



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BOARDMAN LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
JUNE 30, 2018**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis.....	5
Statement of Net Position .....	17
Statement of Activities.....	18
Balance Sheet - Governmental Funds.....	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual - General Fund.....	23
Statement of Fund Net Position – Proprietary Fund .....	24
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund.....	25
Statement of Cash Flows – Proprietary Fund.....	26
Statement of Net Position – Fiduciary Fund .....	27
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund .....	28
Notes to the Basic Financial Statements .....	29
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio.....	72
Schedule of the School District's Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio .....	73
Schedule of School District's Contributions – School Employees Retirement System of Ohio.....	74
Schedule of School District's Contributions – State Teachers Retirement System of Ohio .....	76

**BOARDMAN LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
JUNE 30, 2018**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Schedule of the School District's Proportionate Share of the Net OPEB Liability – School Employees Retirement System of Ohio.....	78
Schedule of the School District's Proportionate Share of the Net OPEB Liability – State Teachers Retirement System of Ohio .....	79
Schedule of School District OPEB Contributions - School Employees Retirement System of Ohio .....	80
Schedule of School District's Contributions – State Teachers Retirement System of Ohio .....	81
Notes to Required Supplementary Information.....	82
Schedule of Expenditures of Federal Awards.....	85
Notes to the Schedule of Expenditures of Federal Awards .....	86
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	87
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	89
Schedule of Findings.....	91

# OHIO AUDITOR OF STATE KEITH FABER



## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Also as discussed in Note 3 to the financial statements, during the year ended June 30, 2018, the District restated beginning net position of Governmental Activities due to a restatement of capital assets. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Keith Faber  
Auditor of State

Columbus, Ohio

March 12, 2019

**This page intentionally left blank.**



**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

---

The discussion and analysis of Boardman Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2018 are as follows:

In total, net position increased \$22,797,742 from fiscal year 2017, due to decreases in the net pension and OPEB liabilities. The effects of GASB 68 and 75 greatly distort the comparative analysis to follow in this MD&A due to the significant reduction to total expenses on a full accrual basis.

General revenues accounted for \$46,131,292 in revenue or 89 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,670,862 or 11 percent of total revenues of \$51,802,154.

The District had \$29,004,412 in expenses related to governmental activities; only \$5,670,862 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs on a full accrual basis, as evidenced by the increase in net position.

The District's major fund is the general fund whose revenues and other financing sources were outpaced by expenditures and other financing uses by \$975,617, resulting in a decrease of fund balance to \$2,227,127 on a modified accrual basis.

For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB), resulting in the restatement of beginning net position from the previously reported (\$40,155,823), to (\$59,316,139).

The District's total net pension liability decreased to \$55,076,081 from \$75,291,573 and the OPEB liability decreased to \$12,437,109, from \$15,407,278, a combined decrease of over \$23 million. For more information on this liability see Notes 15 and 16 to the basic financial statements.

**Using these Basic Financial Statements**

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

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

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

---

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The Statement of Net Position and the Statement of Activities answers this question. These statements include *all assets, deferred inflows of resources, liabilities, and deferred outflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

*Fund Financial Statements*

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

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

**Reporting the District's Fiduciary Responsibilities**

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

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

**The District as a Whole**

Table 1 shows Net Position for fiscal year 2018 as compared to fiscal year 2017.

<b>Net Position (Table 1)</b>			
<b>Governmental Activities</b>			
	2018	(Restated) 2017	Change
<b>Assets</b>			
Current and Other Assets	\$44,526,487	\$46,235,715	(\$1,709,228)
Capital Assets, Net	23,496,692	22,998,461	498,231
<i>Total Assets</i>	<u>68,023,179</u>	<u>69,234,176</u>	<u>(1,210,997)</u>
<b>Deferred Outflows of Resources</b>			
Pension	15,803,675	13,338,092	2,465,583
OPEB	546,038	103,719	442,319
<b>Liabilities</b>			
Current Liabilities	6,364,521	7,168,962	(804,441)
Long-Term Liabilities			
Due within One Year	1,860,150	1,754,541	105,609
Due in More than One Year:			
Net Pension Liability	55,076,081	75,291,573	(20,215,492)
Net OPEB Liability	12,437,109	15,407,278	(2,970,169)
Other Amounts	10,356,795	10,915,716	(558,921)
<i>Total Liabilities</i>	<u>86,094,656</u>	<u>110,538,070</u>	<u>(24,443,414)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	30,714,732	30,400,978	313,754
Other	202,125	231,000	(28,875)
Pension	2,483,258	822,078	1,661,180
OPEB	1,396,518	0	1,396,518
<i>Total Deferred Inflows of Resources</i>	<u>34,796,633</u>	<u>31,454,056</u>	<u>3,342,577</u>
<b>Net Position</b>			
Net Investment in Capital Assets	13,939,224	12,726,385	1,212,839
Restricted	3,234,831	3,671,004	(436,173)
Unrestricted (Deficit)	(53,692,452)	(75,713,528)	22,021,076
<i>Total Net Position</i>	<u>(\$36,518,397)</u>	<u>(\$59,316,139)</u>	<u>\$22,797,742</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

