

N. Estimates

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

O. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances/Retained Earnings

Fund balance at June 30, 2002 include the following individual fund deficits:

| | <u>Deficit Balance</u> |
|------------------------------|------------------------|
| <u>Special Revenue Funds</u> | |
| Summer Intervention | \$ 21 |
| Drug-Free Schools Grant | 4,248 |
| <u>Enterprise Funds</u> | |
| Food Service | 132,832 |
| Uniform School Supplies | 28,948 |
| Adult Education | 1,345 |

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

The deficit fund balances in the Summer Intervention and Drug-Free Schools Grant special revenue funds are caused by the application of GAAP, namely in the reporting of a liability for accrued wage, benefit and pension obligations attributable to the fiscal year. These deficit balances will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

The deficit retained earnings in the Food Service and Adult Education enterprise funds are caused by the application of GAAP, namely in the reporting of a liability for accrued wage, benefit and pension obligations attributable to the fiscal year. These deficits in retained earnings will be eliminated by future user charges and cost-control measures.

The deficit retained earnings in the Uniform School Supplies enterprise fund is caused by the application of GAAP, namely in the recognition of an interfund loan payable as a fund liability rather than as "nonoperating revenue". This deficit will be eliminated as revenues become available to repay this interfund loan.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Agency Funds

The following is an accrual for the agency funds, which, in another fund type, would be recognized in the combined balance sheet:

ASSETS

| | |
|------------------|--------|
| Accounts | \$ 184 |
| Accrued interest | 792 |

LIABILITIES

| | |
|------------------|-------|
| Accounts payable | 3,043 |
|------------------|-------|

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

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

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

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

Protection of the 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.

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

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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

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

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

Deposits: At year-end, the carrying amount of the District's deposits was \$723,845 and the bank balance was \$1,133,056. Of the bank balance:

1. \$212,559 was covered by federal depository insurance; and
2. \$920,497 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees pursuant to Section 135.181, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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

| | Category 3 | Reported Amount | Fair Value |
|-------------------------|--------------------|--------------------|--------------------|
| Repurchase agreements | <u>\$6,309,539</u> | \$6,309,539 | \$6,309,539 |
| Investment in STAR Ohio | | 3,538,891 | 3,538,891 |
| Total investments | | <u>\$9,848,430</u> | <u>\$9,848,430</u> |

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of cash and cash equivalents and investments on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

| | Cash and Cash Equivalents/Deposits | Investments |
|---|---------------------------------------|--------------------|
| GASB Statement No. 9 | \$10,572,275 | \$ - |
| Investments of the cash management pool: | | |
| Repurchase agreement | (6,309,539) | 6,309,539 |
| Investment in STAR Ohio | (3,538,891) | 3,538,891 |
| GASB Statement No. 3 | <u>\$ 723,845</u> | <u>\$9,848,430</u> |

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a summarized breakdown of the District's interfund loan receivable and loan payable balances for fiscal year 2002:

| | Interfund Loan Receivable | Interfund Loan Payable |
|-----------------------------------|------------------------------|---------------------------|
| General Fund | \$94,206 | \$ 1,928 |
| <u>Special Revenue Funds</u> | | |
| District Managed Student Activity | - | 25,547 |
| Eisenhower Grant | - | 1,547 |
| Title VI-B | - | 16,528 |
| Title I | - | 10,995 |
| Title VI | - | 6,192 |
| Federal Grant | - | 2,403 |
| <u>Enterprise Fund</u> | | |
| Uniform School Supply | - | 30,994 |
| <u>Agency Fund</u> | | |
| Student Managed Activities | 1,928 | - |
| Total | \$96,134 | \$96,134 |

