



Mary Taylor, CPA
Auditor of State

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, Ohio (the "District"), as of and for the year ended June 30, 2007, 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 business-type activities, the major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, Ohio, as of June 30, 2007, and the respective changes in financial position and where applicable, cash flows, 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 December 11, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards receipts and expenditures schedule provides additional information and is not a required part of the basic financial statements. We subjected the federal awards receipts and expenditures schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

December 11, 2008

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The management's 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, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- In total, net assets increased \$3,761,070. Net assets of governmental activities increased \$3,732,064, which represents a 20.08% increase from 2006. Net assets of business-type activities increased \$29,006 or 16.73% from 2006.
- General revenues accounted for \$42,330,262 in revenue or 91.83% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,766,130 or 8.17% of total revenues of \$46,096,392.
- The District had \$43,378,357 in expenses related to governmental activities; only \$3,766,130 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 \$42,330,262 were adequate to provide for these programs. The District had a special item, a refund from the insurance consortium of \$1,026,529 resulting in an increase to net assets from \$18,590,014 to \$22,322,078.
- The District had \$1,470,657 in expenses related to business-type activities; a total of \$1,470,828 was offset by program specific charges for services, grants and contributions. General revenues for business-type activities were \$16,335 and a transfer in of \$12,500. Total revenues were adequate to provide for these programs by \$29,006 resulting in an increase to net assets from \$173,347 to \$202,353.
- The District's only major governmental fund is the general fund. The general fund had \$42,930,107 in revenues and a special item and \$39,554,827 in expenditures and other financing uses. The general fund's fund balance increased \$3,370,101 from a balance of \$3,988,175 to a balance of \$7,358,276.

Using these Basic Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

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 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Proprietary Funds

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

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 28-54 of this report.

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2007 and 2006.

	Net Assets					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>						
Current assets	\$48,346,078	\$42,252,336	\$ 285,830	\$ 293,580	\$48,631,908	\$42,545,916
Capital assets, net	<u>17,283,712</u>	<u>17,783,316</u>	<u>83,606</u>	<u>69,212</u>	<u>17,367,318</u>	<u>17,852,528</u>
Total assets	<u>65,629,790</u>	<u>60,035,652</u>	<u>369,436</u>	<u>362,792</u>	<u>65,999,226</u>	<u>60,398,444</u>
<u>Liabilities</u>						
Current liabilities	37,499,443	35,232,212	126,175	151,917	37,625,618	35,384,129
Long-term liabilities	<u>5,808,269</u>	<u>6,213,426</u>	<u>40,908</u>	<u>37,528</u>	<u>5,849,177</u>	<u>6,250,954</u>
Total liabilities	<u>43,307,712</u>	<u>41,445,638</u>	<u>167,083</u>	<u>189,445</u>	<u>43,474,795</u>	<u>41,635,083</u>
<u>Net Assets</u>						
Invested in capital assets, net of debt	14,820,811	14,949,120	83,606	69,212	14,904,417	15,018,332
Restricted	1,303,663	1,090,061	-	-	1,303,663	1,090,061
Unrestricted	<u>6,197,604</u>	<u>2,550,833</u>	<u>118,747</u>	<u>104,135</u>	<u>6,316,351</u>	<u>2,654,968</u>
Total net assets	<u>\$22,322,078</u>	<u>\$18,590,014</u>	<u>\$ 202,353</u>	<u>\$ 173,347</u>	<u>\$22,524,431</u>	<u>\$18,763,361</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

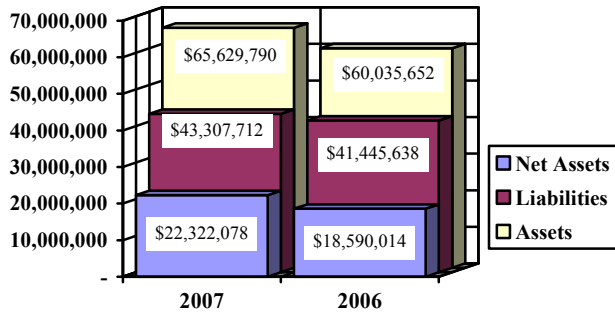
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$22,524,431. Of this total, \$6,316,351 is unrestricted in use.

At fiscal year-end, capital assets represented 26.31% 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, 2007, were \$14,904,417. 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.

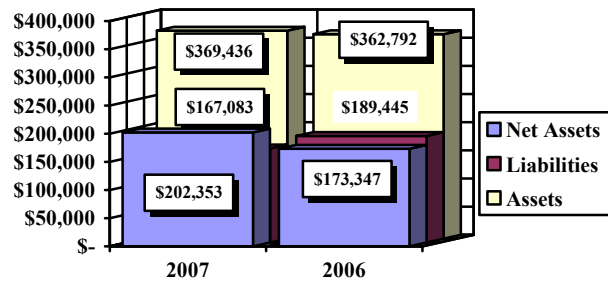
A portion of the District's net assets, \$1,303,663 represents resources that are subject to external restriction on how they may be used. The remaining balance of governmental unrestricted net assets of \$6,197,604 may be used to meet the District's ongoing obligations to the students and creditors.

The graphs below present the District's assets, liabilities and net assets for 2007 and 2006:

Governmental - Net Assets



Business-Type - Net Assets



The table below shows the changes in net assets for fiscal year 2007 and 2006.

Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services and sales	\$ 942,105	\$ 972,006	\$ 943,782	\$ 954,274	\$ 1,885,887	\$ 1,926,280
Operating grants and contributions	2,683,161	2,059,469	527,046	471,520	3,210,207	2,530,989
Capital grants and contributions	140,864	-	-	-	140,864	-
General revenues:						
Property taxes	30,841,295	29,171,164	-	-	30,841,295	29,171,164
Grants and entitlements	10,218,559	10,365,918	-	-	10,218,559	10,365,918
Investment earnings	636,739	321,833	9,835	4,246	646,574	326,079
Miscellaneous	633,669	235,949	6,500	-	640,169	235,949
Total revenues	46,096,392	43,126,339	1,487,163	1,430,040	47,583,555	44,556,379