---

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Over time, Net Position can serve as a useful indicator of a government's financial position. At June 30, 2018, the District's total net position was a negative \$36,518,397. Of this total, \$3,234,831 is restricted in use, which represents resources that are subject to external restriction on how they may be used.

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

	2018	(Restated) 2017	Increase (Decrease)
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$2,143,073	\$1,706,056	\$437,017
Operating Grants and Contributions	3,304,518	3,138,598	165,920
Capital Grants and Contributions	223,271	195,000	28,271
<i>Total Program Revenues</i>	<u>5,670,862</u>	<u>5,039,654</u>	<u>631,208</u>
<b>General Revenues</b>			
Property Taxes	31,520,269	29,297,597	2,222,672
Intergovernmental	14,192,638	14,012,310	180,328
Investment Earnings	139,795	53,039	86,756
Miscellaneous	278,590	269,480	9,110
<i>Total General Revenues</i>	<u>46,131,292</u>	<u>43,632,426</u>	<u>2,498,866</u>
<i>Total Revenues</i>	<u>51,802,154</u>	<u>48,672,080</u>	<u>3,130,074</u>
<b>Program Expenses</b>			
Instruction	13,472,150	31,442,058	17,969,908
Support Services	12,820,152	17,050,130	4,229,978
Operation of Non-Instructional/Food Services	1,348,200	1,666,730	318,530
Extracurricular Activities	861,208	1,252,716	391,508
Interest and Fiscal Charges	502,702	526,393	23,691
<i>Total Program Expenses</i>	<u>29,004,412</u>	<u>51,938,027</u>	<u>22,933,615</u>
<i>Change in Net Position</i>	<u>22,797,742</u>	<u>(3,265,947)</u>	<u>26,063,689</u>
Net Position Beginning of Year - Restated	<u>(59,316,139)</u>	N/A	
<i>Net Position End of Year</i>	<u>(\$36,518,397)</u>	<u>(59,316,139)</u>	<u>\$22,797,742</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$103,719 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$1,912,651.

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 Program Expenses under GASB 75	\$29,004,412
Negative OPEB Expense under GASB 75	1,192,651
2018 Contractually Required Contributions	<u>103,318</u>
Adjusted 2018 Program Expenses	30,300,381
Total 2017 Program Expenses under GASB 75	<u>51,938,027</u>
Decrease in Program Expenses not Related to OPEB	<u><u>(\$21,637,646)</u></u>

**Governmental Activities**

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 88 percent of total governmental revenue. Total revenues increased \$3.1 million while expenses decreased \$22.9 million. The effects of GASB 68 and 75 greatly distort this comparative analysis due to the significant impact changes made to cost of living adjustments enacted by the state pension board had on the District's share of the total pension/OPEB liability.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2018 and 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Table 3**  
Total and Net Cost of Program Services

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction	\$13,472,150	\$11,065,656	\$31,442,058	\$29,678,428
Support Services	12,820,152	12,008,750	17,050,130	16,324,900
Operation of Non-Instructional and Food Services	1,348,200	(438,885)	1,666,730	(185,037)
Extracurricular Activities	861,208	195,327	1,252,716	553,689
Interest and Fiscal Charges	<u>502,702</u>	<u>502,702</u>	<u>526,393</u>	<u>526,393</u>
<i>Total Expenditures</i>	<u><u>\$29,004,412</u></u>	<u><u>\$23,333,550</u></u>	<u><u>\$51,938,027</u></u>	<u><u>\$46,898,373</u></u>

The table above reflects how the District funds its programs through program revenues. Instructional services, support services, co-curricular activities, and interest charges rely heavily on general revenues, while non-instructional and food services were completely funded by program revenues during the fiscal year. The large decrease in instructional and support services is the byproduct of GASB 68 and 75 as previously discussed. To gain a better understanding of operations, please refer to the fund analysis on the next following pages.