B. Following is a summary of operating transfers in and out for all funds at June 30, 2002:

| | Transfers In | Transfers Out |
|------------------------------|--------------|---------------|
| General Fund | \$ - | \$492,915 |
| <u>Special Revenue Fund</u> | | |
| Termination | 200,000 | - |
| Safe School Help Line | 621 | - |
| Drug-Free Program | 4,943 | - |
| <u>Enterprise Fund</u> | | |
| Uniform School Supplies | 6,914 | - |
| Adult Education | 3,930 | - |
| Summer School | 6,507 | - |
| <u>Internal Service Fund</u> | | |
| Health Insurance Reserve | 270,000 | - |
| Total | \$492,915 | \$492,915 |

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at varying rates of true value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2001 taxes were collected was \$850,199,760. Agricultural/residential and minerals real estate represented 57.42% or \$488,197,540 of this total; commercial & industrial real estate represented 28.35% or \$241,048,760 of this total, public utility tangible represented 3.44% or \$29,245,800 of this total and general tangible property represented 10.79% or \$91,707,660 of this total. The voted general tax rate at the fiscal year ended June 30, 2002 was \$42.45 per \$1,000.00 of assessed valuation for operations and \$1.60 per \$1,000.00 of assessed valuation for permanent improvements.

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.

The District receives property taxes from Mahoning County. The County Treasurer collects property taxes on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. There were no property tax advances available to the District at June 30, 2002.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, and intergovernmental grants and entitlements (to the extent eligibility requirements have been met by fiscal year-end). Intergovernmental receivables have been recorded as "Due From Other Governments" on the combined balance sheet. 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.

A summary of the principal items of receivables follows:

| | <u>Amounts</u> |
|--------------------------------|----------------|
| <u>General Fund</u> | |
| Taxes - current and delinquent | \$25,366,361 |
| Accounts | 38,917 |
| Accrued interest | 428 |
| Interfund loan | 94,206 |
| <u>Special Revenue Funds</u> | |
| Accounts | 5,357 |
| Accrued interest | 1,521 |
| Due from other governments | 158,658 |
| <u>Debt Service Fund</u> | |
| Taxes - current | 288,043 |
| <u>Capital Projects Funds</u> | |
| Taxes - current and delinquent | 777,087 |
| <u>Enterprise Fund</u> | |
| Accounts | 7,382 |
| Due from other governments | 46,670 |

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 8 - FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

| | <u>Balance</u> | | <u>Decrease</u> | <u>Balance</u> |
|------------------------|---------------------|--------------------|-------------------|----------------------|
| | <u>July 1, 2001</u> | <u>Increase</u> | | <u>June 30, 2002</u> |
| Land/improvements | \$ 354,699 | \$ - | \$ - | \$ 354,699 |
| Buildings/improvements | 22,930,512 | 722,596 | - | 23,653,108 |
| Furniture/equipment | 4,577,987 | 556,365 | (76,954) | 5,057,398 |
| Vehicles/other | <u>3,189,937</u> | <u>294,514</u> | <u>-</u> | <u>3,484,451</u> |
| Total | <u>\$31,053,135</u> | <u>\$1,573,475</u> | <u>\$(76,954)</u> | <u>\$32,549,656</u> |

There was no significant construction in progress at June 30, 2002.

A summary of the proprietary fixed assets at June 30, 2002 follows:

| | |
|--------------------------------|------------------|
| Machinery and equipment | \$ 391,232 |
| Less: accumulated depreciation | <u>(298,746)</u> |
| Net fixed assets | <u>\$ 92,486</u> |

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In a prior year, the District entered into a capital lease for the acquisition of a new auditorium. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service in the Combined Financial Statements for the governmental funds. These expenditures are reflected as Statements for the general funds. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the general fixed asset account group in an amount equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the general long-term obligations account group. The original cost of the auditorium under capital lease was \$2,966,625. Principal payments in the 2002 fiscal year totaled \$153,658. This amount is reflected as debt service principal retirement in the Permanent Improvement capital projects fund.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2002:

| <u>General Long-Term Obligations</u> | |
|--|---------------------------|
| <u>Fiscal Year</u> | <u>Amount</u> |
| 2003 | \$ 279,669 |
| 2004 | 279,669 |
| 2005 | 279,669 |
| 2006 | 279,669 |
| 2007 | 279,669 |
| 2008 - 2012 | 1,398,345 |
| 2013 - 2015 | <u>629,257</u> |
| Total minimum lease payments | 3,425,947 |
| Less: amount representing interest | <u>(830,285)</u> |
| Present value of future minimum lease payments | <u><u>\$2,595,662</u></u> |