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Expenses</u>						
Program expenses:						
Instruction:						
Regular	22,154,658	21,505,000	-	-	22,154,658	21,505,000
Special	3,254,830	3,171,147	-	-	3,254,830	3,171,147
Other	275,210	97,271	-	-	275,210	97,271
Support services:						
Pupil	1,901,702	1,758,265	-	-	1,901,702	1,758,265
Instructional staff	2,401,878	2,359,000	-	-	2,401,878	2,359,000
Board of education	120,779	101,763	-	-	120,779	101,763
Administration	2,571,256	2,489,376	-	-	2,571,256	2,489,376
Fiscal	937,453	962,945	-	-	937,453	962,945
Business	191,609	176,200	-	-	191,609	176,200
Operations and maintenance	4,466,585	4,584,203	-	-	4,466,585	4,584,203
Pupil transportation	3,113,861	3,027,214	-	-	3,113,861	3,027,214
Central	66,618	47,834	-	-	66,618	47,834
Operation of						
non-instructional services	676,849	713,537	-	-	676,849	713,537
Extracurricular activities	1,154,156	1,019,976	-	-	1,154,156	1,019,976
Interest and fiscal charges	90,913	104,674	-	-	90,913	104,674
Food service	-	-	1,263,851	1,205,160	1,263,851	1,205,160
Adult education	-	-	6,822	5,776	6,822	5,776
Special enterprise	-	-	199,984	172,994	199,984	172,994
Total expenses	<u>43,378,357</u>	<u>42,118,405</u>	<u>1,470,657</u>	<u>1,383,930</u>	<u>44,849,014</u>	<u>43,502,335</u>
Special item	<u>1,026,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,026,529</u>	<u>-</u>
Transfers	<u>(12,500)</u>	<u>(12,500)</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>	<u>-</u>
Changes in net assets	3,732,064	995,434	29,006	58,610	3,761,070	1,054,044
Net assets at beginning of year	<u>18,590,014</u>	<u>17,594,580</u>	<u>173,347</u>	<u>114,737</u>	<u>18,763,361</u>	<u>17,709,317</u>
Net assets at end of year	<u>\$ 22,322,078</u>	<u>\$ 18,590,014</u>	<u>\$ 202,353</u>	<u>\$ 173,347</u>	<u>\$ 22,524,431</u>	<u>\$ 18,763,361</u>

Governmental Activities

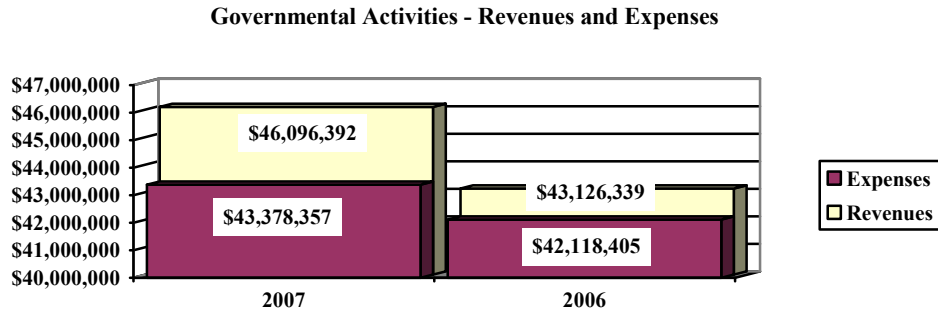
Net assets of the District's governmental activities increased \$3,732,064. Total governmental expenses of \$43,378,357 were primarily offset by program revenues of \$3,766,130 and general revenues of \$42,330,262. Program revenues supported 8.68% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 89.07% of total governmental revenue. Property taxes support 71.10% of total expenses while grants and entitlements supported 23.56% of total expenses. Between these two revenue items, 94.66% of total governmental expenditures were funded.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2007 and 2006.



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2007 and 2006. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

Governmental Activities

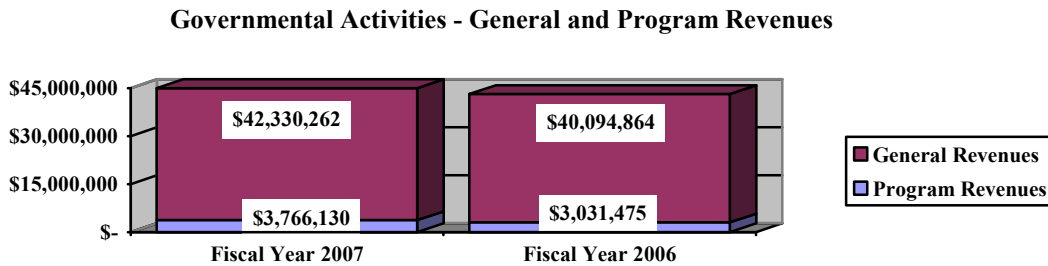
	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Program expenses:				
Instruction:				
Regular	\$ 22,154,658	\$ 21,527,436	\$ 21,505,000	\$ 20,964,945
Special	3,254,830	1,965,065	3,171,147	2,470,576
Other	275,210	171,992	97,271	80,541
Support services:				
Pupil	1,901,702	1,608,680	1,758,265	1,375,888
Instructional staff	2,401,878	2,338,853	2,359,000	2,297,083
Board of education	120,779	120,779	101,763	101,763
Administration	2,571,256	2,425,008	2,489,376	2,268,486
Fiscal	937,453	826,174	962,945	962,945
Business	191,609	191,609	176,200	176,200
Operations and maintenance	4,466,585	4,441,475	4,584,203	4,584,127
Pupil transportation	3,113,861	2,954,206	3,027,214	2,880,465
Central	66,618	28,933	47,834	10,065
Operation of non-instructional	676,849	92,481	713,537	94,027
Extracurricular activities	1,154,156	828,623	1,019,976	715,145
Interest and fiscal charges	90,913	90,913	104,674	104,674
Total expenses	\$ 43,378,357	\$ 39,612,227	\$ 42,118,405	\$ 39,086,930

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The dependence upon tax revenues during fiscal year 2007 for governmental activities is apparent, as 92.13% of 2007 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 91.32% in 2007. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2007 and 2006.



Business-Type Activities

Business-type activities include food service, adult education and special enterprise operations. These programs had revenues of \$1,487,163 and expenses of \$1,470,657 for fiscal year 2007. The food service operations had expenses of \$1,263,851 and revenues of \$1,307,840. This resulted in an increase to net assets for the fiscal year of \$43,989. The adult education and special enterprise programs had expenses of \$206,806, revenues of \$179,323 and a transfer in of \$12,500. This resulted in a decrease to net assets for the fiscal year of \$14,983. Each of these funds is self-supporting through user fees and charges. Management assesses their performance to ensure that they are run efficiently.

The District's Funds

The District's governmental funds reported a combined fund balance of \$7,928,539, which is above last year's balance of \$4,920,426. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	<u>Fund Balance</u> <u>June 30, 2007</u>	<u>Fund Balance</u> <u>June 30, 2006</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 7,358,276	\$ 3,988,175	\$ 3,370,101
Other Governmental	<u>570,263</u>	<u>932,251</u>	<u>(361,988)</u>
Total	<u>\$ 7,928,539</u>	<u>\$ 4,920,426</u>	<u>\$ 3,008,113</u>

