



Dave Yost • Auditor of State

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Boardman Local School District
Mahoning County
7410 Market Street
Youngstown, Ohio 44512-5612

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Boardman Local School District, Mahoning County, Ohio (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, Ohio, as of June 30, 2012, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipt and Expenditure Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipt and Expenditure Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 25, 2013

Boardman Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

The discussion and analysis of Boardman Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets decreased \$2,949,097, which represents a 13 percent decrease from fiscal year 2011.
- General revenues accounted for \$35,670,451 in revenue or 86 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,910,889 or 14 percent of total revenues of \$41,581,340.
- The District had \$44,530,437 in expenses related to governmental activities; only \$5,910,889 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$35,670,451 were not adequate to provide for these programs, as evidenced by the decrease in net assets of \$2,949,097.
- The District's major fund is the general. The general fund had \$40,179,361 in revenues and other financing sources and \$39,426,973 in expenditures and other financing uses. The general fund's fund balance increased \$752,388 from a balance of \$2,828,708 to a balance of \$3,581,096.

Using these Basic Financial Statements

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

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

Boardman Local School District
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Management's Discussion and Analysis
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Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the District has only one kind of activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

Reporting the District's Fiduciary Responsibilities

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

Boardman Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
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Unaudited

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

The District as a Whole

Table 1 shows net assets for fiscal year 2012 as compared to fiscal year 2011.

Table 1

	2012	(RESTATED) 2011	
	Governmental Activities	Governmental Activities	Change
Assets:			
Current and Other Assets	\$39,972,266	\$44,080,537	(\$4,108,271)
Capital Assets, Net of Accumulated Depreciation	27,958,943	25,571,135	2,387,808
<i>Total Assets</i>	<u>67,931,209</u>	<u>69,651,672</u>	<u>(1,720,463)</u>
Liabilities:			
Current Liabilities	32,068,105	32,959,939	891,834
Long-term Liabilities:			
Due within One Year	1,166,791	1,341,396	174,605
Due in More than One Year	14,109,362	11,814,289	(2,295,073)
<i>Total Liabilities</i>	<u>47,344,258</u>	<u>46,115,624</u>	<u>(1,228,634)</u>
Net Assets:			
Invested in Capital Assets, Net of Debt	15,261,789	15,917,118	(655,329)
Restricted	1,224,650	1,433,133	(208,483)
Unrestricted	4,100,512	6,185,797	(2,085,285)
<i>Total Net Assets</i>	<u>\$20,586,951</u>	<u>\$23,536,048</u>	<u>(\$2,949,097)</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$20,586,951. Of this total, \$4,100,512 is unrestricted in use.

At fiscal year-end, capital assets represented 41 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2012, were \$15,261,789. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,224,650 represents resources that are subject to external restriction on how they may be used. The remaining balance of governmental unrestricted net assets of \$4,100,512 may be used to meet the District's ongoing obligations to the students and creditors.

Boardman Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Table 2
Change in Net Assets
Governmental Activities

	2012	2011	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$2,590,536	\$1,877,239	\$713,297
Operating Grants and Contributions	3,320,353	4,122,184	(801,831)
<i>Total Program Revenues</i>	<u>5,910,889</u>	<u>5,999,423</u>	<u>(88,534)</u>
General Revenues			
Property Taxes	21,945,360	27,357,470	(5,412,110)
Intergovernmental	13,524,688	14,093,889	(569,201)
Investment Earnings	18,570	32,689	(14,119)
Miscellaneous	181,833	322,770	(140,937)
<i>Total General Revenues</i>	<u>35,670,451</u>	<u>41,806,818</u>	<u>(6,136,367)</u>
<i>Total Revenues</i>	<u>41,581,340</u>	<u>47,806,241</u>	<u>(6,224,901)</u>
Program Expenses			
Current:			
Instruction:			
Regular	20,099,948	23,133,334	3,033,386
Special	4,805,266	5,388,605	583,339
Adult/Continuing	5,227	6,174	947
Other	157,711	152,398	(5,313)
Support Services:			
Pupil	1,697,348	2,020,538	323,190
Instructional Staff	2,060,334	2,572,769	512,435
Board of Education	148,618	159,712	11,094
Administration	2,469,196	2,787,032	317,836
Fiscal	1,056,738	1,010,209	(46,529)
Business	152,151	151,302	(849)
Operation and Maintenance of Plant	4,708,148	4,922,146	213,998
Pupil Transportation	3,106,227	2,909,593	(196,634)
Central	43,813	49,214	5,401
Operation of Non-Instructional Services	776,894	829,278	52,384
Operation of Food Services	1,531,495	1,452,188	(79,307)
Extracurricular Activities	1,135,254	1,131,889	(3,365)
Interest and Fiscal Charges	576,069	405,354	(170,715)
<i>Total Program Expenses</i>	<u>44,530,437</u>	<u>49,081,735</u>	<u>4,551,298</u>
<i>Change in Net Assets</i>	<u>(2,949,097)</u>	<u>(1,275,494)</u>	<u>(1,673,603)</u>
Net Assets Beginning of Year - Restated (See Note 3)	<u>23,536,048</u>	<u>24,811,542</u>	<u>(1,275,494)</u>
<i>Net Assets End of Year</i>	<u><u>\$20,586,951</u></u>	<u><u>\$23,536,048</u></u>	<u><u>(\$2,949,097)</u></u>

Boardman Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Governmental Activities

Total net assets of the District decreased \$2,949,097 during fiscal year 2012. The governmental expenses of \$44,530,437 were partially offset by program revenues of \$5,910,889 and general revenues of \$35,670,451. Program revenues supported 13 percent of the total governmental activities expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 85 percent of total governmental revenue. Property taxes support 49 percent of total expenses while grants and entitlements supported 30 percent of total expenses. Between these two revenue items, nearly 80 percent of total expenses were funded.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2012 and 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Table 3
Total and Net Cost of Program Services

