



**Auditor of State  
Betty Montgomery**



**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets .....	12
Statement of Activities.....	13
Balance Sheet - Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual - General Fund.....	18
Statement of Fiduciary Net Assets.....	19
Notes to the Basic Financial Statements .....	20
Schedule of Federal Awards Expenditures.....	43
Notes to the Schedule of Federal Awards Expenditures .....	44
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	45
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 .....	47
Schedule of Findings.....	49

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Beaver Local School District  
Columbiana County  
13093 State Route 7  
Lisbon, Ohio 44432

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, and the aggregate remaining fund information of Beaver Local School District, Columbiana County, Ohio (the District), as of and for the year ended June 30, 2005, 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, and the aggregate remaining fund information of Beaver Local School District, Columbiana County, Ohio, as of June 30, 2005, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2006, 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 expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Betty Montgomery**  
Auditor of State

March 30, 2006

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005  
Unaudited**

The discussion and analysis of the Beaver Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. 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 notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2005 are as follows:

In total, net assets increased \$322,771.

General revenues accounted for \$15,398,837, or 81 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,520,467 or 19 percent of total revenues of \$18,919,304.

The District had \$18,596,533 in expenses related to governmental activities; only \$3,520,467 of these expenses was offset by program specific charges for services, grants or contributions. General revenue supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$15,398,837 were not adequate to provide for these programs.

The District's only major governmental fund is the General Fund. This fund had \$18,501,602 in revenues and other financing sources and \$18,147,475 in expenditures and other financing uses.

**Using this Basic Financial Report**

This annual report consists of a series of financial statements and notes to those statements. The 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 increasing detailed look at specific financial activities.

The statement of net assets and the 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 non-major funds presented in total in one column. The District has one major governmental fund: the General Fund.

**Reporting the District's Most Significant Funds**

**Statement of Net Assets and Statement of Activities**

The statement of net assets and the statement of activities answer the question, "How did we do financially during 2005?" These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005  
Unaudited  
(Continued)**

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's activities are considered to be all governmental activities:

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

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for its multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District has one major governmental fund: the General Fund.

**Governmental Funds**

Most of the District's activities are reported in governmental funds, which focus on how monies flow 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 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.

**Reporting the District's Fiduciary Responsibilities**

The District acts in the trustee capacity as an agent for other governmental funds (Student Managed Funds). This activity is reported in one agency fund.



**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005  
Unaudited  
(Continued)**

**The District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets for fiscal year 2005, compared to fiscal year 2004.

<b>Table 1</b>		
<b>Net Assets</b>		
<b>Governmental Activities</b>		
	<b>2005</b>	<b>2004</b>
<u>Assets:</u>		
Current and Other Assets	\$7,501,638	\$6,950,272
Capital Assets, Net	3,579,836	3,529,442
Total Assets	11,081,474	10,479,714
<u>Liabilities:</u>		
Current and Other Liabilities	7,186,265	6,763,398
Long-Term Liabilities	2,074,871	2,218,749
Total Liabilities	9,261,136	8,982,147
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	3,155,997	3,151,696
Restricted	301,724	269,516
Unrestricted	(1,637,383)	(1,923,645)
Total	\$1,820,338	\$1,497,567

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005  
Unaudited  
(Continued)**

Table 2 reflects the changes in net assets for fiscal year 2005, compared to fiscal year 2004.

**Table 2  
Change in Net Assets  
Governmental Activities**

	<u>2005</u>	<u>2004</u>
<u>Revenues:</u>		
Program Revenues:		
Charges for Services and Sales	\$2,113,744	\$1,863,889
Operating Grants, Contributions and Interest	1,406,723	1,052,994
Total Program Revenues	<u>3,520,467</u>	<u>2,916,883</u>
General Revenues:		
Property Taxes	5,058,844	4,652,436
Grants and Entitlements	10,263,282	9,996,315
Interest	34,096	11,922
Miscellaneous	40,306	31,776
Proceeds from Sale of Capital Assets	2,309	0
Total General Revenues	<u>15,398,837</u>	<u>14,692,449</u>
Total Revenues	<u>18,919,304</u>	<u>17,609,332</u>
<u>Expenses</u>		
Instruction	11,281,312	11,186,559
Support Services:		
Pupils	552,926	511,629
Instructional Staff	614,838	586,809
Board of Education	34,800	75,229
Administration	1,629,779	1,609,677
Fiscal	373,598	378,947
Operation and Maintenance of Plant	1,537,343	1,602,532
Pupil Transportation	1,015,641	1,337,088
Operation of Non-Instructional Services	895,920	868,026
Extracurricular Activities	569,733	467,644
Capital Outlay	85,094	0
Interest and Fiscal Charges	5,549	5,039
Total Expenses	<u>18,596,533</u>	<u>18,629,179</u>
Change in Net Assets	<u>\$322,771</u>	<u>(\$1,019,847)</u>

Governmental Activities

Net assets of the District's governmental activities were increased by \$322,771. Program revenues of \$3,520,467 and general revenues of \$15,398,837 offset total governmental expenses of \$18,596,533. Program revenues supported 19% of the total governmental expenses.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005  
Unaudited  
(Continued)**

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 88% of total governmental revenue. Real estate property is reappraised every six years. Although recent growth has had a positive effect on the District's tax base, the full tax revenue impact has not been realized due to H.B. 920. This state law, enacted in 1976, does not allow for revenue increases caused by inflationary growth of real property values. Increases in valuation prompt corresponding annual reductions in the "effective millage," the tax rates applied to real property. However, H.B. 920 provided a "safety net" for schools by prohibiting the effective millage from reducing past 20 mills. Due to the annual reductions, the District's millage has been reduced to 20 mills, and the District is able to collect inflationary growth on the 20 mills. This affords the District the opportunity to offset inflation on the expense side without asking the voters every three to five years for additional operating millage.