General Fund

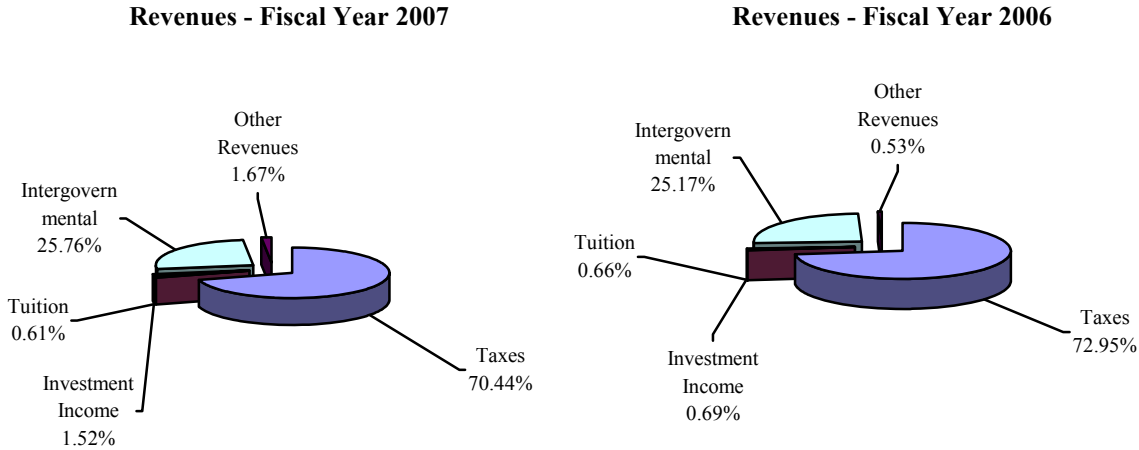
The District's general fund balance increased \$3,370,101, due to revenues increasing faster than expenditures during 2007. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 29,513,466	\$ 29,888,955	(1.26) %
Tuition	257,472	269,661	(4.52) %
Interest earnings	636,739	284,497	123.81 %
Intergovernmental	10,795,752	10,314,684	4.66 %
Other revenues	<u>700,149</u>	<u>217,583</u>	221.78 %
Total	<u>\$ 41,903,578</u>	<u>\$ 40,975,380</u>	2.27 %

The increase in investment income is due to the District having more money to invest throughout the year. Other revenues increased due to an increase in the Health Insurance Reserve fund. All other revenue remained comparable to 2006.



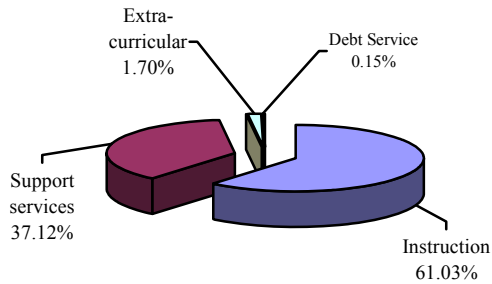
The table that follows assists in illustrating the expenditures of the general fund.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 23,826,824	\$ 22,796,502	4.52 %
Support services	14,492,822	14,464,264	0.20 %
Extracurricular activities	662,318	605,897	9.31 %
Debt Service	<u>58,191</u>	<u>58,192</u>	-
Total	<u>\$ 39,040,155</u>	<u>\$ 37,924,855</u>	2.94 %

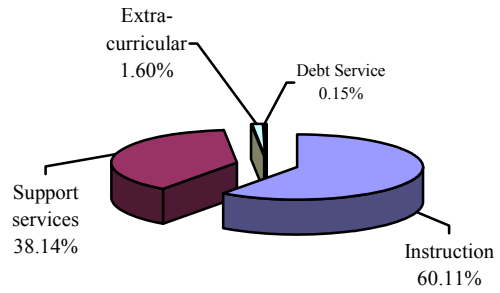
**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Expenditures - Fiscal Year 2007



Expenditures - Fiscal Year 2006



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 2007, the District amended its general fund budget several times, none significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$41,810,796, below original budget estimates of \$42,608,426. Actual revenues and other financing sources for fiscal year 2007 totaled \$42,811,776, which was \$1,000,980 higher than the final budgeted revenues.

General fund original appropriations (expenditures plus other financing uses) of \$40,160,211 were increased to \$40,260,873 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2007 totaled \$40,325,774, which was \$64,901 more than the final budget appropriations, primarily because of advances to other funds which were not required to be budgeted in the original or final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2007, the District had \$17,367,318 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles, net of accumulated depreciation. Of this total, \$17,283,712 was reported in governmental activities and \$83,606 was reported in business-type activities.

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

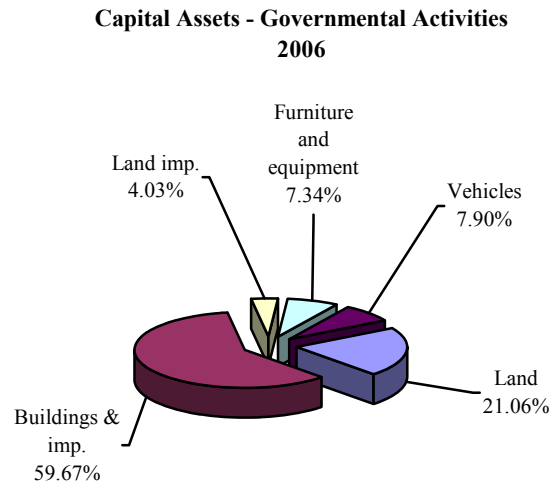
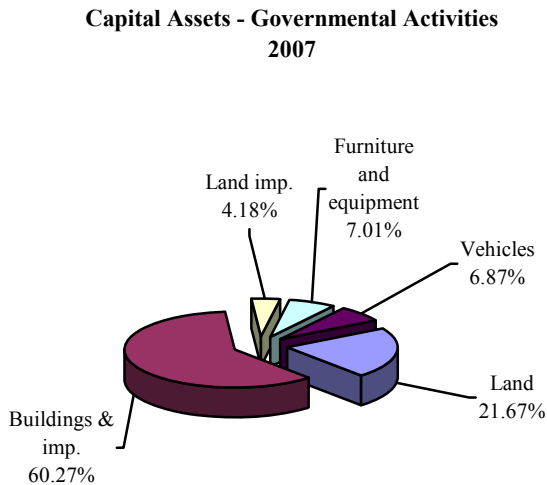
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The following table shows fiscal 2007 balances compared to 2006:

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 3,745,329	\$ 3,745,329	\$ -	\$ -	\$ 3,745,329	\$ 3,745,329
Land improvements	722,571	716,770	-	-	722,571	716,770
Building and improvements	10,417,430	10,611,276	-	-	10,417,430	10,611,276
Furniture/equipment	1,211,004	1,305,051	83,606	69,212	1,294,610	1,374,263
Vehicles	1,187,378	1,404,890	-	-	1,187,378	1,404,890
Total	\$ 17,283,712	\$ 17,783,316	\$ 83,606	\$ 69,212	\$ 17,367,318	\$ 17,852,528

The following graphs show the breakdown of governmental activities capital assets by category for 2007 and 2006.



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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Debt Administration

At June 30, 2007, the District had \$667,224 in energy conservation notes, and \$1,795,677 in capital lease obligations outstanding. Of this total, \$385,018 is due within one year and \$2,077,883 is due in greater than one year. The following table summarizes the notes and lease obligations outstanding.