NOTE 10 - LONG-TERM OBLIGATIONS

A. The following is a description of the District's long-term debt obligations outstanding as of June 30, 2002:

| | <u>Interest Rate</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Outstanding July 1, 2001</u> | <u>Retired in 2002</u> | <u>Outstanding June 30, 2002</u> |
|---|--------------------------|-----------------------|--------------------------|-------------------------------------|----------------------------|--------------------------------------|
| School improvement installment general obligation bonds | 6.25% | 7/15/91 | 12/01/01 | \$ 60,000 | \$ (60,000) | \$ - |
| Energy conservation note | 5.89% | 7/17/00 | 7/17/11 | 1,290,000 | (86,687) | 1,203,313 |
| Energy conservation note | 4.60% | 4/30/01 | 4/30/04 | <u>349,436</u> | <u>(111,195)</u> | <u>238,241</u> |
| | | | | <u><u>\$1,699,436</u></u> | <u><u>\$(257,882)</u></u> | <u><u>\$1,441,554</u></u> |

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

| Fiscal <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|--------------------|------------------|--------------------|
| 2003 | \$ 208,191 | \$ 79,851 | \$ 288,042 |
| 2004 | 219,041 | 69,001 | 288,042 |
| 2005 | 102,760 | 59,907 | 162,667 |
| 2006 | 108,977 | 53,691 | 162,668 |
| 2007 | 115,395 | 47,272 | 162,667 |
| 2008 - 2012 | <u>687,190</u> | <u>126,149</u> | <u>813,339</u> |
| Total | <u>\$1,441,554</u> | <u>\$435,871</u> | <u>\$1,877,425</u> |

C. During the year ended June 30, 2002, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid.

| | Balance <u>July 1, 2001</u> | <u>Increase</u> | <u>Decrease</u> | Balance <u>June 30, 2002</u> |
|----------------------------|--------------------------------|------------------|--------------------|---------------------------------|
| Pension obligation payable | \$ 287,360 | \$296,762 | \$(287,360) | \$ 296,762 |
| Compensated absences | 3,113,957 | 76,495 | (149,164) | 3,041,288 |
| Capital lease obligation | 2,749,320 | - | (153,658) | 2,595,662 |
| Energy conservation notes | 1,639,436 | - | (197,882) | 1,441,554 |
| General obligation bonds | <u>60,000</u> | <u>-</u> | <u>(60,000)</u> | <u>-</u> |
| Total | <u>\$7,850,073</u> | <u>\$373,257</u> | <u>\$(848,064)</u> | <u>\$7,375,266</u> |

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2002 are a voted debt margin of \$76,783,749 (including available funds of \$265,771) and an unvoted debt margin of \$850,200.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 11 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

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

The comprehensive commercial property coverage limit is \$101,542,672. The deductible is \$5,000 and the coinsurance is 90 percent. The business auto coverage limits are \$2,000,000 for liability and uninsured motorists with a \$250 deductible. The District audio-visual and computer equipment policy has a liability limit of \$3,019,116 and the musical instrument policy has a liability limit of \$1,764,545. The deductible for the audio-visual, computer equipment, and musical instruments is \$500. The District has liability insurance coverage limits of \$2,000,000 each occurrence and \$5,000,000 annual aggregate. The District commercial crime coverage liability limit is \$100,000 with a \$500 deductible.