	2012		2011	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$25,068,152	\$22,857,281	\$28,680,511	\$26,082,402
Support Services:				
Pupil	1,697,348	1,159,352	2,020,538	1,546,276
Instructional Staff	2,060,334	1,828,823	2,572,769	2,344,697
Board of Education	148,618	142,671	159,712	156,242
Administration	2,469,196	2,207,095	2,787,032	2,535,798
Fiscal	1,056,738	1,015,085	1,010,209	988,571
Business	152,151	146,062	151,302	148,014
Operation and Maintenance of Plant	4,708,148	4,539,094	4,922,146	4,825,743
Pupil Transportation	3,106,227	2,982,988	2,909,593	2,836,333
Central	43,813	42,251	49,214	27,982
Operation of Non-Instructional Services	776,894	334,740	829,278	355,442
Food Service Operation	1,531,495	(1,920)	1,452,188	(47,584)
Extracurricular Activities	1,135,254	789,957	1,131,889	877,042
Interest and Fiscal Charges	576,069	576,069	405,354	405,354
<i>Total Expenditures</i>	<u>\$44,530,437</u>	<u>\$38,619,548</u>	<u>\$49,081,735</u>	<u>\$43,082,312</u>

The dependence upon general tax revenues for governmental activities is apparent. Over 49 percent of all District expenses are supported through property taxes alone. For all governmental activities, general revenue and prior year cash balances support all expenses as shown in the above table. The community, as a whole, is by far the primary support for Boardman Local School District students.

Boardman Local School District
Mahoning County, Ohio

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

The District's governmental funds (as presented on the balance sheet) reported a combined fund balance of \$4,341,747 which is higher than last year's total of \$3,833,286 by just over 13 percent. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

	<u>Fund Balance June 30, 2012</u>	<u>Fund Balance June 30, 2011</u>	<u>Increase (Decrease)</u>
General	\$3,581,096	\$2,828,708	\$752,388
Other Governmental	760,651	1,004,578	(243,927)
Total	\$4,341,747	\$3,833,286	\$508,461

General Fund

During fiscal year 2012, the District's general fund balance increased on a modified accrual basis by \$752,388; total revenues within the general fund decreased less than 1 percent and expenditures decreased by 7 percent. The primary reason for the overall increase in fund balance this fiscal year is that revenues exceeded expenditures due to the large number of retirees in the prior year. The District has built a surplus by balancing its budget and by spending less than total revenues over the past few years. Various major expenditure savings policies have been applied to the District's budget with great success. The District has utilized various phases of energy conservation permanent improvements that decrease utility expenditures and yet maintain the buildings. In addition, the District utilizes a negotiated Retire/Rehire Program for the professional staff yielding extensive savings in payroll. The use of these expenditure policies has extended the operating lives of the District's existing levies and also these policies have counteracted the recent environment of eroding tax revenues for the District. As a result, the control of expenditures has preserved the accumulation of prior year-end positive fund balances.

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

	<u>2012 Amount</u>	<u>2011 Amount</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Taxes	\$25,083,290	\$25,233,367	(0.6) %
Tuition	652,356	679,898	(4.1) %
Earnings on investments	16,827	24,982	(32.6) %
Intergovernmental	13,189,685	13,804,824	(4.5) %
Other revenues	1,052,318	552,355	90.5 %
Total	\$39,994,476	\$40,295,426	(0.7) %
<u>Expenditures</u>			
Instruction	24,223,170	26,150,219	(7.4) %
Support services	13,817,210	15,164,917	(8.9) %
Operation of non-instructional services	331,354	272,767	21.5 %
Extracurricular activities	739,951	757,514	(2.3) %
Capital outlay	183,385	18,132	911.4 %
Debt service	26,728	0	n/a %
Total	\$39,321,798	\$42,363,549	(7.2) %

Boardman Local School District
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Management's Discussion and Analysis
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Unaudited

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2012 the District amended its General Fund budget one time. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, actual revenue, including other financing sources, was \$40,465,073, which was \$1,029,589 more than the original and final budgeted estimate revenue of \$39,435,484. The actual revenue amounts include revenue sources that were not anticipated at the beginning of the fiscal year, due to a conservative approach of estimating revenue used by the District.

Total actual expenditures, including other financing uses, were \$38,953,472, which was \$194,519 and \$133,572 less than final and original budgeted expenditures, respectively. The variance with original and final appropriations was due to a conservative estimates approach and payments made for severance and early retirement incentives that were not entirely known at the beginning of the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the District had \$27,958,943 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles.

Table 4 shows fiscal year 2012 balances compared to fiscal year 2011:

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

	2012	RESTATED 2011
Land	\$3,745,329	\$3,745,329
Land Improvements	1,354,377	1,349,350
Buildings and Improvements	20,314,044	17,878,832
Furniture, Fixtures and Equipment	1,967,497	1,952,199
Vehicles	577,696	645,425
<i>Total</i>	<u>\$27,958,943</u>	<u>\$25,571,135</u>

All capital assets, except land, are reported net of depreciation. As one can see, the District had an overall increase in capital assets of \$2,387,808. The majority of this increase is due current year additions of \$3,577,992 exceeding the current year depreciation expense of \$1,188,215 and net deletions of \$1,969. For more information about the District's capital assets, see Note 9 to the basic financial statements.

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Long-Term Obligations

At June 30, 2012, the District had qualified school construction bonds and one energy conservation note outstanding in the amount of \$3,488,000 and \$2,998,379, respectively, as compared to \$3,334,017 at June 30, 2011. Of this total, \$199,853 is due within one year and \$6,286,526 is due in more than one year. The following table summarizes these loans and the District's outstanding capital lease obligations.

Table 5
Outstanding Debt at Year End

	<u>2012</u>	<u>2011</u>
Qualified School Construction Bonds	\$3,488,000	\$0
Energy Conservation Notes	2,998,379	3,334,017
Capital Lease Obligations	<u>6,210,775</u>	<u>6,320,000</u>
<i>Total</i>	<u>\$12,697,154</u>	<u>\$9,654,017</u>

The qualified school construction bonds and the energy conservation notes are general obligations of the District for which the full faith and credit of the District is pledged for repayment. The energy conservation notes are scheduled to mature in fiscal year 2012 and 2024, respectively.

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

Current Financial Related Activities

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. In Mahoning County, our District's state funding per pupil is the lowest from the State of Ohio. Though funded low by the state of Ohio, our District's residential millage rate is number 7 out of 14.