Outstanding Debt, at Year End

	Activities 2007	Activities 2006
Energy conservation note	\$ 667,224	\$ 787,050
Capital lease obligation	1,795,677	2,047,146
Total	\$ 2,462,901	\$ 2,834,196

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

At June 30, 2007, the District's overall legal debt margin was \$75,655,893 with an unvoted debt margin of \$840,591.

See Note 10 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 is the lowest by the State of Ohio. Though funded the lowest, our District's average residential rate is consistently number 7 out of 14.

The District has been very aggressive in cost cutting measures, while maintaining the quality programs that are a trademark of our District. Retire, rehire has been a very successful cost savings program. The District is afforded a lower cost per teacher, while retaining quality and expertise for up to a three year period. The Board is exploring areas of health care, natural gas, electricity, workers' compensation and all insurances of the District to further lower expenses. These cost savings have minimized expenses.

Several significant legislative and judicial actions have occurred that will have a major impact on our District. Open enrollment and community schools have reduced the amount of funding for the District by \$254,506 for fiscal 2003, \$241,563 for fiscal 2004 and \$480,219 for fiscal 2005, \$505,556 for fiscal 2006, and \$535,258 for fiscal 2007. The Board of Education has met with State Legislators on the issue of Charter School funding. The District will continue to lobby to the State of Ohio for changes in the way the Community Schools are funded. The District receives approximately \$1,200 for each student through the state foundation. When a student leaves our District to go to a Community School or Open Enrollment, approximately \$5,500 is reduced from our District's funding. The numbers above representing Fiscal years 2003 through 2007 are evidence of the increased dollars that are being diverted to Community Schools.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The state's 2007 school foundation level had a minimal increase from fiscal year 2006. The state basic aid percentage of support for the District is 20.54%. House Bill 66 is currently eliminating personal property taxes. The State of Ohio will hold us harmless for 5 years. The funding for the hold harmless period will come from the commercial activity tax. After the 5 years of hold harmless, the personal property tax reimbursement will be phased out. The Board of Education is very concerned about the uncertainty after the 5 year reimbursement. The personal property represents 10% 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, and \$3,068,093 for fiscal year 2007. If the District is not held harmless after five years, 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. The diverse curriculum programs offered to the students, our excellent rating for school years 2001, 2002, 2003, 2004, and 2007 and 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 citizen's, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Richard Santilli, Treasurer, Boardman Local School District, 7410 Market Street, Youngstown, Ohio 44512.

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

STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents. . .	\$ 13,674,650	\$ 215,665	\$ 13,890,315
Receivables:			
Taxes	34,228,182	-	34,228,182
Accounts	19,818	-	19,818
Intergovernmental	358,150	70,165	428,315
Accrued interest	972	-	972
Internal balance.	162	-	162
Materials and supplies inventory	64,144	-	64,144
Capital assets:			
Land	3,745,329	-	3,745,329
Depreciable capital assets, net	13,538,383	83,606	13,621,989
Capital assets, net.	<u>17,283,712</u>	<u>83,606</u>	<u>17,367,318</u>
Total assets.	<u>65,629,790</u>	<u>369,436</u>	<u>65,999,226</u>
Liabilities:			
Accounts payable.	425,060	266	425,326
Accrued wages and benefits	4,394,757	91,252	4,486,009
Pension obligation payable.	951,724	31,700	983,424
Intergovernmental payable	151,200	2,957	154,157
Unearned revenue	31,506,967	-	31,506,967
Accrued interest payable	69,735	-	69,735
Long-term liabilities:			
Due within one year.	875,472	6,889	882,361
Due within more than one year	4,932,797	34,019	4,966,816
Total liabilities	<u>43,307,712</u>	<u>167,083</u>	<u>43,474,795</u>
Net Assets:			
Invested in capital assets, net of related debt.	14,820,811	83,606	14,904,417
Restricted for:			
Capital projects	551,156	-	551,156
Debt service.	2,687	-	2,687
Locally funded programs.	3	-	3
State funded programs.	66,261	-	66,261
Federally funded programs.	15,871	-	15,871
Student activities.	184,110	-	184,110
Other purposes	483,575	-	483,575
Unrestricted	<u>6,197,604</u>	<u>118,747</u>	<u>6,316,351</u>
Total net assets	<u>\$ 22,322,078</u>	<u>\$ 202,353</u>	<u>\$ 22,524,431</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, 2007

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 22,154,658	\$ 376,606	\$ 250,616	\$ -
Special	3,254,830	65,768	1,223,997	-
Other.	275,210	-	103,218	-
Support services:				
Pupil.	1,901,702	-	293,022	-
Instructional staff	2,401,878	6,574	56,451	-
Board of education	120,779	-	-	-
Administration.	2,571,256	27,371	118,877	-
Fiscal.	937,453	-	-	111,279
Business.	191,609	-	-	-
Operations and maintenance	4,466,585	25,110	-	-
Pupil transportation	3,113,861	37,007	93,063	29,585
Central.	66,618	-	37,685	-
Operation of non-instructional services	676,849	104,177	480,191	-
Extracurricular activities	1,154,156	299,492	26,041	-
Interest and fiscal charges	90,913	-	-	-
Total governmental activities	<u>43,378,357</u>	<u>942,105</u>	<u>2,683,161</u>	<u>140,864</u>
Business-type activities:				
Nonmajor enterprise funds:				
Food service.	1,263,851	772,974	518,531	-
Adult education	6,822	5,157	-	-
Special enterprise	199,984	165,651	8,515	-
Total business-type activities	<u>1,470,657</u>	<u>943,782</u>	<u>527,046</u>	<u>-</u>
Totals	<u>\$ 44,849,014</u>	<u>\$ 1,885,887</u>	<u>\$ 3,210,207</u>	<u>\$ 140,864</u>

General Revenues:

Property taxes levied for:

- General purposes
- Capital projects

Grants and entitlements not restricted to specific programs

- Investment earnings
- Miscellaneous

Total general revenues

Special item (refund from insurance consortium)

Transfers

Total general revenues, transfers and special items.