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

The dependence upon general tax revenues for governmental activities is apparent. 100 percent of all District expenses were supported through property taxes alone this year. For all governmental activities, general revenue and prior year cash balances helped to support most expenses as shown in the above table. The community, as a whole, is by far the primary support for Boardman Local School District students.

***The District's Funds***

The District's funds (as presented on the balance sheet) reported a combined fund balance of \$4,396,757 which is less than last year's total of \$5,899,908 by 25 percent. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2018 and 2017.

	Fund Balance June 30, 2018	Fund Balance June 30, 2017	Increase (Decrease)
General	\$2,227,127	\$3,202,744	(\$975,617)
Other Governmental	2,169,630	2,697,164	(527,534)
Total	\$4,396,757	\$5,899,908	(\$1,503,151)

***General Fund***

During fiscal year 2018, the District's general fund balance decreased on a modified accrual basis by \$975,617; total revenues within the general fund increased by over 7 percent and expenditures increased by 4 percent. The primary reason for the overall decrease in fund balance this fiscal year is that revenues and other financing sources were slightly exceeded by expenditures and transfers out. The District has built a surplus by balancing its budget and by spending less than total revenues over the past few years. Various major expenditure savings policies were applied to the District's budget with great success. The District has utilized various phases of energy conservation permanent improvements that decrease utility expenditures and yet maintain the buildings. In addition, the District utilizes a negotiated Retire/Rehire Program for the professional staff yielding extensive savings in payroll. The use of these expenditure policies has extended the operating lives of the District's existing levies and also these policies have counteracted the recent environment of eroding tax revenues for the District. As a result, the control of expenditures has preserved the accumulation of prior year-end positive fund balances.

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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

	2018	2017	% Change
<b><u>Revenues</u></b>			
Taxes	\$29,998,050	\$27,796,094	7.9 %
Tuition	1,180,353	720,624	63.8 %
Earnings on investments	135,300	52,547	157.5 %
Intergovernmental	13,894,327	13,642,909	1.8 %
Other revenues	516,048	427,765	20.6 %
<b>Total</b>	<b>\$45,724,078</b>	<b>\$42,639,939</b>	<b>7.2 %</b>
<b><u>Expenditures</u></b>			
Instruction	29,705,213	28,608,706	3.8 %
Support services	14,729,333	14,230,046	3.5 %
Operation of non-instructional/food services	234,397	8,682	2,599.8 %
Extracurricular activities	924,752	825,925	12.0 %
Capital outlay	654,328	1,005,307	n/a %
Debt service	367,996	304,491	20.9 %
<b>Total</b>	<b>\$46,616,019</b>	<b>\$44,983,157</b>	<b>3.6 %</b>

***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 2018 the District amended its General Fund budget as needed. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, actual revenue, including other financing sources, was \$44,276,957, which was \$824,943 less than the original and equaled the final budget. The actual revenue amounts received were less than the amounts anticipated at the beginning of the fiscal year, most notably, intergovernmental revenue.

Total actual expenditures, including other financing uses, were \$46,327,283, which equaled the final budgeted expenditures and was \$582,370 less than original budgeted expenditures of \$46,909,653. The variance with original appropriations was due to a conservative estimates approach and insignificant when compared to an entire year of operation.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2018, the District had \$23,496,692 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles.



**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

Table 4 shows fiscal year 2018 balances compared to fiscal year 2017:

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

	2018	(Restated) 2017
Land	\$3,456,579	\$3,456,579
Construction in Progress	1,124,664	119,600
Land Improvements	701,018	732,497
Buildings and Improvements	16,127,296	16,633,745
Furniture, Fixtures and Equipment	861,200	744,497
Vehicles	1,225,935	1,311,543
<i>Total</i>	<u>\$23,496,692</u>	<u>\$22,998,461</u>

All capital assets, except land and construction in progress, are reported net of depreciation. As one can see, the District had an overall increase in capital assets of \$498,321. The majority of this increase is due to current year additions of \$1,722,303 exceeding current year depreciation expense of \$1,224,072. For more information about the District's capital assets, see Note 10 to the basic financial statements.