Voters approved the last Emergency Levy renewal in March 2004. This levy, which generates approximately \$1.2 million per year for a five-year period of time, is expected to provide adequate revenue for general operating expenses through the calendar year 2009.

In addition, higher than normal increases in State revenues is one of the reasons that the District has managed to go this long without any new local tax increases for operating.

The District's financial condition has improved significantly in recent years, primarily due to increased financial support from the State. Basic State support has increased annually by 2.2% over the last two years, and is expecting a growth increase in the 2005/06 and 2006/07 fiscal years. The District is projecting annual growth in State pupil basic aid support of 2.2% for 2008 and beyond. In addition, State revenue has contributed to the District \$750,455 and \$989,021 in parity aid for fiscal year 2004 and 2005, respectively, which has been restricted for new initiatives and enhancements. In the spring of 2004, the State legislature removed the restrictions on Parity Aid. The District has continued the practice of financing new initiatives, such as full day, every day kindergarten programs at its elementary buildings.

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. That is, it identifies the cost of those services supported by tax revenue and unrestricted state grants and entitlements.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005  
Unaudited  
(Continued)**

**Table 3  
Governmental Activities**

	<b>Total Cost of Services 2005</b>	<b>Net Cost of Services 2005</b>	<b>Total Cost of Services 2004</b>	<b>Net Cost of Services 2004</b>
<u>Expenses</u>				
Instruction	\$11,281,312	\$8,918,291	11,186,559	\$9,948,152
Support Services:				
Pupils	552,926	538,568	511,629	428,724
Instructional Staff	614,838	605,937	586,809	488,777
Board of Education	34,800	34,800	75,229	69,770
Administration	1,629,779	1,629,779	1,609,677	1,430,197
Fiscal	373,598	373,598	378,947	351,484
Operation and Maintenance of Plant	1,537,343	1,537,343	1,602,532	1,460,410
Pupil Transportation	1,015,641	1,015,641	1,337,088	1,216,458
Operation of Non-Instructional Services	895,920	77,346	868,026	143,868
Extracurricular Activities	569,733	254,120	467,644	169,417
Capital Outlay	85,094	85,094	0	0
Interest and Fiscal Charges	5,549	5,549	5,039	5,039
<b>Total Expenses</b>	<b>\$18,596,533</b>	<b>\$15,076,066</b>	<b>\$18,629,179</b>	<b>\$15,712,296</b>

The dependence upon state revenues and taxes for governmental activities is apparent. 21 percent of instruction activities are supported through other general/state revenues. For all governmental activities, general revenue support is 19 percent. The State of Ohio, as a whole, is by far the primary support for the District's students.

**The District's Funds**

The District's governmental funds reported a combined fund balance of (\$143,460), which is above last year's total of (\$322,987). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2004 and 2005.

	<b>Fund Balance June 30, 2005</b>	<b>Fund Balance June 30, 2004</b>	<b>Increase/ Decrease</b>
General	(\$187,406)	(\$541,533)	\$354,127
Other Governmental	43,946	218,546	(174,600)
<b>Total</b>	<b>(\$143,460)</b>	<b>(\$322,987)</b>	<b>\$179,527</b>

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005  
Unaudited  
(Continued)**

**General Fund**

The District's General Fund balance increased by \$354,127. The increase can be attributed primarily to the overall increase in salaries, wages and fringe benefits. In addition, in fiscal year 2005 the General Fund subsidized other funds of the District with operating transfers of \$1,326,524. The table that follows assists in illustrating the financial activities and fund balance of the General Fund.

	<u>2005 Amount</u>	<u>2004 Amount</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>			
Taxes	\$5,079,012	\$4,953,373	2.5%
Earnings on investments	33,965	11,791	188.1%
Intergovernmental	10,399,098	9,996,315	4.0%
Other revenues	2,989,527	1,633,959	143.7
Total	<u>\$18,501,602</u>	<u>\$16,595,438</u>	14.3%
<b><u>Expenditures</u></b>			
Instruction	\$10,749,119	\$10,561,964	1.8%
Support Services	5,745,993	5,654,847	1.6%
Extracurricular activities	325,821	313,440	3.9%
Other expenses	1,326,542	353,133	956.8%
Total	<u>\$18,147,475</u>	<u>\$16,883,384</u>	8.9%

**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 2005, the District amended its General Fund budget numerous times, none significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control site budgets but provide flexibility for site management.

For the General Fund, final budgeted revenues and other financing sources were \$18,282,426.

General Fund original appropriations of \$18,013,568 were decreased approximately 1.2% in the final budget. The decrease can be attributed to an overall decrease in transfers out. The actual budget basis expenditures and other financing uses for fiscal year 2005 totaled \$17,786,809, which was equal to the final budget appropriations.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005  
Unaudited  
(Continued)**

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2005, the District had \$3,579,836 invested in land, land improvements, building and improvements, furniture and equipment, and vehicles. This entire total was reported in governmental activities. See the notes to the basic financial statements. The following table shows fiscal year 2005 balances compared to 2004.

<b>Capital Assets at June 30</b>		
	<b>Governmental Activities</b>	
	<b>2005</b>	<b>2004</b>
Land	\$601,710	\$601,710
Land Improvements	1,053,905	1,053,905
Building/Improvements	5,165,185	5,165,185
Furniture/equipment	1,897,254	1,915,921
Vehicles	1,504,444	1,366,114
<b>Totals</b>	<b>\$10,222,498</b>	<b>\$10,102,835</b>

**Debt Administration**

At June 30, 2005, the District had \$253,173 in general obligation loans outstanding. Of this total, \$28,111 is due within one year and \$225,062 is due within greater than one year. The following table summarizes the loans outstanding.