The District continues to be very aggressive in cost cutting measures, while maintaining the high quality programs that are a tradition of our District. Retire/rehire has been a very successful cost savings program. The District is afforded a lower cost per employee, while retaining quality and expertise for up to a three year period. The Board continues to explore areas to reduce operating costs. These areas include health care, natural gas, electricity, workers' compensation and all insurances. The District is also exploring shared services with neighboring districts. Over the past two fiscal years, cost savings have minimized expenses and have extended the five year levy, which was passed in 2003. The District passed a new 3.9 mill emergency levy during the November 2012 election. In fiscal year 2011, the District eliminated 26 teaching positions, 2 administrative positions, and 5 classified positions. This was done in anticipation of state funding decreases, personal property reimbursement decreases, projected deficits, and increasing of school choice. The District has a three year contract which commences in fiscal year 2012 for all employees. The base wage has been frozen for three years.

Several significant legislative and judicial actions have occurred that have had a major impact on our District - community schools, open enrollment, autistic scholarships, and for school year 2013 the Jon Peterson Scholarship. The Jon Peterson scholarship gives more choice to special education students. Presently two parochial schools are receiving approximately \$64,000 for 8 students. The scholarship cost per pupil ranges from \$7,195 - \$20,000 and is paid 100% with local funds. This is a major concern

Boardman Local School District

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*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited*

for the District, which has a total of approximately 415 students who attend parochial schools. These changes have reduced the amount of funding for the District by \$243,405 for fiscal 2003, \$241,563 for fiscal 2004, \$480,219 for 2005, \$505,556 for fiscal 2006, \$535,258 for fiscal 2007, \$889,404 for fiscal 2008, \$984,654 for fiscal 2009, \$1,264,142 for fiscal 2010, \$1,339,182 for fiscal 2011 and \$1,461,220 for fiscal 2012. The District will continue to lobby to the State of Ohio for changes in the way the funding is distributed for Community schools, open enrollment, autistic scholarships and the Jon Peterson Scholarship. The District receives approximately \$1,100 for each student through the state foundation. When a student leaves Boardman to go to a Community School or Open Enrollment, approximately \$5,732 is reduced from our District's funding. The numbers above representing fiscal year 2003 through 2012 are evidence of the increased dollars that are being diverted to Community School, Open Enrollment Schools, and private schools that receive autistic scholarship funding.

In May of 2012, the District hosted a statewide meeting to make the public aware of the funding issues that are diverting funds from the public schools to the legislative mandated school choice programs. Approximately 700 people were in attendance. The District will continue to educate the public of the negative impact of school choice on the traditional public schools.

The state's 2012 school foundation level had a decrease of approximately \$500,000 from fiscal year 2011. This was the first year of the new two year state budget. In the new two year state budget which commences in fiscal year 2012 the District will lose approximately \$860,000 each year for the personal property reimbursement and remain at the reduced level going to fiscal year 2014 and ongoing. The school district joined the Coalition for Fiscal Fairness in Ohio. This group consists of school districts who have hired two lobbyists to speak on behalf of the districts which are at risk of losing the remaining replacement funds. This will have devastating effects on school districts throughout the state if the legislatures decrease the remaining replacement funds in the new state biennium which starts in fiscal year 2014.

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

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Richard Santilli, Treasurer, Boardman Local School District, 7410 Market Street, Youngstown, Ohio 44512.

Boardman Local School District

Mahoning County, Ohio

Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$10,320,632
Accounts Receivable	30,227
Intergovernmental Receivable	407,178
Property Taxes Receivable	29,087,532
Materials and Supplies Inventory	60,813
Unamortized Bond Issuance Costs	65,884
Nondepreciable Capital Assets	3,745,329
Depreciable Capital Assets, Net	24,213,614
<i>Total Assets</i>	<u>67,931,209</u>
Liabilities	
Accounts Payable	210,999
Accrued Wages and Benefits Payable	4,666,953
Intergovernmental Payable	1,134,574
Matured Compensated Absences Payable	170,714
Deferred Revenue	25,784,100
Accrued Interest Payable	100,765
Long-Term Liabilities:	
Due Within One Year	1,166,791
Due In More Than One Year	14,109,362
<i>Total Liabilities</i>	<u>47,344,258</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	15,261,789
Restricted for:	
Capital Projects	508,865
Other Purposes	481,887
Set-Asides	233,898
Unrestricted	4,100,512
<i>Total Net Assets</i>	<u>\$20,586,951</u>

See accompanying notes to the basic financial statements

Boardman Local School District

Mahoning County, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$20,099,948	\$815,449	\$309,388	(\$18,975,111)
Special	4,805,266	155,434	924,094	(3,725,738)
Adult/Continuing	5,227	194	0	(5,033)
Other	157,711	6,312	0	(151,399)
Support Services:				
Pupils	1,697,348	47,321	490,675	(1,159,352)
Instructional Staff	2,060,334	75,797	155,714	(1,828,823)
Board of Education	148,618	5,947	0	(142,671)
Administration	2,469,196	91,334	170,767	(2,207,095)
Fiscal	1,056,738	41,653	0	(1,015,085)
Business	152,151	6,089	0	(146,062)
Operation and Maintenance of Plant	4,708,148	169,054	0	(4,539,094)
Pupil Transportation	3,106,227	110,943	12,296	(2,982,988)
Central	43,813	1,562	0	(42,251)
Operation of Non-Instructional Services	776,894	55,603	386,551	(334,740)
Operation of Food Services	1,531,495	703,825	829,590	1,920
Extracurricular Activities	1,135,254	304,019	41,278	(789,957)
Interest and Fiscal Charges	576,069	0	0	(576,069)
Total Governmental Activities	\$44,530,437	\$2,590,536	\$3,320,353	(38,619,548)
General Revenues				
Property Taxes Levied for:				
				21,370,812
				574,548
Grants and Entitlements not				
				13,524,688
				18,570
				181,833
Total General Revenues				35,670,451
Change in Net Assets				(2,949,097)
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>				
				23,536,048
Net Assets End of Year				\$20,586,951