In the prior fiscal year, the District transferred a parcel of land valued at \$918,750 to Boardman Township in exchange for a parcel of land valued at \$630,000, to allow the Township to build a new fire station and the District to obtain new parking for busses and maintenance/office employees. The value of land acquired by the District was \$288,750 less than the value of the land given to the Township, so the Township has agreed to pay the District this difference over 10 years, or \$28,875 per year. A note receivable from the Township has been recorded in the general fund to reflect this transaction.

The District performed an internal review of its capital assets and removed \$3,856,757 of assets and/or accumulated depreciation, resulting in a restatement to net position of this same amount.

***Long-Term Obligations***

At June 30, 2018, the District had qualified school construction bonds, one energy conservation note, lease purchase agreements and compensated absences outstanding. Of this total, \$1,860,150 is due within one year and \$10,356,795 is due in more than one year. The following table summarizes these loans and the District's outstanding capital lease obligations.

**Table 5**  
Outstanding at Fiscal Year End

	2018	2017
Qualified School Construction Bonds	\$2,092,801	\$2,325,334
Energy Conservation Note	1,700,000	1,918,852
Bus Purchase Loan	0	108,251
Capital Lease/Lease Purchase Obligations	5,764,667	5,919,639
Compensated Absences	2,659,477	2,398,181
<i>Total</i>	<u>\$12,216,945</u>	<u>\$12,670,257</u>

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

---

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

The District currently has five lease purchase or capital lease obligations outstanding totaling \$5,764,667. Of this total \$881,215 is related to the new stadium and it should be noted that the entire balance of this lease purchase agreement is being paid for by donations from boosters and not taxpayer dollars. During fiscal year 2018, \$194,396 was received to make the scheduled principal and interest payments.

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

**Current Financial Related Activities**

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. In Mahoning County, our District's state funding per pupil is the one of the lowest in the State of Ohio. Boardman Local School District local taxes are represented by one permanent improvement levy, two emergency levies and three current expense levies. These limited levies all need to be renewed and vary from five to 10 year terms.

The District continues to be very aggressive in cost cutting measures, while maintaining the high quality programs that are a tradition of our District. Retire/rehire has been a very successful cost savings program. The District is afforded a lower cost per employee, while retaining quality and expertise for up to a three year period. The Board continues to explore areas to reduce operating costs. These areas include staffing, health care, natural gas, electricity, workers' compensation and all insurances. The District is also exploring shared services with neighboring districts. The District negotiated a new three year contract with all employee groups which commenced in fiscal year 2018 and expires in fiscal year 2020. In 2018, 2019 and 2020 the base wage increased 1, 2 and 2 percent, respectively, for each year of the contract.

Several significant legislative and judicial actions have occurred that have had a major impact on our District - community schools, open enrollment, autistic scholarships, and the Jon Peterson Scholarship. The Jon Peterson scholarship gives more choice to special education students. In fiscal year 2018 seven parochial and community schools received approximately \$266,540 for 16.59 students. The scholarship cost per pupil ranges from \$9,622 to \$25,637 and is paid 100 percent with local funds. This is a major concern for the District, which has over 300 students attend parochial schools. The District will continue to lobby to the State of Ohio for changes in the way the funding is distributed for Community Schools, open enrollment, autism scholarships and the Jon Peterson Scholarship. The District receives approximately \$2,079 for each student through the State foundation. When a student leaves Boardman to go to a Community School or Open Enrollment, approximately \$6,010 is reduced from our District's funding. The numbers above representing fiscal year 2003 through 2018 are evidence of the increased dollars that are being diverted to Community Schools, Open Enrollment Schools, and private schools that receive scholarship funding.

The State's 2018 school foundation level increased approximately \$523,934 from the fiscal year 2017 level. This was the first year of the new two year state budget. In the prior two year state budget which commenced in fiscal year 2017 the District continues to lose personal property reimbursement. The District collected \$1,043,792 in personal property loss reimbursement from the State in fiscal year 2017, and \$519,768 in fiscal year 2018, a \$,524,024 revenue loss. New legislation passed in the new State Biennial budget will phase out the tangible personal property reimbursement by fiscal year 2019. This

**Boardman Local School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

---

---

has a negative effect on school districts throughout the State. The Board of Education is very concerned about the loss of this revenue stream after fiscal year 2018.