<b>Outstanding Debt, at Year End</b>		
	<b>Governmental Activities 2005</b>	<b>Governmental Activities 2004</b>
	Asbestos Removal Loan	\$15,637
OWDA Loan	232,475	244,213
Note Payable	5,061	8,816
<b>Total</b>	<b>\$253,173</b>	<b>\$281,014</b>

**For the Future**

Overall, the District is strong financially. As the preceding information shows, the District relies heavily upon grants and entitlements, and property taxes. The renewal of the Emergency Levy in calendar year 2004 was imperative for the District to survive. This levy generates approximately \$1.2 million in tax revenue annually to meet the educational and operating needs. The future financial stability of the District is not without challenges.

The first challenge is that although the District will have the resources necessary to meet operating expenses in fiscal year 2006, the District must maintain tight controls over spending to live within the means provided by the voters and the State of Ohio.

The next challenge is that the District's Management must continue to provide the resources necessary to meet student needs while diligently planning expenses, staying within the five-year plan. The five-year plan is utilized by management to manage resources effectively and efficiently. Additional revenues should not be treated as a windfall to expand programs, but as an opportunity to extend the life of the five-year plan.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005  
Unaudited  
(Continued)**

Another challenge is that the District will need to address school facilities. The District is in the next round in the Ohio School Facility Commission's Classroom Facilities Assistance.

The last challenge facing the District is the future of state funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. At this time, the District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

The District's systems of budgeting and internal controls are well regarded. All of the District's financial abilities will be needed to meet the financial challenges of the future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. If you have any questions about this report or need additional financial information, contact Mr. Robert P. Barrett, Treasurer/CFO at Beaver Local School District, 13093 State Route 7, Lisbon, Ohio 44432.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Statement of Net Assets  
June 30, 2005**

		<b>Governmental Activities</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$	1,667,972
Materials and Supplies Inventory		48,430
Accrued Interest Receivable		2,503
Accounts Receivable		36,311
Intergovernmental Receivable		321,127
Prepaid Items		4,085
Taxes Receivable		5,421,210
Capital Assets:		
Non-Depreciable Capital Assets		601,710
Depreciable Capital Assets, net		2,978,126
Total Assets		<u>11,081,474</u>
<b>LIABILITIES:</b>		
Accounts Payable		115,066
Accrued Wages and Benefits		1,708,581
Intergovernmental Payable		352,952
Deferred Revenue		5,009,666
Long-Term Liabilities:		
Due Within One Year		223,315
Due in More Than One Year		1,851,556
Total Liabilities		<u>9,261,136</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt		3,155,997
Restricted for Capital Outlay		54,218
Restricted for Other Purposes		247,506
Unrestricted		(1,637,383)
Total Net Assets	\$	<u><u>1,820,338</u></u>

See Accompanying Notes to the Basic Financial Statements



**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2005**

	Program Revenues		Net(Expense) Revenue and Changes in Net Assets	
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:				
Instruction:				
Regular	\$ 9,797,793	\$ 1,401,288	\$ 446,260	\$ (7,950,245)
Special	1,385,180		515,473	(869,707)
Vocational	14,032			(14,032)
Adult/Continuing	21,545			(21,545)
Other	62,762			(62,762)
Support Services:				
Pupils	552,926		14,358	(538,568)
Instructional Staff	614,838		8,901	(605,937)
Board of Education	34,800			(34,800)
Administration	1,629,779			(1,629,779)
Fiscal	373,598			(373,598)
Operation and Maintenance of Plant	1,537,343			(1,537,343)
Pupil Transportation	1,015,641			(1,015,641)
Operation of Non-Instructional Services	895,920	396,843	421,731	(77,346)
Extracurricular Activities	569,733	315,613		(254,120)
Capital Outlay	85,094			(85,094)
Interest and Fiscal Charges	5,549			(5,549)
<b>Totals</b>	<b>\$ 18,596,533</b>	<b>\$ 2,113,744</b>	<b>\$ 1,406,723</b>	<b>\$ (15,076,066)</b>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				5,030,166
Property Taxes, Levied for Debt Service				28,678
Grants and Entitlements not Restricted to Specific Programs				10,263,282
Investment Earnings				34,096
Miscellaneous				40,306
Proceeds from Sale of Capital Assets				2,309
<b>Total General Revenues</b>				<b>15,398,837</b>
Change in Net Assets				322,771
Net Assets Beginning of Year				1,497,567
Net Assets End of Year				<b>\$ 1,820,338</b>

See Accompanying Notes to the Basic Financial Statements

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Balance Sheet  
Governmental Funds  
June 30, 2005**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 1,419,576	\$ 248,396	\$ 1,667,972
Materials and Supplies Inventory	22,935	25,495	48,430
Accrued Interest Receivable	2,503		2,503
Accounts Receivable	34,843	1,468	36,311
Interfund Receivable	16,028		16,028
Intergovernmental Receivable	4,637	316,490	321,127
Prepaid Items	4,085		4,085
Taxes Receivable	5,421,210		5,421,210
<b>Total Assets</b>	<b>\$ 6,925,817</b>	<b>\$ 591,849</b>	<b>\$ 7,517,666</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	104,626	10,440	115,066
Accrued Wages and Benefits	1,515,782	192,799	1,708,581
Interfund Payable		16,028	16,028
Intergovernmental Payable	214,466	12,146	226,612
Deferred Revenue	5,278,349	316,490	5,594,839
<b>Total Liabilities</b>	<b>7,113,223</b>	<b>547,903</b>	<b>7,661,126</b>
<b>Fund Balances</b>			
Reserved:			
Reserved for Encumbrances	299,855	63,617	363,472
Reserved for Prepaid Items	4,085		4,085
Reserved for Property Taxes	142,861		142,861
Reserved for Instructional Supplies	604,669		604,669
Unreserved, Undesignated, Reported in:			
General Fund	(1,238,876)		(1,238,876)
Special Revenue Funds		(29,485)	(29,485)
Capital Projects Funds		9,814	9,814
<b>Total Fund Balances</b>	<b>(187,406)</b>	<b>43,946</b>	<b>(143,460)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,925,817</b>	<b>\$ 591,849</b>	<b>\$ 7,517,666</b>