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

B. Employee Group Health Insurance

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

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 11 - RISK MANAGEMENT - (Continued)

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

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

C. Workers' Compensation

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

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and an adult education program. The following table reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2002.

| | <u>Food Service</u> | <u>Uniform School Supply</u> | <u>Adult Education</u> | <u>Summer School</u> | <u>Total</u> |
|---|-------------------------|----------------------------------|----------------------------|--------------------------|--------------|
| Operating revenue | \$ 756,031 | \$ 30,033 | \$ 6,475 | \$187,490 | \$ 980,029 |
| Operating expenses before depreciation | 1,104,289 | 36,859 | 7,454 | 176,332 | 1,324,934 |
| Depreciation | 6,317 | - | - | 603 | 6,920 |
| Operating income/(loss) | (354,575) | (6,826) | (979) | 10,555 | (351,825) |
| Operating transfers in | - | 6,914 | 3,930 | 6,507 | 17,351 |
| Operating grants | 314,664 | - | - | - | 314,664 |
| Federal donated commodities | 59,153 | - | - | - | 59,153 |
| Net income | 20,337 | 88 | 2,951 | 17,062 | 40,438 |
| Net working capital | (38,646) | (28,948) | (1,345) | 27,541 | (41,398) |
| Total assets | 187,025 | 2,046 | 88 | 71,099 | 260,258 |
| Total liabilities | 169,486 | 30,994 | 1,433 | 32,099 | 234,012 |
| Total equity | 17,539 | (28,948) | (1,345) | 39,000 | 26,246 |
| Encumbrances at 6/30/02 | 256 | - | 88 | 15,662 | 16,006 |

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14% for 2002; 5.46 % was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by state statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$803,140, \$755,352, and \$714,168, respectively; 51.20% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$391,945, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5 % was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$2,584,510, \$2,419,776, and \$2,245,800, respectively; 83.90% has been contributed for fiscal year 2002 and 100 % for the fiscal years 2001 and 2000. \$416,212, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2002, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$830,735 during fiscal 2002.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001 (the latest information available), net health care costs paid by STRS were \$300.772 million and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161.440 million and the target level was \$242.2 million. At June 30, 2001 (the latest information available), SERS had net assets available for payment of health care benefits of \$315.7 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$593,661 during the 2002 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

**Excess of Revenues and Other Financing Sources
Over/(Under) Expenditures and Other
Financing Uses**

| | <u>Governmental Fund Types</u> | | | |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> |
| Budget basis | \$(1,950,241) | \$(31,828) | \$ - | \$(658,416) |
| Net adjustment for revenue accruals | 31,906 | 136,865 | - | - |
| Net adjustment for expenditure accruals | (243,614) | (62,660) | - | (10,674) |
| Net adjustment for other financing sources/(uses) | (17,129) | (14,268) | - | 25,550 |
| Encumbrances (budget basis) | <u>549,249</u> | <u>181,710</u> | <u>-</u> | <u>281,221</u> |
| GAAP basis | <u><u>\$(1,629,829)</u></u> | <u><u>\$209,819</u></u> | <u><u>\$ -</u></u> | <u><u>\$(362,319)</u></u> |

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 16- CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2002.

B. Litigation

The District is not currently a party to any legal proceedings that could have a material effect on the financial statements as of June 30, 2002.

C. School Funding Decision

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 17 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

| | <u>Textbooks</u> | Capital <u>Acquisition</u> | Budget <u>Stabilization</u> |
|--|---------------------|-------------------------------|--------------------------------|
| Set-aside cash balance as of June 30, 2001 | \$ (392,881) | \$ - | \$233,898 |
| Current year set-aside requirement | 611,346 | 611,346 | - |
| Current year offsets | - | - | - |
| Qualifying disbursements | <u>(1,096,101)</u> | <u>(737,037)</u> | <u>-</u> |
| Total | <u>\$ (877,636)</u> | <u>\$(125,691)</u> | <u>\$233,898</u> |
| Cash balance carried forward to FY 2003 | <u>\$ (877,636)</u> | <u>\$ -</u> | <u>\$233,898</u> |