Personal Property Tax revenue at one time represented ten percent of the District's revenue. In fiscal year 2003, the District collected \$3,764,061 on personal property and zero for fiscal 2019 and beyond. This decrease has put a tremendous strain on the District's revenue and the ability to maintain financial stability.

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

**Contacting the District's Financial Management**

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

*(This Page Intentionally Left Blank)*

**Boardman Local School District**

Mahoning County, Ohio

*Statement of Net Position**June 30, 2018*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$11,759,281
Accrued Interest Receivable	4,084
Accounts Receivable	66,082
Intergovernmental Receivable	89,992
Property Taxes Receivable	32,235,680
Inventory Held for Resale	77,790
Materials and Supplies Inventory	62,578
Note Receivable	231,000
Nondepreciable Capital Assets	4,581,243
Depreciable Capital Assets, Net	18,915,449
<i>Total Assets</i>	<u>68,023,179</u>
<b>Deferred Outflows of Resources</b>	
Pension	15,803,675
Other Postemployment Benefits	546,038
<i>Total Deferred Outflows of Resources</i>	<u>16,349,713</u>
<b>Liabilities</b>	
Accounts Payable	114,416
Accrued Wages and Benefits Payable	4,284,662
Intergovernmental Payable	1,289,617
Matured Compensated Absences Payable	99,709
Accrued Interest Payable	65,517
Claims Payable	510,600
Long-Term Liabilities:	
Due Within One Year	1,860,150
Due In More Than One Year:	
Net Pension Liability	55,076,081
Other Postemployment Benefits Liability	12,437,109
Other Amounts Due in More than One Year	10,356,795
<i>Total Liabilities</i>	<u>86,094,656</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	30,714,732
Other	202,125
Pension	2,483,258
Other Postemployment Benefits	1,396,518
<i>Total Deferred Inflows of Resources</i>	<u>34,796,633</u>
<b>Net Position</b>	
Net Investment in Capital Assets	13,939,224
Restricted for:	
Capital Projects	2,119,606
Debt Service	145,679
Other Purposes	836,385
Set-asides	133,161
Unrestricted	(53,692,452)
<i>Total Net Position</i>	<u>(\$36,518,397)</u>

See accompanying notes to the basic financial statements

**Boardman Local School District**  
Mahoning County, Ohio

*Statement of Activities*  
*For the Fiscal Year Ended June 30, 2018*

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position	
			Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>					
Current:					
Instruction:					
Regular	\$9,262,702	\$612,919	\$87,786	\$0	(\$8,561,997)
Special	4,105,669	321,955	1,162,477	0	(2,621,237)
Adult/Continuing	1,884	174,954	0	0	173,070
Other	101,895	46,403	0	0	(55,492)
Support Services:					
Pupils	947,790	0	426,012	0	(521,778)
Instructional Staff	1,518,929	0	211,411	0	(1,307,518)
Board of Education	210,157	0	0	0	(210,157)
Administration	1,444,650	0	162,575	0	(1,282,075)
Fiscal	912,287	0	0	0	(912,287)
Business	183,828	0	0	0	(183,828)
Operation and Maintenance of Plant	4,449,654	0	0	0	(4,449,654)
Pupil Transportation	2,845,310	0	11,404	0	(2,833,906)
Central	307,547	0	0	0	(307,547)
Operation of Non-Instructional Services	1,348,200	546,875	1,211,335	28,875	438,885
Extracurricular Activities	861,208	439,967	31,518	194,396	(195,327)
Interest and Fiscal Charges	502,702	0	0	0	(502,702)
<b>Total Governmental Activities</b>	<b>\$29,004,412</b>	<b>\$2,143,073</b>	<b>\$3,304,518</b>	<b>\$223,271</b>	<b>(23,333,550)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
					30,368,300
					1,151,969
Grants and Entitlements not					
					14,192,638
					139,795
					278,590
<b>Total General Revenues</b>					<b>46,131,292</b>
<b>Change in Net Position</b>					<b>22,797,742</b>
<b>Net Position Beginning</b>					<b>(59,316,139)</b>
<b>of Year - Restated (See Note 3)</b>					
<b>Net Position End of Year</b>					<b>(\$36,518,397)</b>