See Accompanying Notes to the Basic Financial Statements

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2005**

Total Governmental Fund Balances	\$	(143,460)
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		3,579,836
Taxes and Grants Receivable that do not provide financial resources are not reported as revenues in governmental fund.		585,173
Intergovernmental payable includes contractually required pension contributions not expected to be paid with available expendable resources, and therefore, not reported in the funds.		(126,340)
<p>Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:</p>		
General Obligation Notes Payable	(253,173)	
Leases Payable	(442,866)	
Compensated Absences Payable	<u>(1,378,832)</u>	
		<u>(2,074,871)</u>
Net Assets of Governmental Activities	\$	<u><u>1,820,338</u></u>

See Accompanying Notes to the Basic Financial Statements

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2005**

	<b>General Fund</b>	<b>All Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>			
Property and Other Local Taxes	\$ 5,079,012	\$ 28,678	\$ 5,107,690
Intergovernmental	10,399,098	1,146,749	11,545,847
Interest	33,965	131	34,096
Tuition and Fees	1,382,595	12,220	1,394,815
Rent	6,473		6,473
Extracurricular Activities	50,479	265,134	315,613
Customer Sales and Services		396,843	396,843
Miscellaneous	35,639	4,667	40,306
Total Revenues	16,987,261	1,854,422	18,841,683
<b>EXPENDITURES:</b>			
Current:			
Instruction:			
Regular	9,504,366	228,509	9,732,875
Special	1,140,917	358,768	1,499,685
Vocational	15,107		15,107
Adult/Continuing	21,159		21,159
Other	67,570		67,570
Support Services:			
Pupils	462,246	58,786	521,032
Instructional Staff	544,007	46,545	590,552
Board of Education	34,800		34,800
Administration	1,456,266	121,617	1,577,883
Fiscal	362,775		362,775
Operation and Maintenance of Plant	1,562,328	7,136	1,569,464
Pupil Transportation	1,323,571	31,153	1,354,724
Operation of Non-Instructional Services		971,912	971,912
Extracurricular Activities	325,821	270,595	596,416
Capital Outlay		598	598
Debt Service:			
Principal		23,129	23,129
Interest		5,549	5,549
Total Expenditures	16,820,933	2,124,297	18,945,230
Excess of Revenues Over (Under) Expenditures	166,328	(269,875)	(103,547)
<b>OTHER FINANCING SOURCES AND USES:</b>			
Transfers In	1,231,267	95,275	1,326,542
Proceeds from Sale of Capital Assets	2,309		2,309
Inception of Capital Lease	280,765		280,765
Transfers Out	(1,326,542)		(1,326,542)
Total Other Financing Sources and Uses	187,799	95,275	283,074
Net Change in Fund Balances	354,127	(174,600)	179,527
Fund Balance (Deficit) at Beginning of Year	(541,533)	218,546	(322,987)
Fund Balance (Deficit) at End of Year	\$ (187,406)	\$ 43,946	\$ (143,460)

See Accompanying Notes to the Basic Financial Statements

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**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, 2005**

Net Change in Fund Balances - Total Governmental Funds \$ 179,527

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.

Capital Outlay - Depreciable Capital Assets	419,355	
Depreciation	<u>(344,989)</u>	
		74,366

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.

Gain (Loss) on Disposal of Capital Assets		(23,972)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Intergovernmental	124,158	
Delinquent Property Taxes	<u>(48,846)</u>	
		75,312

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities.		234,672
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Inception of capital lease		(280,765)
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Some expenses reported on the statement of activities, such as compensated absences and intergovernmental payable representing contractually required pension contributions, do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Intergovernmental Payable	(12,626)	
Compensated Absences Payable	<u>76,257</u>	
		63,631

Change in Net Assets of Governmental Activities		\$ <u><u>322,771</u></u>
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See Accompanying Notes to the Basic Financial Statements

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 5,341,679	\$ 5,113,067	\$ 5,113,067	-
Intergovernmental	9,788,949	10,399,589	10,399,589	-
Interest	30,000	31,828	31,828	-
Tuition and Fees	1,262,000	1,355,543	1,355,543	-
Rent	6,000	6,473	6,473	-
Extracurricular Activities	50,000	50,479	50,479	-
Miscellaneous	12,500	12,510	13,742	1,232
Total Revenues	<u>16,491,128</u>	<u>16,969,489</u>	<u>16,970,721</u>	<u>1,232</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	9,109,851	9,539,849	9,539,850	(1)
Special	1,290,133	1,115,639	1,115,639	-
Vocational	4,444	13,745	13,745	-
Adult/Continuing	16,087	18,325	18,325	-
Other	20,328	71,070	71,070	-
Support Services:				
Pupils	440,622	450,744	450,744	-
Instructional Staff	493,351	537,537	537,537	-
Board of Education	74,926	17,999	17,999	-
Administration	1,415,533	1,397,468	1,397,468	-
Fiscal	375,758	389,612	389,612	-
Operation and Maintenance of Plant	1,562,036	1,509,733	1,509,734	(1)
Pupil Transportation	1,044,463	1,057,959	1,057,961	(2)
Extracurricular Activities	315,059	324,555	324,555	-
Capital Outlay	136,165	-	-	-
Total Expenditures	<u>16,298,756</u>	<u>16,444,235</u>	<u>16,444,239</u>	<u>(4)</u>
Excess of Revenues Over (Under) Expenditures	<u>192,372</u>	<u>525,254</u>	<u>526,482</u>	<u>1,228</u>
Other Financing Sources and Uses:				
Transfers In	1,214,814	1,246,162	1,231,267	(14,895)
Proceeds from Sale of Capital Assets	2,000	3,074	3,074	-
Refund of Prior Year Expenditures	500	17,122	17,122	-
Advances In	40,000	46,579	46,579	-
Transfers Out	(1,668,233)	(1,341,437)	(1,326,542)	14,895
Advances Out	(46,579)	(16,029)	(16,028)	1
Total Other Financing Sources and Uses	<u>(457,498)</u>	<u>(44,529)</u>	<u>(44,528)</u>	<u>1</u>
Net Change in Fund Balances	(265,126)	480,725	481,954	1,229
Fund Balance (Deficit) at Beginning of Year	475,836	475,836	475,836	-
Prior Year Encumbrances Appropriated	144,288	144,288	144,288	-
Fund Balance (Deficit) at End of Year	<u>\$ 354,998</u>	<u>\$ 1,100,849</u>	<u>\$ 1,102,078</u>	<u>\$ 1,229</u>