The District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the textbooks and capital acquisition reserves. These extra amounts may be used to reduce the set-aside requirement for future years. The negative amounts are therefore presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 2002 follows:

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Receipts | Non-Cash Receipts | Disbursements | Non-Cash Disbursements |
|---|----------------------------------|---------------------------|------------------|----------------------|------------------|---------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | | |
| Nutrition Cluster: | | | | | | |
| Food Distribution | 04836 | 10.550 | | \$64,123 | | \$59,153 |
| School Breakfast Program | 05-PU | 10.553 | \$16,036 | | \$16,036 | |
| National School Lunch Program | LL-P1 | 10.555 | 64,421 | | 64,421 | |
| | LL-P4 | 10.555 | 214,198 | | 214,198 | |
| Total U.S. Department of Agriculture - Nutrition Cluster | | | 294,655 | 64,123 | 294,655 | 59,153 |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | | |
| Grants to Local Educational Agencies (ESEA Title I) | C1-S1-01 | 84.010 | 5,311 | | 5,721 | |
| | C1-S1-01C | 84.010 | 25,108 | | 25,108 | |
| | C1-S1-02 | 84.010 | 192,757 | | 201,272 | |
| Subtotal - Grants to Local Educational Agencies | | | 223,176 | | 232,101 | |
| Special Education Cluster: | | | | | | |
| Special Education_ Grants to States (IDEA Part B) | 6B-SF-01 | 84.027 | 6,698 | | 30,023 | |
| | 6B-SF-02 | 84.027 | 243,174 | | 249,546 | |
| Subtotal - Special Education Cluster | | | 249,872 | | 279,569 | |
| Safe and Drug-Free Schools Grant | DR-S1-01 | 84.186 | 7,991 | | 4,486 | |
| | DR-S1-02 | 84.186 | 19,276 | | 19,034 | |
| Subtotal - Safe and Drug-Free Schools Grant | | | 27,267 | | 23,520 | |
| Eisenhower Professional Development State Grants | MS-S1-00 | 84.281 | | | 3,069 | |
| | MS-S1-01 | 84.281 | | | 2,637 | |
| | MS-S1-02 | 84.281 | 17,235 | | 15,320 | |
| Subtotal - Eisenhower Professional Development Grant | | | 17,235 | | 21,026 | |
| Innovative Education Program Strategies | C2-S1-01 | 84.298 | 8,542 | | 19,468 | |
| | C2-S1-02 | 84.298 | 17,795 | | 8,365 | |
| Subtotal -Inovative Educational Program Strategies | | | 26,337 | | 27,833 | |
| Class-Size Reduction Grant (Title VI-R) | CR-S1-01 | 84.340 | 22,750 | | 19,201 | |
| | CR-S1-02 | 84.340 | 47,285 | | 48,889 | |
| Subtotal - Class-Size Reduction Grant | | | 70,035 | | 68,090 | |
| Total U.S. Department of Education | | | 613,922 | | 652,139 | |
| Totals | | | \$908,577 | \$64,123 | \$946,794 | \$59,153 |

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B- FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited the general-purpose financial statements of Boardman Local School District, Mahoning County, (the District), as of and for the year ended June 30, 2002, and have issued our report thereon dated May 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

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

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

Betty Montgomery
Auditor of State

May 12, 2003



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of Boardman Local School District, Mahoning County, (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the District in a separate letter dated May 12, 2003.

Internal Control Over Compliance

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

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www.auditor.state.oh.us

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

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

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

Betty Montgomery
Auditor of State

May 12, 2003

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY
JUNE 30, 2002**

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

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|--|--|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material non-compliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Special Education Grants to States (IDEA Part B) - CFDA # 84.027 |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A\B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | Yes |

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

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
JULY 1, 2003**