Change in net assets

Net assets at beginning of year

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-Type Activities	Total
\$ (21,527,436)	\$ -	\$ (21,527,436)
(1,965,065)	-	(1,965,065)
(171,992)	-	(171,992)
(1,608,680)	-	(1,608,680)
(2,338,853)	-	(2,338,853)
(120,779)	-	(120,779)
(2,425,008)	-	(2,425,008)
(826,174)	-	(826,174)
(191,609)	-	(191,609)
(4,441,475)	-	(4,441,475)
(2,954,206)	-	(2,954,206)
(28,933)	-	(28,933)
(92,481)	-	(92,481)
(828,623)	-	(828,623)
(90,913)	-	(90,913)
<u>(39,612,227)</u>	<u>-</u>	<u>(39,612,227)</u>
-	27,654	27,654
-	(1,665)	(1,665)
<u>-</u>	<u>(25,818)</u>	<u>(25,818)</u>
-	171	171
<u>(39,612,227)</u>	<u>171</u>	<u>(39,612,056)</u>
29,962,695	-	29,962,695
878,600	-	878,600
10,218,559	-	10,218,559
636,739	9,835	646,574
633,669	6,500	640,169
<u>42,330,262</u>	<u>16,335</u>	<u>42,346,597</u>
1,026,529	-	1,026,529
(12,500)	12,500	-
<u>43,344,291</u>	<u>28,835</u>	<u>43,373,126</u>
3,732,064	29,006	3,761,070
18,590,014	173,347	18,763,361
<u>\$ 22,322,078</u>	<u>\$ 202,353</u>	<u>\$ 22,524,431</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 11,688,202	\$ 1,502,873	\$ 13,191,075
Receivables:			
Taxes	33,308,596	919,586	34,228,182
Accounts	16,438	3,380	19,818
Accrued interest	972	-	972
Intergovernmental	35,338	322,812	358,150
Interfund loans receivable	205,228	-	205,228
Advances to other funds	30,994	-	30,994
Loans	162	-	162
Materials and supplies inventory	64,144	-	64,144
Restricted assets:			
Equity in pooled cash and cash equivalents	483,575	-	483,575
Total assets	<u>\$ 45,833,649</u>	<u>\$ 2,748,651</u>	<u>\$ 48,582,300</u>
Liabilities:			
Accounts payable	\$ 164,344	\$ 260,716	\$ 425,060
Accrued wages and benefits	4,230,353	164,404	4,394,757
Compensated absences payable	-	263,070	263,070
Pension obligation payable	932,492	19,232	951,724
Intergovernmental payable	143,149	8,051	151,200
Interfund loans payable	-	205,228	205,228
Advances from other funds	-	30,994	30,994
Deferred revenue	2,337,673	387,088	2,724,761
Unearned revenue	30,667,362	839,605	31,506,967
Total liabilities	<u>38,475,373</u>	<u>2,178,388</u>	<u>40,653,761</u>
Fund Balances:			
Reserved for encumbrances	354,757	287,014	641,771
Reserved for materials and supplies inventory	64,144	-	64,144
Reserved for advances	30,994	-	30,994
Reserved for debt service	-	2,687	2,687
Reserved for budget stabilization	233,898	-	233,898
Reserved for capital maintenance	249,677	-	249,677
Unreserved, undesignated (deficit), reported in:			
General fund	6,424,806	-	6,424,806
Special revenue funds	-	(71,893)	(71,893)
Capital projects funds	-	352,455	352,455
Total fund balances	<u>7,358,276</u>	<u>570,263</u>	<u>7,928,539</u>
Total liabilities and fund balances	<u>\$ 45,833,649</u>	<u>\$ 2,748,651</u>	<u>\$ 48,582,300</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, 2007

Total governmental fund balances		\$ 7,928,539
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,283,712
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 2,408,349	
Intergovernmental revenue	316,412	
Total		2,724,761
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(69,735)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy conservation notes	667,224	
Capital lease obligation	1,795,677	
Compensated absences	3,082,298	
Total		(5,545,199)
Net assets of governmental activities		\$ 22,322,078

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, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 29,513,466	\$ 865,310	\$ 30,378,776
Tuition	257,472	-	257,472
Transportation fees	37,007	-	37,007
Earnings on investments	636,739	59,008	695,747
Extracurricular	-	458,242	458,242
Classroom materials and fees	101,239	35,536	136,775
Other local revenues	561,903	151,044	712,947
Intergovernmental - Intermediate	35,338	3,706	39,044
Intergovernmental - State	10,760,414	640,927	11,401,341
Intergovernmental - Federal	-	1,205,243	1,205,243
Total revenue	<u>41,903,578</u>	<u>3,419,016</u>	<u>45,322,594</u>
Expenditures:			
Current:			
Instruction:			
Regular	21,154,114	691,521	21,845,635
Special	2,532,779	659,201	3,191,980
Other	139,931	135,279	275,210
Support Services:			
Pupil	1,459,124	431,173	1,890,297
Instructional staff	2,253,388	137,352	2,390,740
Board of education	120,727	52	120,779
Administration	2,320,817	234,528	2,555,345
Fiscal	914,263	13,947	928,210
Business	153,984	54,967	208,951
Operations and maintenance	4,397,398	127	4,397,525
Pupil transportation	2,861,851	35,304	2,897,155
Central	11,270	55,348	66,618
Operation of non-instructional services	-	625,704	625,704
Extracurricular activities	662,318	386,594	1,048,912
Facilities acquisition and construction	-	406,635	406,635
Debt service:			
Principal retirement	52,769	318,526	371,295
Interest and fiscal charges	5,422	96,918	102,340
Total expenditures	<u>39,040,155</u>	<u>4,283,176</u>	<u>43,323,331</u>
Excess of revenues (over) under expenditures	<u>2,863,423</u>	<u>(864,160)</u>	<u>1,999,263</u>
Other financing sources (uses):			
Transfers in	-	502,172	502,172
Transfers (out)	(514,672)	-	(514,672)
Total other financing sources (uses)	<u>(514,672)</u>	<u>502,172</u>	<u>(12,500)</u>
Net change in fund balances before special item	2,348,751	(361,988)	1,986,763
Special item:			
Refund from insurance consortium	1,026,529	-	1,026,529
Net change in fund balances	3,375,280	(361,988)	3,013,292
Fund balances			
at beginning of year	3,988,175	932,251	4,920,426
Decrease in reserve for inventory	(5,179)	-	(5,179)
Fund balances at end of year	<u>\$ 7,358,276</u>	<u>\$ 570,263</u>	<u>\$ 7,928,539</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, 2007