See Accompanying Notes to the Basic Financial Statements

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2005**

	<u>Agency Fund</u>
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>51,696</u>
Total Assets	<u>51,696</u>
<b>Liabilities</b>	
Current Liabilities:	
Due to Students	<u>51,696</u>
Total Liabilities	\$ <u><u>51,696</u></u>

See Accompanying Notes to the Basic Financial Statements

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**1. DESCRIPTION OF THE SCHOOL DISTRICT**

The Beaver Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally elected, five-member Board of Education and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities staffed by 85 non-certified and 159 certified full-time teaching personnel who provide services to 2,431 students and other community members.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Financial Reporting Entity**

The 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, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Management has determined the District has no component units.

The following entities that perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District:

**COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER**

The County Educational Service Center Board of Education is a separate body politic and corporate. A County Educational Service Center Board of Education is elected independent of any school district relationships, and administers the provision of traditional county board services. The County Educational Service Center Board of Education provides curriculum consulting services, special education services, and other services to the county schools. The County Educational Service Center Board of Education acts as the budgeting authority for its services.



**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**ST. CLAIR TOWNSHIP**

The St. Clair Township is a separate body politic and corporate. A clerk and Board of Trustees are elected independent of any school district relationships, and administer the provision of traditional township services. The Board of Trustees acts as the taxing and budgeting authority for these township services.

**MADISON TOWNSHIP**

The Madison Township is a separate body politic and corporate. A clerk and Board of Trustees are elected independent of any school district relationships, and administer the provision of traditional township services. The Board of Trustees acts as the taxing and budgeting authority for these township services.

**ELKRUN TOWNSHIP**

The Elkrun Township is a separate body politic and corporate. A clerk and Board of Trustees are elected independent of any school district relationships, and administer the provision of traditional township services. The Board of Trustees acts as the taxing and budgeting authority for these township services.

**MIDDLETON TOWNSHIP**

The Middleton Township is a separate body politic and corporate. A clerk and Board of Trustees are elected independent of any school district relationships, and administer the provision of traditional township services. The Board of Trustees acts as the taxing and budgeting authority for these township services.

**BEAVER LOCAL EDUCATION ASSOCIATION**

The Beaver Local Education Association (BLEA) is a separate body politic and corporate. The BLEA is affiliated with the Ohio Education Association. A Board of Officers is elected independent of any school district relationships, and administers the provision of an association. The BLEA acts as its budgeting authority for these services.

**OHIO ASSOCIATION OF PUBLIC SCHOOL EMPLOYEES CHAPTER #564**

The Ohio Association of Public School Employees Chapter #564 (OAPSE) is a separate body politic and corporate. The OAPSE is affiliated with AFSCME, AFL-CIO. A Board of Officers is elected independent of any school district relationships, and administers the provision of an association. The OAPSE acts as its budgeting authority for these services.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**OUTSIDE SUPPORT/BOOSTER CLUBS**

The officers act as the budgeting authority for these services. The District is not involved in the budgeting or management, is not responsible for any debt, and has no influence over these organizations:

- Calcutta Mothers Club
- Rogers Parent-Teachers Organization
- West Point School Association
- Beaver Local Track Booster Club
- Beaver Touchdown Booster Club
- Lady Beaver Hoop Club
- Big Team Basketball Club
- Marine Corps Junior Reserve Officer Training Corps Booster Club
- Beaver Local Music Boosters
- Beaver Local High School Junior Parents Club
- Cheertime Boosters

The District is associated with two organizations, which are defined as jointly governed organizations. These organizations are presented in Note 9 to the basic financial statements. These organizations are:

- Columbiana County Career Center
- Area Cooperative Computerized Education Service System (ACCESS)

The District is also associated with an insurance purchasing pool – the Ohio Association of School Business Official Workers' Compensation Group Rating Program. It is presented in Note 8.

**Basis of Presentation**

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**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 statement of net assets presents the financial condition of the governmental activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program 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, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the District.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. 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.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

**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 General Fund is the District's major governmental funds:

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 is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

**Proprietary Fund**

The Proprietary Fund focuses on the determination of the changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no enterprise fund or internal service funds.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: trust and agency funds. Trust funds are used to account for assets 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**C. Measurement Focus**

*Government-wide Financial Statements* - The statements 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. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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.

*Fund Financial Statements* - All Governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide 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.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources 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.

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. The fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**Deferred Revenue**

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

Property taxes (should not include delinquent) for which there is an enforceable legal claim as of June 30, 2005, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenditures/Expenses**

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 on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on long term debt which is reported only when due, and the costs of accumulated unpaid vacation and sick leave, which are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by the employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax budget, the Certificate of Estimated Resources, and the Appropriations Resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Tax Budget**

Prior to January 15, 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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Columbiana County Budget Commission for rate determination.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. 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 as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. Prior to year-end, the District requested and received an amended certificate of estimated resources that reflects actual revenue for the fiscal year. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2005.