See accompanying notes to the basic financial statements

**Boardman Local School District**

Mahoning County, Ohio

*Balance Sheet  
Governmental Funds  
June 30, 2018*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$6,980,768	\$2,412,040	\$9,392,808
Accrued Interest Receivable	0	4,084	4,084
Accounts Receivable	66,082	0	66,082
Interfund Receivable	49,756	0	49,756
Intergovernmental Receivable	0	89,992	89,992
Property Taxes Receivable	30,976,692	1,258,988	32,235,680
Inventory Held for Resale	0	77,790	77,790
Materials and Supplies Inventory	56,507	6,071	62,578
Note Receivable	231,000	0	231,000
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	133,161	0	133,161
<i>Total Assets</i>	<u>\$38,493,966</u>	<u>\$3,848,965</u>	<u>\$42,342,931</u>
<b>Liabilities</b>			
Accounts Payable	\$114,416	\$0	\$114,416
Accrued Wages and Benefits Payable	4,105,763	178,899	4,284,662
Intergovernmental Payable	1,104,791	184,826	1,289,617
Matured Compensated Absences Payable	99,109	600	99,709
Interfund Payable	0	49,756	49,756
<i>Total Liabilities</i>	<u>5,424,079</u>	<u>414,081</u>	<u>5,838,160</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	29,515,952	1,198,780	30,714,732
Other	202,125	0	202,125
Unavailable Revenue - Property Taxes	1,095,808	45,340	1,141,148
Unavailable Revenue - Intergovernmental	0	21,134	21,134
Unavailable Revenue - Other	28,875	0	28,875
<i>Total Deferred Inflows of Resources</i>	<u>30,842,760</u>	<u>1,265,254</u>	<u>32,108,014</u>
<b>Fund Balances</b>			
Nonspendable	56,507	6,071	62,578
Restricted	0	2,208,034	2,208,034
Committed	313,257	33,830	347,087
Assigned	258,853	37	258,890
Unassigned (Deficit)	1,598,510	(78,342)	1,520,168
<i>Total Fund Balances</i>	<u>2,227,127</u>	<u>2,169,630</u>	<u>4,396,757</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$38,493,966</u>	<u>\$3,848,965</u>	<u>\$42,342,931</u>

See accompanying notes to the basic financial statements

**Boardman Local School District**  
Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2018*

<b>Total Governmental Fund Balances</b>	<b>\$4,396,757</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,496,692
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	1,141,148
Intergovernmental	21,134
Other	<u>28,875</u>
Total	1,191,157
The net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Deferred Outflows - Pension	15,803,675
Deferred Inflows - Pension	(2,483,258)
Net Pension Liability	(55,076,081)
Deferred Outflows - OPEB	546,038
Deferred Inflows - OPEB	(1,396,518)
OPEB Liability	<u>(12,437,109)</u>
Total	(55,043,253)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,722,712
In the statement of activities, interest is accrued on outstanding bonds and lease purchase agreements, whereas in governmental funds, an interest expenditure is reported when due.	(65,517)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Energy Conservation Loan	(1,700,000)
Qualified School Construction Bonds	(2,092,801)
Capital Leases	(5,764,667)
Compensated Absences	<u>(2,659,477)</u>
Total	<u>(12,216,945)</u>
 <i>Net Position of Governmental Activities</i>	 <u><u>(\$36,518,397)</u></u>