Net change in fund balances - total governmental funds	\$	3,013,292
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$964,541) exceed capital outlay (\$509,975) in the current period.		(454,566)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		(45,038)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		(5,179)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		773,798
Repayment of note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		371,295
In the statement of activities, interest is accrued on outstanding notes and capital leases, whereas in governmental funds an interest expenditure is reported when due.		11,427
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		67,035
Change in net assets of governmental activities	\$	<u>3,732,064</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 AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 29,316,475	\$ 28,767,669	\$ 29,209,905	\$ 442,236
Tuition	221,140	217,000	270,480	53,480
Transportation fees	30,572	30,000	35,758	5,758
Earnings on investments	438,203	430,000	636,938	206,938
Classroom materials and fees	100,486	98,605	101,121	2,516
Other local revenues	720,793	707,300	553,220	(154,080)
Intergovernmental - Intermediate	10,652	10,453	-	(10,453)
Intergovernmental - State	11,561,346	11,344,918	10,760,414	(584,504)
Total revenue	<u>42,399,667</u>	<u>41,605,945</u>	<u>41,567,836</u>	<u>(38,109)</u>
Expenditures:				
Current:				
Instruction:				
Regular	21,562,730	21,616,778	21,539,886	76,892
Special	2,534,590	2,540,943	2,529,766	11,177
Other	9,975	10,000	205,511	(195,511)
Support services:				
Pupil	1,474,008	1,477,703	1,488,672	(10,969)
Instructional staff	2,375,861	2,381,816	2,282,590	99,226
Board of education	105,085	105,348	123,364	(18,016)
Administration	2,141,680	2,147,048	2,312,366	(165,318)
Fiscal	964,412	966,829	981,125	(14,296)
Business	174,602	175,040	155,406	19,634
Operations and maintenance	4,503,428	4,514,716	4,442,401	72,315
Pupil transportation	2,864,746	2,871,927	2,871,282	645
Central	12,469	12,500	11,270	1,230
Operation of non-instructional services	2,075	2,080	-	2,080
Extracurricular activities	712,601	714,387	658,377	56,010
Total expenditures	<u>39,438,262</u>	<u>39,537,115</u>	<u>39,602,016</u>	<u>(64,901)</u>
Excess of revenues over expenditures	<u>2,961,405</u>	<u>2,068,830</u>	<u>1,965,820</u>	<u>(103,010)</u>
Other financing sources (uses):				
Refund of prior year expenditure	-	-	1,962	1,962
Advances in	207,230	203,351	203,352	1
Advances (out)	(89,000)	(89,223)	(205,389)	(116,166)
Transfers in	-	-	2,197	2,197
Transfers (out)	(632,949)	(634,535)	(518,369)	116,166
Sale of capital assets	1,529	1,500	9,900	8,400
Total other financing sources (uses)	<u>(513,190)</u>	<u>(518,907)</u>	<u>(506,347)</u>	<u>12,560</u>
Net change in fund balances before special item	2,448,215	1,549,923	1,459,473	(90,450)
Special item:				
Refund from insurance consortium	-	-	1,026,529	1,026,529
Net change in fund balances	2,448,215	1,549,923	2,486,002	936,079
Fund balance at beginning of year	8,941,453	8,941,453	8,941,453	-
Prior year encumbrances appropriated	228,418	228,418	228,418	-
Fund balance at end of year	<u>\$ 11,618,086</u>	<u>\$ 10,719,794</u>	<u>\$ 11,655,873</u>	<u>\$ 936,079</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	<u>Nonmajor Enterprise Funds</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents.	\$ 215,665
Receivables:	
Intergovernmental	<u>70,165</u>
Total current assets	<u>285,830</u>
Noncurrent assets:	
Capital assets, net.	<u>83,606</u>
Total assets	<u>369,436</u>
Liabilities:	
Current liabilities:	
Accounts payable.	266
Accrued wages and benefits	91,252
Compensated absences.	6,889
Pension obligation payable.	31,700
Intergovernmental payable	<u>2,957</u>
Total current liabilities.	<u>133,064</u>
Long-term liabilities:	
Compensated absences.	<u>34,019</u>
Total liabilities	<u>167,083</u>
Net assets:	
Invested in capital assets	83,606
Unrestricted.	<u>118,747</u>
Total net assets	<u><u>\$ 202,353</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Nonmajor Enterprise Funds</u>
Operating revenues:	
Tuition and fees	\$ 154,099
Sales/charges for services	772,974
Other operating revenue.	6,500
Total operating revenues	<u>933,573</u>
Operating expenses:	
Personal services	809,652
Purchased services.	18,919
Materials and supplies.	628,531
Depreciation	6,500
Other.	7,055
Total operating expenses	<u>1,470,657</u>
Operating loss.	<u>(537,084)</u>
Nonoperating revenues:	
Grants and subsidies	451,392
Federal donated commodities	67,139
Interest revenue	9,835
Donations	8,515
Rent	16,709
Total nonoperating revenues	<u>553,590</u>
Net income before transfers	16,506
Transfer in	<u>12,500</u>
Change in net assets.	29,006
Net assets at beginning of year.	<u>173,347</u>
Net assets at end of year	<u><u>\$ 202,353</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Nonmajor Enterprise Funds
Cash flows from operating activities:	
Cash received from sales/charges for services	\$ 922,055
Cash received from tuition and fees.	5,157
Cash received from other operations	6,500
Cash payments for personal services	(829,411)
Cash payments for purchased services	(19,210)
Cash payments for materials and supplies	(545,058)
Cash payments for other operations	(7,055)
	(467,022)
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
Cash received from transfers in	12,500
Cash received from grants and subsidies	444,268
Cash received from donations.	8,515
Cash received from rent.	16,709
Cash used in repayment of interfund loans	(729)
	481,263
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(20,894)
	(20,894)
Net cash used in capital and related financing activities.	
Cash flows from investing activities:	
Interest received.	9,835
	9,835
Net cash provided by investing activities	
Net increase in cash and cash equivalents	3,182
Cash and cash equivalents at beginning of year	212,483
Cash and cash equivalents at end of year	\$ 215,665
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (537,084)
Adjustments:	
Depreciation	6,500
Federal donated commodities.	67,139
Changes in assets and liabilities:	
Decrease in accounts receivable	139
Decrease in materials and supplies inventory	18,646
Decrease in accounts payable	(2,603)
Increase in accrued wages and benefits	22,452
Increase in compensated absences payable.	3,380
Decrease in pension obligation payable	(45,984)
Increase in intergovernmental payable	393
	393
Net cash used in operating activities	\$ (467,022)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents.	\$ 603,842	\$ 143,127
Total assets	603,842	\$ 143,127
Liabilities:		
Accounts payable.	-	\$ 2,565
Due to students	-	140,562
Total liabilities	-	\$ 143,127
Net Assets:		
Held in trust for scholarships	603,842	
Total net assets	\$ 603,842	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 29,835
Gifts and contributions.	13,451
	43,286
Total additions.	43,286
Reductions:	
Scholarships awarded	29,450
	13,836
Change in net assets	13,836
Net assets at beginning of year	590,006
Net assets at end of year	\$ 603,842

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District is the 72nd largest in the State of Ohio (among the 876 public school districts in the State of Ohio) in terms of enrollment. The District is staffed by 275 non-certificated and 318 certificated personnel to provide services to approximately 4,773 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", 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, 2007

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

BLENDED COMPONENT UNIT

Boardman School Building Corporation

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

JOINTLY GOVERNED ORGANIZATIONS

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

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

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

Mahoning County Career & Technical Center

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

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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 54 Stark County 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.

GOVERNMENTAL FUNDS

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

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

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

PROPRIETARY FUNDS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

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

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

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

D. Basis of Accounting

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

Unearned Revenue and Deferred Revenue - Unearned revenue and 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, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue.

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

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

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

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2007 is as follows:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2007.

4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2007.
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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

During fiscal 2007, the District's investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and a repurchase agreement. Investments in STAR Ohio are reported at fair value. Fair value is based on quoted market price. Investments in nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2007. 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, 2007.

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 2007 amounted to \$636,739, which includes \$51,234 assigned from other District funds.

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

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

G. Inventory

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

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

H. Capital Assets

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables” and receivables and payables resulting from advances due from other funds that are not expected to be repaid within the next fiscal year are reported as “advances due to/from other funds”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

J. Compensated Absences

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

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2007, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

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

M. Net Assets

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

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

N. Estimates

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

O. Restricted Assets

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

P. Operating Revenues and Expenses

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

Q. Interfund Activity

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. The District did not have any extraordinary items occur during fiscal year 2007.