**Appropriations**

Upon receipt from the County Auditor of an amended Certificate of Estimated Resources on final assessed values and tax rate or a certificate saying no new certificate is necessary, the annual Appropriation Resolution must be legally enacted by the Board of Education at the fund level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the District. The Appropriation Resolution, 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 at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

**Encumbrances**

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the legal level of control. On the fund financial statements, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

**Lapsing of Appropriations**

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**F. Cash and Cash Equivalents and Investments**

To improve cash management, all cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. During fiscal year 2005, investments were limited to overnight repurchase agreements and the State Treasurer's Investment Pool.

Nonparticipating investment contracts such as overnight repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2005. 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, 2005.

As authorized by Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest was distributed to the General Fund and the Food Service Fund. Interest revenue credited to the General Fund during fiscal year 2005 amounted to \$33,965, which includes \$11,889 assigned from other District funds.

For presentation of the financial statements, 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. During the fiscal year, all investments of the District had a maturity of three months or less.

**G. Inventory**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's maintains a capitalization threshold of one thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

All reported capital assets, other than land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

**I. 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. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or 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 income and property taxes, grants entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: extracurricular activities, entitlements, tuition and student fees.

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets.

**K. Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16 "Accounting for Compensated Absences." Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' right to receive compensation is attributable to services already rendered.



**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those that are contingent on a specific event that is outside the control of the employer and employee. The District has accrued a liability for these compensated absences using the vested method. The liability for severance payments is based upon the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive severance termination payments, as well as those employees who are currently eligible to receive severance termination payments, as well as those employees, who have at least 10 years of service at 50 years of age or older and 20 years of service at any age.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

**L. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and contractually required pension contributions 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. Capital leases, bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

**M. Interfund Transactions**

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

**N. Net Assets**

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

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

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**O. Fund Balance Reserves**

The District records reservations for portions of fund equity that are legally segregated for a specific future use or that 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, property taxes, and prepaids.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2005.

**Q. Estimates**

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

**3. BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

<b>Net Change in Fund Balance Major Governmental Fund</b>	
GAAP Basis	\$354,127
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2004, Received In Cash FY 2005	186,191
Accrued FY 2005, Not Yet Received in Cash	(482,731)
Expenditure Accruals:	
Accrued FY 2004, Paid in Cash FY 2005	(1,392,449)
Accrued FY 2005, Not Yet Paid in Cash	2,105,741
Advances Net	30,550
Encumbrances Outstanding at Year End (Budget Basis)	(319,475)
Budget Basis	\$481,954

**4. DEPOSITS AND INVESTMENTS**

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

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

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

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

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer’s investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

At year end, the District had \$2,595 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents.”

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,221,537 of the District’s bank balance of \$1,472,957 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the District’s name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2005, the District had the following investments.

	<u>Carrying and Fair Value</u>	<u>Maturity</u>
Repurchase Agreement	\$418,799	July 1, 2005
STAR Ohio	166,829	Average
Total Investments	<u>\$585,628</u>	

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

Credit Risk - STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Investments in commercial paper are limited to notes rated at the time of purchase to the highest classification established by two nationally recognized standard rating services. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time.

**5. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year. Second half distributions occur in a subsequent fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed values listed as of January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. All property is required to be revalued every six years with a triennial update (triennial update was in 2001). The public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property taxes at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of current year. Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which the fiscal year 2005 taxes were collected are:

Category	2004 Second- Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Property Valuation:				
Agricultural/Residential	\$150,116,530	73%	\$168,651,590	74%
Commercial/Industrial			36,858,070	16%
Public Utilities Personal	31,812,780	15%	11,226,700	5%
Tangible Personal	24,706,410	12%	12,043,290	5%
Total Valuation	<u>\$206,635,720</u>	<u>100%</u>	<u>\$228,779,650</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$31.60		\$31.10	

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 earlier or later payment dates to be established.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

Tangible personal property taxes paid 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.

The District receives property taxes from Columbiana 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, 2005 are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent. Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2005. Although total property tax collections for the next fiscal year are measurable, the entire amount measurable is not intended to finance current year operation. The receivable is therefore offset by a credit to deferred revenue.

**6. RECEIVABLES**

Receivables at June 30, 2005, consisted of taxes, accounts (tuition and fee), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables follows:

	<u>Amount</u>
Governmental Activities	
Taxes	\$5,421,210
Accounts	36,311
Intergovernmental	321,127
Accrued Interest	<u>2,503</u>
Total Receivables	<u>\$5,781,151</u>

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**7. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Balance at 07/01/2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 06/30/2005</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$601,710			\$601,710
Total Nondepreciable Capital Assets	<u>601,710</u>			<u>601,710</u>
Depreciable Capital Assets				
Land Improvements	1,053,905			1,053,905
Buildings/Improvements	5,165,185			5,165,185
Furniture and Equipment	1,915,921	\$136,070	\$154,737	1,897,254
Vehicles	1,366,114	283,285	144,955	1,504,444
Total Depreciable Capital Assets	<u>9,501,125</u>	<u>419,355</u>	<u>299,692</u>	<u>9,620,788</u>
Less Accumulated Depreciation	<u>(6,573,393)</u>	<u>(344,989)</u>	<u>(275,720)</u>	<u>(6,642,662)</u>
Depreciable Capital Assets, Net	<u>2,927,732</u>	<u>74,366</u>	<u>23,972</u>	<u>2,978,126</u>
Governmental Activities Capital Assets, Net	<u>\$3,529,442</u>	<u>\$74,366</u>	<u>\$23,972</u>	<u>\$3,579,836</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$124,263
Special	2,667
Support Services:	
Pupil	2,540
Instructional Staff	3,812
Administration	18,573
Fiscal	1,490
Operation and Maintenance of Plant	12,030
Pupil Transportation	76,024
Non-Instructional Services	2,449
Extracurricular	16,645
Capital Outlay	84,496
Total Depreciation Expense	<u>\$344,989</u>

**8. RISK MANAGEMENT**

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 disaster. During fiscal year 2005, the District had a \$500 deductible per occurrence. The Nationwide Mutual Insurance Company provides liability insurance with a \$5,000,000 aggregate limit.