See accompanying notes to the basic financial statements

Boardman Local School District

Mahoning County, Ohio

*Balance Sheet
Governmental Funds
June 30, 2012*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$8,812,115	\$1,274,619	\$10,086,734
Accounts Receivable	30,227	0	30,227
Interfund Receivable	132,410	0	132,410
Intergovernmental Receivable	0	407,178	407,178
Property Taxes Receivable	28,255,126	832,406	29,087,532
Materials and Supplies Inventory	60,813	0	60,813
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	233,898	0	233,898
<i>Total Assets</i>	<u>\$37,524,589</u>	<u>\$2,514,203</u>	<u>\$40,038,792</u>
Liabilities			
Accounts Payable	\$49,850	\$161,149	\$210,999
Accrued Wages and Benefits Payable	4,451,227	215,726	4,666,953
Intergovernmental Payable	1,018,483	116,091	1,134,574
Matured Compensated Absences Payable	168,807	1,907	170,714
Interfund Payable	0	132,410	132,410
Deferred Revenue	28,255,126	1,126,269	29,381,395
<i>Total Liabilities</i>	<u>33,943,493</u>	<u>1,753,552</u>	<u>35,697,045</u>
Fund Balances			
Nonspendable	60,813	0	60,813
Restricted	0	1,015,134	1,015,134
Committed	113,659	0	113,659
Assigned	1,716,150	337	1,716,487
Unassigned (Deficit)	1,690,474	(254,820)	1,435,654
<i>Total Fund Balances</i>	<u>3,581,096</u>	<u>760,651</u>	<u>4,341,747</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$37,524,589</u>	<u>\$2,514,203</u>	<u>\$40,038,792</u>

See accompanying notes to the basic financial statements

Boardman Local School District

Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2012*

Total Governmental Fund Balances		\$4,341,747
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		27,958,943
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
Property Taxes	3,303,432	
Intergovernmental	<u>293,863</u>	
Total		3,597,295
In the statement of activities, interest is accrued on outstanding energy conservation loans and capital leases, whereas in governmental funds, an interest expenditure is reported when due.		(100,765)
In the statement of net assets, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		65,884
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conservation Loan	(2,998,379)	
Qualified School Construction Bonds	(3,488,000)	
Capital Leases	(6,210,775)	
Compensated Absences	(2,295,666)	
Early Retirement Incentive	<u>(283,333)</u>	
Total		<u>(15,276,153)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$20,586,951</u></u>

See accompanying notes to the basic financial statements

Boardman Local School District
Mahoning County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$25,083,290	\$685,073	\$25,768,363
Tuition and Fees	652,356	0	652,356
Interest	16,827	1,743	18,570
Charges for Services	608,698	703,825	1,312,523
Extracurricular Activities	122,904	354,947	477,851
Rentals	110,877	0	110,877
Contributions and Donations	41,278	3,017	44,295
Intergovernmental	13,189,685	3,568,189	16,757,874
Miscellaneous	168,561	13,272	181,833
<i>Total Revenues</i>	<u>39,994,476</u>	<u>5,330,066</u>	<u>45,324,542</u>
Expenditures			
Current:			
Instruction:			
Regular	20,132,096	394,608	20,526,704
Special	3,929,758	938,114	4,867,872
Adult/Continuing	4,859	68	4,927
Other	156,457	0	156,457
Support Services:			
Pupils	1,228,664	536,128	1,764,792
Instructional Staff	1,860,477	170,097	2,030,574
Board of Education	148,604	14	148,618
Administration	2,339,063	174,610	2,513,673
Fiscal	1,040,322	15,660	1,055,982
Business	153,294	0	153,294
Operation and Maintenance of Plant	4,227,948	0	4,227,948
Pupil Transportation	2,779,808	12,597	2,792,405
Central	39,030	4,783	43,813
Operation of Non-Instructional Services	331,354	432,207	763,561
Operation of Food Services	0	1,498,745	1,498,745
Extracurricular Activities	739,951	320,858	1,060,809
Capital Outlay	183,385	3,435,857	3,619,242
Debt Service:			
Principal Retirement	22,610	605,638	628,248
Interest and Fiscal Charges	4,118	557,424	561,542
Bond Issuance Costs	0	69,760	69,760
<i>Total Expenditures</i>	<u>39,321,798</u>	<u>9,167,168</u>	<u>48,488,966</u>
<i>Excess of Revenues Under Expenditures</i>	<u>672,678</u>	<u>(3,837,102)</u>	<u>(3,164,424)</u>
Other Financing Sources (Uses)			
Proceeds of Bonds	0	3,488,000	3,488,000
Proceeds from Sale of Capital Assets	1,500	0	1,500
Inception of Capital Lease	183,385	0	183,385
Transfers In	0	105,175	105,175
Transfers Out	(105,175)	0	(105,175)
<i>Total Other Financing Sources (Uses)</i>	<u>79,710</u>	<u>3,593,175</u>	<u>3,672,885</u>
<i>Net Change in Fund Balances</i>	752,388	(243,927)	508,461
<i>Fund Balances Beginning of Year</i>	2,828,708	1,004,578	3,833,286
<i>Fund Balances End of Year</i>	<u>\$3,581,096</u>	<u>\$760,651</u>	<u>\$4,341,747</u>

See accompanying notes to the basic financial statements

Boardman Local School District
Mahoning County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2012*

Net Change in Fund Balances - Total Governmental Funds		\$508,461
 Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay	3,577,992	
Current Year Depreciation	<u>(1,188,215)</u>	
Total		2,389,777
The net effect of various transactions involving capital assets (i.e.; disposals, sales and donations) is a reduction in net assets.		
Assets Disposed	(1,628,726)	
Accumulated Depreciation on Disposals	<u>1,626,757</u>	
Total		(1,969)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(4,043,871)	
Intergovernmental	<u>263,740</u>	
Total		(3,780,131)
Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.		
Qualified School Construction Bonds Issued	(3,488,000)	
Bond Issuance Costs	69,760	
Inception of Capital Lease	<u>(183,385)</u>	
Total		(3,601,625)
Repayment of long-term loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		628,248
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued Interest on Bonds & Loans	(11,894)	
Accrued Interest on Capital Leases	1,243	
Amortization of Bond Issuance Costs	<u>(3,876)</u>	
Total		(14,527)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated Absences	781,002	
Early Retirement Incentive	<u>141,667</u>	
Total		<u>922,669</u>
 <i>Change in Net Assets of Governmental Activities</i>		 <u><u>(\$2,949,097)</u></u>