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. The District did have a special item that occurred during fiscal year 2007. In July 2006, the District withdrew from the Mahoning County School Employees Insurance Consortium (the "Consortium") and joined the Stark County Schools Council of Governments (the "COG"). When the District withdrew from the Consortium, it received a refund in the amount of \$1,026,529, which represents a calculated percentage of the District's surplus held by the Consortium at the time of the District's withdrawal. This amount is reported as a special item in the Basic Financial Statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 3 - ACCOUNTABILITY & COMPLIANCE

Deficit Fund Balances

Fund balances at June 30, 2007 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Uniform school supplies	\$ 55,320
Separation Fund	6,194
Ohio Reads	40
Poverty Aid	234
Misc. State Grants	11,001
Title VI-B	209,630
Title I	35,725
Drug free schools	1,200
Improving teacher quality	23,572

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

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

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

Inactive deposits are public deposits 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 are to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal 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, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool;
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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 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 with Financial Institutions

At June 30, 2007, the carrying amount of all District deposits was \$7,864,070, exclusive of the \$3,364,113 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, \$7,619,828 of the District's bank balance of \$7,952,464 was exposed to custodial risk as discussed below, while \$332,636 was covered by Federal Deposit Insurance Corporation.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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% 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, 2007, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
Repurchase Agreement	\$ 3,364,113	\$ 3,364,113
STAR Ohio	3,409,001	3,409,001
	<u>\$ 6,773,114</u>	<u>\$ 6,773,114</u>

The weighted average maturity of investments is one day.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

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, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase Agreement	\$ 3,364,113	49.67
STAR Ohio	3,409,001	50.33
	<u>\$ 6,773,114</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 note disclosure above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 7,864,070
Investments	6,773,114
Cash on hand	100
Total	\$ 14,637,284
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 13,674,650
Business type activities	215,665
Private-purpose trust funds	603,842
Agency funds	143,127
Total	\$ 14,637,284

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended June 30, 2007, consisted of the following, as reported on the fund statements:

<u>Transfers from General Fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 502,172
Nonmajor enterprise funds	12,500
Total	\$ 514,672

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

- B.** Advances to/from other funds consisted of the following at June 30, 2007, as reported on the fund statements:

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances are reported on the statement of net assets for advances to/from other funds.

- C. Interfund loans receivable/payable consisted of the following at June 30, 2007, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 205,228

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.

Interfund balances between governmental funds are eliminated on the government-wide financial statements. The interfund balance between the governmental funds and the enterprise funds are reported as an internal balance on the statement of net assets.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, 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 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property was assessed at 18.75% for property including inventory. This percentage was reduced to 12.5% for 2007, 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 6 - PROPERTY TAXES - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date 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, 2007 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 unearned revenue.

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 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 820,545,700	89.03	\$ 821,287,690	90.59
Public Utility Personal	36,879,870	4.00	42,112,170	4.65
Tangible Personal Property	<u>64,217,194</u>	<u>6.97</u>	<u>43,183,272</u>	<u>4.76</u>
Total	<u>\$ 921,642,764</u>	<u>100.00</u>	<u>\$ 906,583,132</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 55.95		\$ 55.90	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2007 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 7 - RECEIVABLES - (Continued)

Governmental Activities:

Taxes	\$ 34,228,182
Accounts	19,818
Intergovernmental	358,150
Accrued interest	972

Business-type Activities:

Intergovernmental	<u>70,165</u>
Total receivables	<u>\$ 34,677,287</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year-ended June 30, 2007, was as follows:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,745,329	\$ -	\$ -	\$ 3,745,329
Total capital assets, not being depreciated	<u>3,745,329</u>	<u>-</u>	<u>-</u>	<u>3,745,329</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,414,920	61,825	-	1,476,745
Building and improvements	24,930,426	365,882	(63,101)	25,233,207
Furniture and equipment	3,058,005	82,268	-	3,140,273
Vehicles	4,094,689	-	-	4,094,689
Total capital assets, being depreciated	<u>33,498,040</u>	<u>509,975</u>	<u>(63,101)</u>	<u>33,944,914</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(698,150)	(56,024)	-	(754,174)
Building and improvements	(14,319,150)	(514,690)	18,063	(14,815,777)
Furniture and equipment	(1,752,954)	(176,315)	-	(1,929,269)
Vehicles	(2,689,799)	(217,512)	-	(2,907,311)
Total accumulated depreciation	<u>(19,460,053)</u>	<u>(964,541)</u>	<u>18,063</u>	<u>(20,406,531)</u>
Governmental activities capital assets, net	<u>\$ 17,783,316</u>	<u>\$ (454,566)</u>	<u>\$ (45,038)</u>	<u>\$ 17,283,712</u>
Business-Type Activities:				
<i>Capital assets, being depreciated:</i>				
Furniture/equipment	\$ 268,240	\$ 20,894	\$ -	\$ 289,134
<i>Less: accumulated depreciation</i>	<u>(199,028)</u>	<u>(6,500)</u>	<u>-</u>	<u>(205,528)</u>
Business-type activities capital assets, net	<u>\$ 69,212</u>	<u>\$ 14,394</u>	<u>\$ -</u>	<u>\$ 83,606</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 425,651
Special	46,950
Support Services:	
Pupil	17,435
Instructional staff	27,779
Administration	18,142
Fiscal	576
Business	576
Operations and maintenance	29,940
Pupil transportation	227,506
Operation of non-instructional services	48,091
Extracurricular	<u>121,895</u>
Total depreciation expense	<u>\$ 964,541</u>

NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE

In prior fiscal years, the District entered into a capital lease for copiers and a new auditorium. 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.

Governmental activities capital assets consisting of building improvements and equipment have been capitalized in the amount of \$3,178,325. 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 auditorium in the 2007 fiscal year totaled \$198,700 and \$68,506, respectively. These amounts are reported as debt service payments of the Permanent Improvement capital projects fund. Principal and interest payments on the copiers in the 2007 fiscal year totaled \$52,769 and \$5,422, respectively. These amounts are reported as debt service payments of the General fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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, 2007:

<u>Year Ending June 30</u>	<u>Amount</u>
2008	\$ 325,398
2009	321,241
2010	267,206
2011	267,206
2012	267,206
2013 - 2015	<u>601,213</u>
Total minimum lease payment	2,049,470
Less: amount representing interest	<u>(253,793)</u>
Present value of minimum lease payments	<u>\$ 1,795,677</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. The following is a description of the District's long-term debt obligations outstanding as of June 30, 2007:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2006</u>	<u>Retired in 2007</u>	<u>Outstanding June 30, 2007</u>
Energy conservation note	5.89%	7/17/2000	7/17/2011	\$ 787,050	\$ (119,826)	\$ 667,224
Total				<u>\$ 787,050</u>	<u>\$ (119,826)</u>	<u>\$ 667,224</u>