See accompanying notes to the basic financial statements



**Boardman Local School District**  
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2018*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$29,998,050	\$1,186,491	\$31,184,541
Tuition and Fees	1,180,353	0	1,180,353
Interest	135,300	4,495	139,795
Charges for Services	0	471,688	471,688
Extracurricular Activities	116,481	299,364	415,845
Rentals	75,187	0	75,187
Contributions and Donations	47,236	214,671	261,907
Intergovernmental	13,894,327	3,514,184	17,408,511
Miscellaneous	277,144	30,321	307,465
<i>Total Revenues</i>	<u>45,724,078</u>	<u>5,721,214</u>	<u>51,445,292</u>
<b>Expenditures</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	23,655,790	65,578	23,721,368
Special	5,945,125	1,160,226	7,105,351
Adult/Continuing	2,403	0	2,403
Other	101,895	0	101,895
<b>Support Services:</b>			
Pupils	1,778,395	447,353	2,225,748
Instructional Staff	1,461,789	222,967	1,684,756
Board of Education	210,139	18	210,157
Administration	2,655,667	159,878	2,815,545
Fiscal	945,347	20,273	965,620
Business	293,169	0	293,169
Operation and Maintenance of Plant	4,299,754	61,849	4,361,603
Pupil Transportation	2,776,647	11,516	2,788,163
Central	308,426	11,301	319,727
Operation of Non-Instructional Services	234,397	1,635,129	1,869,526
Extracurricular Activities	924,752	300,745	1,225,497
Capital Outlay	654,328	1,367,676	2,022,004
<b>Debt Service:</b>			
Principal Retirement	357,045	1,064,139	1,421,184
Interest and Fiscal Charges	10,951	480,026	490,977
Bond Issuance Costs	0	30,326	30,326
<i>Total Expenditures</i>	<u>46,616,019</u>	<u>7,039,000</u>	<u>53,655,019</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(891,941)</u>	<u>(1,317,786)</u>	<u>(2,209,727)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Refunding Bonds	0	1,850,000	1,850,000
Inception of Capital Lease	654,328	0	654,328
Payment to Refunded Bond Escrow Agent	0	(1,797,752)	(1,797,752)
Transfers In	0	738,004	738,004
Transfers Out	(738,004)	0	(738,004)
<i>Total Other Financing Sources (Uses)</i>	<u>(83,676)</u>	<u>790,252</u>	<u>706,576</u>
<i>Net Change in Fund Balances</i>	(975,617)	(527,534)	(1,503,151)
<i>Fund Balance Beginning of Year</i>	3,202,744	2,697,164	5,899,908
<i>Fund Balance End of Year</i>	<u>\$2,227,127</u>	<u>\$2,169,630</u>	<u>\$4,396,757</u>

See accompanying notes to the basic financial statements

**Boardman Local School District**  
Mahoning County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2018*

**Net Change in Fund Balances - Total Governmental Funds** (\$1,503,151)

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

Governmental funds report capital outlays as expenditures.

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

Capital Outlay	1,722,303	
Current Year Depreciation	<u>(1,224,072)</u>	
<b>Total</b>		<b>498,231</b>

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

Property Taxes	335,728	
Intergovernmental	<u>21,134</u>	
<b>Total</b>		<b>356,862</b>

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	3,531,893	
OPEB	<u>103,318</u>	
<b>Total</b>		<b>3,635,211</b>

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.

Pension	17,488,003	
OPEB	<u>1,912,651</u>	
<b>Total</b>		<b>19,400,654</b>

Other financing sources in the governmental funds increase long-term liabilities in the statement of net position.

Inception of Capital Lease	(654,328)	
Payment to Refunded Bond Escrow Agent	1,797,752	
Refunding Bonds Issued	<u>(1,850,000)</u>	
<b>Total</b>		<b>(706,576)</b>

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

1,421,184

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

Accrued Interest on Bonds and Lease Purchases		18,601
---	--	--------

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

Compensated Absences		(261,296)
----------------------	--	-----------

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

(61,978)