See accompanying notes to the basic financial statements

Boardman Local School District
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$25,344,252	\$25,344,252	\$25,083,290	(\$260,962)
Tuition and Fees	0	0	407,730	407,730
Interest	30,000	30,000	16,525	(13,475)
Charges for Services	608,698	608,698	608,698	0
Extracurricular Activities	0	0	45,080	45,080
Rentals	0	0	33,090	33,090
Contributions and Donations	0	0	1,150	1,150
Intergovernmental	12,874,656	12,874,656	13,189,684	315,028
Miscellaneous	577,878	577,878	70,998	(506,880)
<i>Total Revenues</i>	<u>39,435,484</u>	<u>39,435,484</u>	<u>39,456,245</u>	<u>20,761</u>
Expenditures				
Current:				
Instruction:				
Regular	20,156,793	20,156,793	19,871,593	285,200
Special	3,503,471	3,503,471	3,893,650	(390,179)
Other	153,136	153,136	156,457	(3,321)
Support Services:				
Pupils	1,304,063	1,304,063	1,220,193	83,870
Instructional Staff	2,078,185	2,078,185	1,849,059	229,126
Board of Education	142,993	142,993	155,259	(12,266)
Administration	2,325,813	2,325,813	2,228,044	97,769
Fiscal	1,007,286	1,007,286	1,041,790	(34,504)
Business	155,260	155,260	152,067	3,193
Operation and Maintenance of Plant	3,793,964	3,793,964	4,200,333	(406,369)
Pupil Transportation	2,897,447	2,897,447	2,739,176	158,271
Central	211,286	211,286	59,012	152,274
Operation of Non-Instructional Services	227	227	0	227
Extracurricular Activities	757,256	757,256	726,028	31,228
<i>Total Expenditures</i>	<u>38,487,180</u>	<u>38,487,180</u>	<u>38,292,661</u>	<u>194,519</u>
<i>Excess of Revenues Under Expenditures</i>	<u>948,304</u>	<u>948,304</u>	<u>1,163,584</u>	<u>215,280</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	1,500	1,500
Advances In	0	0	1,007,328	1,007,328
Transfers In	(163,364)	(224,311)	(149,162)	75,149
Transfers Out	(436,500)	(436,500)	(511,649)	(75,149)
<i>Total Other Financing Sources (Uses)</i>	<u>(599,864)</u>	<u>(660,811)</u>	<u>348,017</u>	<u>1,008,828</u>
<i>Net Change in Fund Balance</i>	348,440	287,493	1,511,601	1,224,108
<i>Fund Balance Beginning of Year</i>	6,993,758	6,993,758	6,993,758	0
<i>Prior Year Encumbrances Appropriated</i>	139,921	139,921	139,921	0
<i>Fund Balance End of Year</i>	<u>\$7,482,119</u>	<u>\$7,421,172</u>	<u>\$8,645,280</u>	<u>\$1,224,108</u>

See accompanying notes to the basic financial statements

Boardman Local School District

Mahoning County, Ohio

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2012

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$589,722	<u>\$128,449</u>
Liabilities		
Due to Students	<u>0</u>	<u>\$128,449</u>
Net Assets		
Held in Trust for Scholarships	<u>\$589,722</u>	

See accompanying notes to the basic financial statements

Boardman Local School District
Mahoning County, Ohio

Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2012

	<u>Scholarship</u>
Additions	
Interest	\$576
Contributions and Donations	<u>36,483</u>
<i>Total Additions</i>	37,059
Deductions	
Scholarships Awarded	<u>17,463</u>
<i>Change in Net Assets</i>	19,596
<i>Net Assets Beginning of Year</i>	<u>570,126</u>
<i>Net Assets End of Year</i>	<u><u>\$589,722</u></u>

See accompanying notes to the basic financial statements

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 1 - Description of the District

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

The District is the 72nd largest in the State of Ohio (among the 876 public school districts in the State of Ohio) in terms of enrollment. The District is staffed by 260 non-certificated and 340 certificated personnel to provide services to approximately 4,523 students and other community members.

Note 2 - Summary of Significant Accounting Policies

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

A. - Reporting Entity

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

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

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Blended Component Unit

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

Jointly Governed Organizations

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

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

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

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

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

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

Public Entity Risk Pools

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

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

Stark County Schools Council of Governments The Stark County Schools Council of Governments (the "COG") is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the COG. All COG's revenues are generated from charges for services. The COG has a Health Benefits Program which is a shared risk pool comprised of 70 entities, most of which are school districts.

B. - Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The District has no proprietary funds.

Governmental Funds

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

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

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

Fiduciary Funds

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

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

C. - Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

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

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

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

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

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

D. - Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. - Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2012 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.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

2. By no later than January 20, the board-adopted budget is filed with the Mahoning County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2012.

4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the object level within the general fund and at the fund level of expenditures for all other District funds, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the object level of expenditures for the general fund, the District has elected to present the budgetary statement comparison at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
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 2012.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. - Cash and Investments

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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

During fiscal 2012, the District's investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), a repurchase agreement, and a money market fund. Investments in STAR Ohio are reported at fair value. Fair value is based on quoted market price. Investments in nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2012. 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, 2012.

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 year 2012 amounted to \$16,827, of which \$420 was assigned from other District funds.

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

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

G - Inventory

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

H. - Capital Assets

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

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

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

Boardman Local School District

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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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

I. - Interfund Balances

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

J. - Interfund Activity

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

K. - Compensated Absences

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

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2012, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

L. – Accrued Liabilities and Long-Term Obligations

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

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

M. - Fund Balance

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

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

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

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

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

Boardman Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

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

N. – Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$1,224,650, none of which is restricted by enabling legislation. Net assets restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

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

O. - Estimates

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

P. – Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amounts required by state statute to be set aside for budget stabilization. See Note 18 for details.

Q. - Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. The District did not have any extraordinary items occur during fiscal year 2012.

Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

Boardman Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 3 – Change in Accounting Principle & Restatement of Prior Year Net Assets

A. Change in Accounting Principle

For fiscal year 2012, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53”.

GASB Statement No. 64 improves financial reporting by clarifying whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. The implementation of GASB Statement No. 64 did not have any effect on the District’s financial statements.

B. Restatement of Prior Year Net Assets

	<u>Governmental Activities</u>
Net Assets at June 30, 2011	\$23,008,492
Adjustment to Capital Assets	<u>527,556</u>
Restated Net Assets at June 30, 2011	<u><u>\$23,536,048</u></u>

During fiscal year 2012, the District restated its governmental capital asset totals to include District vehicles that were not reported on the asset inventory listing previously. This restatement included several new vehicles with a book value of \$527,556.

Note 4 – Fund Deficits

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor Governmental Funds:</u>	<u>Deficit</u>
IDEA Part B Grant	\$189,135
Fiscal Stabilization	7,438
Title I	25,051
Miscellaneous Federal Grants	33,196

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

Boardman Local School District
Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Note 5 - Budgetary Basis of Accounting

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

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

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

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

Net Change in Fund Balance	
GAAP Basis	\$752,388
Net Adjustment for Revenue Accruals	(1,334,148)
Advances In	1,007,328
Net Adjustment for Expenditure Accruals	811,497
Advance Out	(149,162)
Net Adjustment for Funds Budgeted as Special Revenue	612,532
Adjustment for Encumbrances	(188,834)
Budget Basis	\$1,511,601

Boardman Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 6 - Deposits and Investments

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

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

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

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

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

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

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

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

A. Cash on Hand

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

B. Deposits

At June 30, 2012, the carrying value amount of all the District's deposits was \$579,839, exclusive of the \$2,222,380 repurchase agreement and \$7,927,165 money market fund, included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2012, none of the District's bank balance of \$660,653 was exposed to custodial risk as described below, meaning all \$660,653 was covered by the Federal Deposit Insurance Corporation (FDIC).

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

C. Investments

As of June 30, 2012, the District had the following investments. All investments are in an internal investment pool.

	<u>Fair Value</u>	<u>Maturity</u>
Repurchase Agreements	\$2,222,380	6 months or less
STAROhio	309,319	6 months or less
Money Market Fund	<u>7,927,165</u>	6 months or less
Total Portfolio	<u><u>\$10,458,864</u></u>	

Boardman Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

The weighted average of maturities is one day.

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

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

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

Concentration of Credit Risk The District places no limit on the amount it may invest in any one issuer. The District's investment in STAROhio, repurchase agreements and the money market fund represent 3, 21 and 76 percent, respectively, of the District's total investments.

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the Statement of Net Assets as of June 30, 2012:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Assets</u>	
Carrying amount of deposits	\$579,839	Governmental Activities	\$10,320,632
Investments	10,458,864	Private-purpose trust funds	589,722
Cash on hand	100	Agency funds	128,449
Total	<u>\$11,038,803</u>	Total	<u>\$11,038,803</u>

Note 7 - Property Taxes

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

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For the Fiscal Year Ended June 30, 2012

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the district. Real property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2012 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Due to the timing of the tax bills sent by the County, there is no money available as an advance to the District at June 30, 2012.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$844,677,900	97.42 %	\$796,950,520	97.20 %
Public Utility Personal	22,259,610	2.57	22,976,270	2.80
Total	\$866,937,510	100.00 %	\$819,926,790	100.00 %
Tax rate per \$1,000 of assessed valuation	\$53.95		\$54.25	

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 8 – Fund Balances

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

Fund Balances	General	Nonmajor Governmental	Total
<i>Nonspendable:</i>			
Inventory	\$60,813	\$0	\$60,813
<i>Restricted for:</i>			
Food Service Operations	0	352,410	352,410
Technology Improvements	0	10,301	10,301
Athletics & Music	0	154,282	154,282
Auxiliary Services	0	32,315	32,315
Student Achievement	0	23	23
Education Jobs	0	17,222	17,222
Teacher Development	0	22	22
Capital Improvements	0	448,559	448,559
<i>Total Restricted</i>	<u>0</u>	<u>1,015,134</u>	<u>1,015,134</u>
<i>Committed to:</i>			
Boardman Schools Television Network	113,659	0	113,659
<i>Assigned to:</i>			
College Scholarships	0	337	337
Other Purposes	98,240	0	98,240
Employee Benefits	1,229,067	0	1,229,067
Budget Stabilization	233,898	0	233,898
Encumbrances	154,945	0	154,945
<i>Total Assigned</i>	<u>1,716,150</u>	<u>337</u>	<u>1,716,487</u>
<i>Unassigned (Deficit)</i>	<u>1,690,474</u>	<u>(254,820)</u>	<u>1,435,654</u>
<i>Total Fund Balances</i>	<u><u>\$3,581,096</u></u>	<u><u>\$760,651</u></u>	<u><u>\$4,341,747</u></u>

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	RESTATED Balance 6/30/11	Additions	Reductions	Balance 6/30/12
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$3,745,329	\$0	\$0	\$3,745,329
<i>Capital assets being depreciated:</i>				
Land improvements	2,362,732	62,694	0	2,425,426
Buildings and improvements	34,878,045	3,140,111	0	38,018,156
Furniture, fixtures and equipment	5,052,196	281,598	(13,730)	5,320,064
Vehicles	4,677,769	93,589	(1,614,996)	3,156,362
<i>Total capital assets being depreciated</i>	<u>46,970,742</u>	<u>3,577,992</u>	<u>(1,628,726)</u>	<u>48,920,008</u>
<i>Accumulated depreciation:</i>				
Land improvements	(1,013,382)	(57,667)	0	(1,071,049)
Buildings and improvements	(16,999,213)	(704,899)	0	(17,704,112)
Furniture, fixtures and equipment	(3,099,997)	(264,331)	11,761	(3,352,567)
Vehicles	(4,032,344)	(161,318)	1,614,996	(2,578,666)
<i>Total accumulated depreciation</i>	<u>(25,144,936)</u>	<u>(1,188,215) *</u>	<u>1,626,757</u>	<u>(24,706,394)</u>
Capital assets being depreciated, net	<u>21,825,806</u>	<u>2,389,777</u>	<u>(1,969)</u>	<u>24,213,614</u>
Governmental activities capital assets, net	<u>\$25,571,135</u>	<u>\$2,389,777</u>	<u>(\$1,969)</u>	<u>\$27,958,943</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$241,910
Special	18,545
Vocational	300
Support Services:	
Pupil	202
Instructional Staff	71,564
Administration	12,439
Fiscal	315
Operation and Maintenance of Plant	442,789
Pupil Transportation	321,527
Operation of Non-Instructional Services	14,254
Operation of Food Services	30,364
Extracurricular	34,006
Total Depreciation Expense	<u><u>\$1,188,215</u></u>