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

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	124,152	24,087	148,239
2009	128,634	19,605	148,239
2010	133,277	14,961	148,238
2011	138,088	10,150	148,238
2012	<u>143,073</u>	<u>5,165</u>	<u>148,238</u>
Total	<u>\$ 667,224</u>	<u>\$ 73,968</u>	<u>\$ 741,192</u>

**BOARDMAN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

	Balance			Balance	Amount
	June 30, 2006	Additions	Reductions	June 30, 2007	Due in
					One Year
<u>Governmental Activities:</u>					
Capital lease obligation	\$ 2,047,146	\$ -	\$ (251,469)	\$ 1,795,677	\$ 260,866
Energy conservation notes	787,050	-	(119,826)	667,224	124,152
Compensated absences payable	<u>3,379,230</u>	<u>421,568</u>	<u>(455,430)</u>	<u>3,345,368</u>	<u>490,454</u>
Total governmental activities long-term liabilities	<u>\$ 6,213,426</u>	<u>\$ 421,568</u>	<u>\$ (826,725)</u>	<u>\$ 5,808,269</u>	<u>\$ 875,472</u>
<u>Business-Type Activities:</u>					
Compensated absences	<u>\$ 41,636</u>	<u>\$ 5,842</u>	<u>\$ (6,570)</u>	<u>\$ 40,908</u>	<u>\$ 6,889</u>

Compensated absences will be paid from the fund from which the employee is paid which, for the governmental activities is the general fund and for the business-type activities is the Food Service fund. The capital lease obligations are being repaid from the general fund and Permanent Improvement capital projects fund (a nonmajor governmental fund). The energy conservation note is being repaid from the Debt Service fund (a nonmajor governmental fund).

D. Legal Debt Margins

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

The assessed valuation used in determining the District's legal debt margins has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculations excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The effects of these debt limitations at June 30, 2007, are a legal voted debt margin of \$75,655,893 (including available funds of \$2,687), a legal unvoted debt margin of \$840,591, and a legal energy conservation debt margin of \$7,565,321.

NOTE 11 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 11 - RISK MANAGEMENT - (Continued)

The comprehensive commercial property coverage limit is \$114,583,784. The deductible is \$5,000 and the coinsurance is 90 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 \$2,605,224, and its musical instrument policy has a liability limit of \$2,583,975 with \$500 deductibles. The District's machinery and equipment policy has an \$114,583,784 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.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior 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, 2007, there were 54 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% 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 11 - RISK MANAGEMENT - (Continued)

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, the greater the possible reduction in premiums. 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.

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$601,976, \$579,218, and \$562,190; 42.97 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$343,286 represents the unpaid contribution for fiscal year 2007.

B. State Teachers Retirement System of Ohio

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 12 - PENSION PLANS - (Continued)

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

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for fund pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$2,571,961, \$2,491,136, and \$2,453,428; 83.12 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$434,233 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2007 were \$9,842 made by the District and \$27,991 made by the plan members.

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 Systems/State Teachers Retirement System of Ohio. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 13 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$197,843 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. Total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, the District paid \$273,886 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 2,486,002
Net adjustment for revenue accruals	335,742
Net adjustment for expenditure accruals	45,957
Net adjustment for other sources/uses	(8,325)
Adjustment for encumbrances	515,904
GAAP basis	\$ 3,375,280

NOTE 15 - CONTINGENCIES

A. Grants

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 15 - CONTINGENCIES - (Continued)

B. Litigation

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

NOTE 16 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2006	\$ (1,655,769)	\$ -	\$ 233,898
Current year set-aside requirement	750,636	750,636	-
Qualifying disbursements	<u>(966,612)</u>	<u>(500,959)</u>	<u>-</u>
Total	<u>\$ (1,871,745)</u>	<u>\$ 249,677</u>	<u>\$ 233,898</u>
Balance carried forward to FY 2008	<u>\$ (1,871,745)</u>	<u>\$ 249,677</u>	<u>\$ 233,898</u>

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

A schedule of the governmental fund restricted assets at June 30, 2007 follows:

Amount restricted for budget stabilization	\$ 233,898
Amount restricted for capital maintenance	<u>249,677</u>
Total restricted assets	<u>\$ 483,575</u>

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BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program		10.550	\$ -	\$114,790	\$ -	\$114,790
Nutrition Cluster:						
National School Lunch Program	048306-LLP4-2007	10.555	410,223		410,223	
School Breakfast Program	048306-05PU-2007	10.553	19,907		19,907	
Total Nutrition Cluster			430,130		430,130	
Total U.S. Department of Agriculture - Nutrition Cluster			430,130	114,790	430,130	114,790
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	048306-6BSF-2007	84.027	782,338		790,774	
	048306-6BSF-2006	84.027	242,144		128,139	
Total Special Education Cluster			1,024,482		918,913	
Grants to Local Educational Agencies (ESEA Title I)	048306-C1S1-2007	84.010	320,771		315,112	
	048306-C1S1-2006	84.010	51,427		32,750	
Total Grants to Local Educational Agencies			372,198		347,862	
State Grants Innovative Programs	048306-C2S1-2007	84.298	22,056		2,749	
	048306-C2S1-2006	84.298	344		2,199	
Total State Grants Innovative Programs			22,400		4,948	
Education Technology State Grants	048306-TJS1-2007	84.318	4,006		3,843	
	048306-TJS1-2006	84.318	3,497		1,122	
Total Education Technology State Grants			7,503		4,965	
Safe and Drug Free Schools and Communities	048306-DRS1-2006	84.186	4,789		2,917	
	048306-DRS1-2007	84.186	11,760		11,924	
Total Safe and Drug Free Schools and Communities			16,549		14,841	
Improving Teacher Quality State Grants	048306-TRS1-2007	84.367	121,577		122,878	
	048306-TRS1-2006	84.367	38,253		24,189	
Total Improving Teacher Quality State Grants			159,830		147,067	
Hera Hurricane Katrina	048306-HR01-2006	84.938	7,000		7,000	
TOTAL DEPARTMENT OF EDUCATION			1,609,962		1,445,596	
TOTAL			\$2,040,092	\$114,790	\$1,875,726	\$114,790

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

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.



Mary Taylor, CPA

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
Boardman, Ohio 44512

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, (the "District") as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2008. 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 expressing our opinions on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 11, 2008



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Boardman Local School District, (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2007. 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 express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures 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 those requirements.

In our opinion, the Boardman Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2007.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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www.auditor.state.oh.us

Boardman Local School District
Mahoning County
Independent Accountants' Report on Compliance With Requirements Applicable to Each
Major Federal Program and on Internal Control Over Compliance in Accordance With
OMB Circular A-133

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be 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, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 11, 2008

**BOARDMAN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007**

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 other 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 other 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?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title VI – CFDA 84.027 Title II A – CFDA 84.367
<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



Mary Taylor, CPA
Auditor of State

BOARDMAN LOCAL SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 8, 2009**