The Schools of Ohio Risk Sharing Authority with a \$500 deductible also provides fleet insurance collision coverage and a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

A \$20,000 performance bond is maintained for the Treasurer, Superintendent and Board President through the Harcutt-Hyre Insurance Agency.

For fiscal year 2005, the District participated in the Ohio Association of School Business Official (OASBO) Workers' Compensation Group Rating Program (GRP), and insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The Workers' Compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its Workers' Compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**9. JOINTLY GOVERNED ORGANIZATIONS**

Area Cooperative Computerized Education Service System (ACCESS) is a jointly governed organization among Mahoning County Educational Service Center, Columbiana Educational Service Center, Austintown Local School District, Boardman Local School District, East Liverpool City School District, Salem City School District, West Branch Local School District, Beaver Local School District, Poland Local School District, Canfield Local School District, Struthers City School District, Campbell City School District, United Local School District, Springfield Local School District, Jackson-Milton Local School District, South Range Local School District, Columbiana Local School District, Leetonia Exempted Village School District, Sebring Local School District, Western Reserve Local School District, Mahoning County Career & Technical Center, Lowellville Local School District, and Columbiana County Career Center. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The seven-member board of governors consists of the two superintendents and one Treasurer from each county (Columbiana and Mahoning). The degree of control exercised by any participating school district is limited to its representation on the board. Mahoning County Educational Service Center is the fiscal agent for ACCESS. The assembly exercises total control over the operation of the consortium including budgeting, appropriating, contracting, and designating management. All the consortium revenues are generated from charges for services and State funding. Financial information can be obtained by writing to: Mahoning County Educational Service Center, Treasurer's Office, 100 DeBartolo Place, Suite 104, Youngstown, Ohio 44512-7019.

The Columbiana County Career Center is a jointly governed organization to provide for the vocational and special education needs of the students of eight participating school districts. The Board of Education members are appointed by the local boards of education from one of its elected members. The Career Center Board of Education exercises total control over the operations, including budgeting, appropriating, contracting, and designating management. All revenues are generated from tax levies, State funding, and fees. Financial information can be obtained by writing to: Columbiana County Career Center, Treasurer's Office, 9364 State Route 45, Lisbon Ohio 44432.



**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**10. DEFINED PENSION BENEFIT PLANS**

**A. School Employees Retirement System**

**Plan Description** The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement 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 state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System 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 SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

**Funding Policy** 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 rate is 14 percent of the 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 the fiscal year 2005, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 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 contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$184,103, \$147,342, and \$138,035, respectively, 49 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

**B. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing multiple-employer defined benefit pension plan. 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 STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

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

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2005, were 10 percent of annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 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 pension obligations to STRS Ohio for pension obligations for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,001,170, \$966,098, and \$677,389, respectively; 84 percent has been contributed for fiscal year 2005 and 100 percent for the fiscal years 2004 and 2003.

**11. POSTEMPLOYMENT BENEFITS**

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit Plan and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code, the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care costs in the form of monthly premium.

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently at 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2004, the board allocated employer contributions equal to 1% of covered payroll to Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.1 billion on June 30, 2004.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000. There were 111,853 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

After the allocation for the basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2004, the allocation rate is 4.91%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2004, the minimum pay has been established as \$24,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, the Retirement System's net assets available for payment of health care benefits were \$300.8 million.

The number of participants currently receiving health care benefits is approximately 62,000.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .35072, then adding the surcharge due as of June 30, 2004, as certified to your district by SERS.

**12. OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Administrators, supervisors and classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators do not earn vacation time, with the exception of the Superintendent and Treasurer.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of one hundred twenty days for certified employees, ninety days for administrative/confidential employees, and seventy days for classified employees. An employee receiving such payment must meet the retirement provisions set by STRS Ohio or SERS.

**Life and Medical Insurance**

The District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$50,000 per certificated, administration and confidential employees, and \$35,000 for classified employees. Life insurance is provided through the Sun Life insurance Company.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

The District has contracted with Anthem Blue Cross Blue Shield to provide employee medical/surgical benefits under a fully insured plan. The District pays medical/surgical and prescription premiums of \$749.13 for family coverage and \$299.63 for single coverage per employee per month. The prescription plan utilizes a \$12.00 for brand name prescriptions and \$5.00 for generic.

Dental insurance is also provided by Anthem Blue Cross Blue Shield. Premiums for dental Coverage are \$26.94 for single coverage and \$73.35 for family coverage per employee per month.

Vision Service Plan provides vision insurance. Premiums for vision coverage are \$7.14 for single coverage and \$16.15 for family coverage per employee per month.

**13. LONG-TERM OBLIGATIONS**

Changes in the District's long-term obligations during fiscal year 2005 were as follows:

<b>Governmental Activities</b>	<b>Balance at 07/01/2004</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at 6/30/05</b>	<b>Due Within One Year</b>
Asbestos Removal Loan	\$27,985		\$12,348	\$15,637	\$12,348
OWDA Loan Payable	244,213		11,738	232,475	11,974
Note Payable	8,816		3,755	5,061	3,789
Compensated Absences	1,455,089	\$1,378,832	1,455,089	1,378,832	39,605
Capital Leases Payable	368,932	280,765	206,831	442,866	155,599
Total Governmental Activities Long-Term Liabilities	<u>\$2,105,035</u>	<u>\$1,659,597</u>	<u>\$1,689,761</u>	<u>\$2,074,871</u>	<u>\$223,315</u>

The asbestos removal loan and OWDA loan will be paid from the Debt Service Fund. Capital leases will be paid from the General Fund (copier and computer equipment), the miscellaneous federal grants fund, a special revenue fund type (computer equipment), and the SchoolNet Fund, a capital projects fund type (computer equipment). Compensated absences will be paid from the fund from which the person is paid. Intergovernmental payable represents pension obligations and will be paid from the fund from which the person is paid.