Boardman Local School District
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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Note 10 - Receivables

Receivables at June 30, 2012, consisted of taxes, accounts (rent, student fees and tuition), and intergovernmental distributions and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year.

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

Non-major Governmental Funds:	
Food Service Reimbursements	\$113,315
IDEA Part B Grant	205,726
Title II-D Grant	6,024
Title I Grant	48,587
Class Size Reduction Grant	<u>33,526</u>
Total Intergovernmental Receivable	<u><u>\$407,178</u></u>

Note 11 - Interfund Activity

A. Interfund Transfers

Interfund transfers for the year ended June 30, 2012, consisted of the following, as reported on the fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Fund:		
General	\$0	\$105,175
Non-major Governmental Funds:		
Bond Retirement	45,599	0
District Managed Student Activity	<u>59,576</u>	<u>0</u>
	<u><u>\$105,175</u></u>	<u><u>\$105,175</u></u>

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

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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

B. Interfund Receivable/Payable

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Fund:		
General	\$132,410	\$0
Non-major Governmental Funds:		
IDEA Part B Grant	0	77,014
Title II-D	0	6,026
Title I	0	23,492
Improving Teacher Quality	0	25,878
Total	<u>\$132,410</u>	<u>\$132,410</u>

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

Note 12 - Long-term Obligations

The changes in the District's long-term obligations during fiscal year 2012 were as follows:

	<u>Amount Outstanding 6/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 6/30/12</u>	<u>Amounts due in One Year</u>
Governmental-Type Activities					
2011 Qualified School Construction Bonds	\$0	\$3,488,000	\$0	\$3,488,000	\$0
2004 Energy Conservation Note 3.61%	143,074	0	(143,074)	0	0
2009 Energy Conservation Note 3.30% - 3.62%	3,190,943	0	(192,564)	2,998,379	199,853
Capital Lease Obligations	6,320,000	183,385	(292,610)	6,210,775	314,935
Compensated Absences	3,076,668	283,241	(1,064,243)	2,295,666	510,336
Early Retirement Incentive	425,000	0	(141,667)	283,333	141,667
<i>Total Long-Term Obligations</i>	<u>\$13,155,685</u>	<u>\$3,954,626</u>	<u>(\$1,834,158)</u>	<u>\$15,276,153</u>	<u>\$1,166,791</u>

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

The District has implemented House Bill 264 (HB264) energy conservation projects. The HB264 program is a state house bill that allows special financing opportunities for energy conservation permanent improvements in school districts. The project will encompass heating, air conditioning, and lighting improvements. The special HB264 capital lease financing agreements were for \$543,072 over 8 years at 3.61 percent and also \$3,488,480 over 15 years at rates ranging from 3.30 percent to 3.62 percent. The notes mature October 1st, 2011 and January 1st, 2024, respectively.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

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

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

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

The District's overall legal debt margin was \$67,307,032 with an unvoted debt margin of \$819,927, and a legal energy conservation debt margin of \$4,380,962 at June 30, 2012.

Principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2012, are as follows:

Fiscal year Ending June 30,	2011 Qualified School Construction Bonds		2009 Energy Conservation Note	
	Principal	***Interest	Principal	Interest
2013	\$0	\$179,283	\$199,853	\$118,597
2014	0	179,283	207,419	111,032
2015	0	179,283	215,379	103,072
2016	0	179,283	223,971	94,481
2017	0	179,283	232,906	85,544
2018 - 2022	0	896,416	1,313,605	278,647
2023 - 2027	3,488,000	806,774	605,246	31,655
<i>Total</i>	<u>\$3,488,000</u>	<u>\$2,599,605</u>	<u>\$2,998,379</u>	<u>\$823,028</u>

***Interest payments made on the 2011 Qualified School Construction Bonds are being offset by tax credits received from the Federal government in the approximate amount of \$2,744,527 through 2026. These tax credits will reduce the net amount of interest paid by the District over the life of the bonds.

Note 13 – Capitalized Lease – Lessee Disclosure

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

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

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments on the performing arts center lease in the 2012 fiscal year totaled \$75,000 and \$33,905, respectively. These amounts are reported as debt service payments of the Permanent Improvement capital projects fund.

Principal and interest payments on the classroom additions lease in the 2012 fiscal year totaled \$195,000 and \$243,677, respectively. These amounts are reported as debt service payments of the Permanent Improvement capital projects fund.

Principal and interest payments on the copiers lease in the 2012 fiscal year totaled \$22,610 and \$4,118, respectively. These amounts are reported as debt service payments of the general fund.

The following is a schedule of the future minimum lease payments required under the capital lease obligations and the present value of the future minimum lease payments as of June 30, 2012:

<u>Fiscal Year Ending June 30,</u>	
2013	\$573,903
2014	573,165
2015	572,951
2016	572,261
2017	545,304
2018 - 2022	2,437,218
2023 - 2027	2,108,185
2028 - 2032	814,936
2033 - 2037	811,294
Total Minimum Lease Payments	<u>9,009,217</u>
Less: Amount Representing Interest	<u>(2,798,442)</u>
Present Value of Minimum Lease	<u><u>\$6,210,775</u></u>

Note 14 - Risk Management

A. Property, Fleet and Liability Insurance

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

The comprehensive commercial property coverage limit is \$150,174,451. The deductible is \$5,000 and the coinsurance is 100 percent. The business auto coverage limits are \$1,000,000 for liability and \$1,000,000 for uninsured motorists with no deductible. The District's audio-visual and computer equipment policy has a liability limit of \$2,580,391, and its musical instrument policy has a liability limit of \$2,680,553 with \$500 deductibles. The District's machinery and equipment policy has an \$150,604,922 annual aggregate with a \$5,000 deductible. The District's commercial crime coverage liability limit is \$100,000. The District has general liability coverage limits of \$1,000,000 each occurrence and \$2,000,000 annual aggregate.