The annual requirements to amortize the asbestos removal loan, OWDA loan and the driver education car loan, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$28,111	\$4,601	\$32,712
2007	16,775	4,333	21,108
2008	12,460	4,085	16,545
2009	12,710	3,835	16,545
2010	12,966	3,579	16,545
2011-2015	68,845	13,881	82,726
2016-2020	76,048	6,676	82,724
2021-2022	25,257	488	25,745
Total	<u>\$253,172</u>	<u>\$41,478</u>	<u>\$294,650</u>

The District's overall legal debt margin was \$20,590,169 with an unvoted debt margin of \$228,780 at June 30, 2005.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**14. CAPITALIZED LEASES – LESSEE DISCLOSURE**

During a prior fiscal year, the District has entered into lease agreements as a lessee for financing the acquisition of certain fixed assets (phone and computer equipment) which was accounted for on a cash basis as an expenditure with an offset amount reported as an other financing source. These leases meet the criteria of a capital lease as defined by Financial Accounting Standards Board (FASB) Statement No. 13, "Accounting for Leases," which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. 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. The assets acquired under the lease agreements have been capitalized in the Statement of Net Assets in an amount equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability is recorded in the government-wide financial statements.

The following is a schedule of the future minimum lease payments and the present value of the minimum lease payments as of June 30, 2005:

<b>Fiscal Year Ending June 30,</b>	<b>General Long-Term Obligations</b>
2006	\$173,634
2007	131,023
2008	119,434
2009	61,035
Total Future Minimum Lease Payments	485,126
Less: Amount Representing Interest	(42,260)
Present Value of Future Minimum Lease Payments	\$442,866

**15. INTERFUND TRANSACTIONS**

Interfund loans receivable/payable consisted of the following at June 30, 2005, as reported on the fund statement:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Nonmajor Governmental Funds	\$16,028

Interfund transfers for the year ended June 30, 2005, consisted of the following, as reported on the fund statements:

Transfers from General Fund to: Nonmajor Governmental Funds	\$1,326,542
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**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**16. CONTINGENCIES**

**A. Grants**

The District receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2005.

**B. Litigation**

There are currently no matters in litigation with the District as defendant.

**17. SCHOOL FUNDING DECISION**

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

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

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

**18. 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 presorted on a cash basis. During the fiscal year ended June 30, 2005, the reserve activity was as follows:

	<b>Textbook/ Instructional</b>	<b>Capital Improvements</b>
Set-aside Cash Balance as of June 30, 2004	\$872,600	\$0
Current Year Set-aside Requirement	341,671	341,671
Qualifying Expenditures During the Fiscal Year	(609,602)	(595,701)
Total	\$604,669	\$254,030)
Balance of the Set Aside Carried Forward to The Next Fiscal Year Total	\$604,669	\$0

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$61,396		\$61,396
National School Breakfast Program	2004 05-PU 2005 05-PU	10.553	16,844 64,368		16,844 64,368	
Total National School Breakfast Program			81,212		81,212	
National School Lunch Program	2004 LL-P4 2005 LL-P4	10.555	68,136 254,249		68,136 254,249	
Total National School Lunch Program			322,385		322,385	
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>			<b>403,597</b>	<b>61,396</b>	<b>403,597</b>	<b>61,396</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1 2004 C1-S1 2005 C1-SD2004 C1-SD2005	84.010	58,300 337,795 7,587 25,631		58,300 341,196 1,619 25,631	
Total Title I Grants to Local Educational Agencies			429,313		426,746	
Access Grant	6B-SD2005	84.027	23,362		23,206	
Title V Grant	C2-S1 2004 C2-S1 2005	84.298	3,020 10,189		3,020 10,189	
			13,209		13,209	
Title II-D Grant	TJ-S1 2004 TJ-S1 2005	84.318	-2,204 5,435			4,608
Total Title II-D Grant			3,231		4,608	
Drug Free School Grant	DR-S1 2004 DR-S1 2005	84.186	2,421 12,755		2,421 12,914	
Total Drug Free School Grant			15,176		15,335	
Title II-A Grant	TR-S1-2004 TR-S1-2005	84.367	-2,132 132,805			117,385
Total Title II-A Grant			130,673		117,385	
Eisenhower Professional Development Grant	MS-S1 2005	84.281			30	
<b>Total Department of Education</b>			<b>614,964</b>		<b>600,519</b>	
<b>Total Federal Receipts and Expenditures</b>			<b>\$1,018,561</b>	<b>\$61,396</b>	<b>\$1,004,116</b>	<b>\$61,396</b>

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

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2005**

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B -- FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local receipts. It is assumed federal monies are expended first.





## **Auditor of State Betty Montgomery**

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

Beaver Local School District  
Columbiana County  
13093 State Route 7  
Lisbon, Ohio 44432

To the Board of Education:

We have audited the financial statements of the governmental activities, and the aggregate remaining fund information of Beaver Local School District, Columbiana County, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated March 30, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **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*.

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

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

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

**Betty Montgomery**  
Auditor of State

March 30, 2006



## Auditor of State Betty Montgomery

### 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

Beaver Local School District  
Columbiana County  
13093 State Route 7  
Lisbon, Ohio 44432

To the Board of Education:

#### Compliance

We have audited the compliance of Beaver Local School District, Columbiana County, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures 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 District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2005.

#### Internal Control Over Compliance

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

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

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

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

**Betty Montgomery**  
Auditor of State

March 30, 2006

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

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
JUNE 30, 2005**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under ' .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster (CFDA# 10.550, 10.553 and 10.555)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**BEAVER LOCAL SCHOOL DISTRICT**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 9, 2006**