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

B. Employee Group Health Insurance

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

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

The Council Assembly is the legislative decision-making body of the COG and is comprised of the superintendent or executive officer from each member of the COG. As of June 30, 2012, there were 70 members of the COG. Members pay monthly premiums (program costs) that are placed in a common fund from which eligible claims are paid for member employees and their covered dependents. Claims are paid for all participants regardless of claims flows, resulting in a transfer of all risk. Members with less than 3 years experience are required to maintain a "reserve balance" equal to 30 percent of their prior fiscal year claims.

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

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

C. Workers' Compensation

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

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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 15 - Pension Plans

A - School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70 percent. The remaining 1.30 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$753,865, \$715,702 and \$765,927, respectively; 34 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B - State Teachers Retirement System

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

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

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

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

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

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

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

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

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

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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2012, were 10 percent of covered payroll for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010, were \$2,619,856, \$2,730,913 and \$2,747,876, respectively; 86 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$60,834 made by the District and \$43,453 made by the plan members.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2011 *Comprehensive Annual Financial Report* will be available sometime after December 31, 2011.

Additional information or copies of STRS Ohio's 2011 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

C. Social Security System

Effective, July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

Note 16 - Postemployment Benefits

A. School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan for School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation is .75 percent. The District's contributions for the years ended June 30, 2012, 2011 and 2010 were \$44,520, \$46,057 and \$45,548, respectively, which equaled the required contributions each year.

Health Care Plan – ORC Sections 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including

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HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the fiscal year ended June 30, 2012, the health care allocation is 0.55 percent. An additional health care surcharge on employers is allocated for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2012, 2011 and 2010 were \$121,687, \$178,007 and \$116,634, respectively; 34 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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

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

B. State Teachers Retirement System of Ohio

Plan Description – The District contributes to a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined Pension Plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio website at www.strsoh.org.

Funding Policy – Ohio law authorizes STRS Ohio to offer Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contribution for health care for the fiscal year ended June 30, 2012, 2011 and 2010 were \$201,527, \$210,070 and \$211,375, respectively; 86 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 17 - Other Employee Benefits

A. Compensated Absences

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

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

B. Retirement Incentive

The District Board of Education offered employees participation in a Retirement Incentive program. Participation was open to teachers who were eligible to retire by July 1, 2012.

Note 18 - Set-Asides

In prior years, the District was required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials. However, this State statute was repealed by 129th General Assembly, File No. 8, HB 30, § 2, eff. 7/1/11.

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

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-Aside Reserve Balance as of June 30, 2011	(\$2,280,649)	\$0	\$233,898
Current Year Set-Aside Requirement	0	798,128	0
Qualifying Disbursements	0	(252,583)	0
Current year offsets	0	(875,156)	0
State Statute Repealed, Effective 7/1/11	2,280,649	0	0
Total	\$0	(\$329,611)	\$233,898
Set-Aside Balance Carried Forward to			
Future Fiscal Years	\$0	\$0	\$233,898
Cash balance as of June 30, 2012	\$0	\$0	\$233,898

Boardman Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

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

Note 19 - Contingencies

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

B. Litigation

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2012.

Note 20 – Subsequent Event

The voters of the District passed a 3.9 mill emergency levy at the November 6, 2012 election. The levy was passed for a three year period.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education:</i>					
<i>Nutrition Cluster:</i>					
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	10.555		\$90,034		\$90,034
<i>Cash Assistance:</i>					
School Breakfast Program	10.553	\$81,751		\$81,751	
National School Lunch Program	10.555	638,616		638,616	
Total U.S. Department of Agriculture - Nutrition Cluster		720,367	90,034	720,367	90,034
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education:</i>					
<i>Title 1 Cluster:</i>					
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	620,306		618,510	
ARRA - Title 1 Grants to Local Educational Agencies, Recovery Act	84.389	17,319		5,322	
<i>Subtotal - Title 1 Cluster</i>		637,625		623,832	
<i>Special Education Cluster:</i>					
Special Education_Grants to States (IDEA, Part B)	84.027	940,365		993,017	
ARRA - Special Education_Grants to States (IDEA, Part B)	84.391	137,606		161,497	
<i>Subtotal - Special Education Cluster</i>		1,077,971		1,154,514	
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)	84.394			55,062	
Safe and Drug-Free Schools and Communities - State Grants	84.186			7	
Educational Technology State Grants (Title II-D)	84.318			142	
Improving Teacher Quality State Grants (Title II-A)	84.367	74,937		143,122	
Education Jobs Fund	84.410	314,138		296,358	
Total U.S. Department of Education		2,104,671		2,273,037	
Totals		\$2,825,038	\$90,034	\$2,993,404	\$90,034

The accompanying notes are an integral part of this schedule.

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Boardman Local School District
Mahoning County
7410 Market Street
Youngstown, Ohio 44512-5612

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Boardman Local School District, Mahoning County, Ohio (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 25, 2013.

We intend this report solely for the information and use of management, the audit committee, Board of Education, and federal awarding agencies and pass-through entities and others within the District. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

March 25, 2013



Dave Yost • Auditor of State

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

Boardman Local School District
Mahoning County
7410 Market Street
Youngstown, Ohio 44512-5612

To the Board of Education:

Compliance

We have audited the compliance of the Boardman Local School District, Ohio (the "District"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Boardman Local School District's major federal programs for the year ended June 30, 2012. The *Summary of Auditor's Results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

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

In our opinion, the Boardman Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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



Dave Yost
Auditor of State

March 25, 2013

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title VI-B (CFDA #84.027 & #84.391) Nutrition Cluster (CFDA #10.553 & #10.555)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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BOARDMAN LOCAL SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2013**