*Change in Net Position of Governmental Activities*

**\$22,797,742**

See accompanying notes to the basic financial statements

**Boardman Local School District**  
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$29,495,505	\$28,980,335	\$28,980,335	\$0
Tuition and Fees	981,676	962,146	962,146	0
Interest	136,055	133,348	133,348	0
Rentals	20,422	20,016	20,016	0
Intergovernmental	14,176,354	13,894,327	13,894,327	0
Miscellaneous	221,388	217,285	217,285	0
<i>Total Revenues</i>	<u>45,031,400</u>	<u>44,207,457</u>	<u>44,207,457</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	23,711,353	23,526,331	23,526,331	0
Special	5,951,113	5,904,155	5,904,155	0
Other	102,590	101,895	101,895	0
Support Services:				
Pupils	1,767,128	1,755,128	1,755,128	0
Instructional Staff	1,466,090	1,448,504	1,448,504	0
Board of Education	219,676	212,729	212,729	0
Administration	2,656,442	2,634,445	2,634,445	0
Fiscal	958,803	949,790	949,790	0
Business	298,864	296,711	296,711	0
Operation and Maintenance of Plant	4,459,904	4,336,423	4,336,423	0
Pupil Transportation	3,078,852	3,009,539	3,009,539	0
Central	327,275	325,026	325,026	0
Extracurricular Activities	861,563	838,847	838,847	0
<i>Total Expenditures</i>	<u>45,859,653</u>	<u>45,339,523</u>	<u>45,339,523</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(828,253)</u>	<u>(1,132,066)</u>	<u>(1,132,066)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	69,500	69,500	69,500	0
Advances Out	(50,000)	(49,756)	(49,756)	0
Transfers Out	(1,000,000)	(938,004)	(938,004)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(980,500)</u>	<u>(918,260)</u>	<u>(918,260)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,808,753)	(2,050,326)	(2,050,326)	0
<i>Fund Balance Beginning of Year</i>	8,481,098	8,481,098	8,481,098	0
Prior Year Encumbrances Appropriated	211,094	211,094	211,094	0
<i>Fund Balance End of Year</i>	<u>\$6,883,439</u>	<u>\$6,641,866</u>	<u>\$6,641,866</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Boardman Local School District**

Mahoning County, Ohio

*Statement of Fund Net Position*

*Proprietary Fund*

*June 30, 2018*

---

	<u>Internal Service</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,233,312
<b>Liabilities</b>	
Claims Payable	<u>510,600</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$1,722,712</u></u>

See accompanying notes to the basic financial statements

**Boardman Local School District**

Mahoning County, Ohio

*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2018*

---

---

	<u>Internal Service</u>
<b>Operating Revenues</b>	
Charges for Services	<u>\$6,782,634</u>
<b>Operating Expenses</b>	
Purchased Services	1,043,485
Claims	5,801,127
<i>Total Operating Expenses</i>	<u>6,844,612</u>
<i>Change in Net Position</i>	(61,978)
<i>Net Position Beginning of Year</i>	<u>1,784,690</u>
<i>Net Position End of Year</i>	<u><u>\$1,722,712</u></u>

See accompanying notes to the basic financial statements

**Boardman Local School District**

Mahoning County, Ohio

*Statement of Cash Flows*

*Proprietary Fund*

*For the Fiscal Year Ended June 30, 2018*

---

---

	<u>Internal Service</u>
<b><i>Change in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Charges for Services	\$6,782,634
Cash Payments for Goods and Services	(1,043,485)
Cash Payments for Claims	<u>(5,809,177)</u>
<i>Net Change in Cash and Cash Equivalents</i>	(70,028)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,303,340</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$2,233,312</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	(\$61,978)
Adjustments:	
Change in Claims Payable	<u>(8,050)</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>(\$70,028)</u></u>
See accompanying notes to the basic financial statements	

**Boardman Local School District**

Mahoning County, Ohio

*Statement of Net Position*

*Fiduciary Fund*

*June 30, 2018*

---

---

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$617,696	\$175,192
<b>Liabilities</b>		
Due to Students	0	175,192
<i>Total Liabilities</i>	0	\$175,192
<b>Net Position</b>		
Held in Trust for Scholarships	\$617,696	

See accompanying notes to the basic financial statements

**Boardman Local School District**  
Mahoning County, Ohio

*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2018*

	<u>Scholarship</u>
<b>Additions</b>	
Interest	\$496
Contributions and Donations	<u>19,259</u>
<i>Total Additions</i>	19,755
<b>Deductions</b>	
Scholarships Awarded	<u>33,924</u>
<i>Change in Net Position</i>	(14,169)
<i>Net Position Beginning of Year</i>	<u>631,865</u>
<i>Net Position End of Year</i>	<u><u>\$617,696</u></u>

See accompanying notes to the basic financial statements



**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

**Note 1 - Description of the District**

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

The District is staffed by 304 non-certificated and 350 certificated personnel to provide services to approximately 4,303 students and other community members.

**Note 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 more significant of the District's accounting policies are described below.

**A. - Reporting Entity**

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

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

**Blended Component Unit**

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

**Jointly Governed Organizations**

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

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

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

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

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. Financial information can be obtained by contacting the Treasurer, Brian Stidham, at 7320 North Palmyra Road, Suite 127, Canfield, Ohio 44406.

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

**Public Entity Risk Pools**

***Ohio School Boards Association Workers' Compensation Group Rating Plan*** The District participates in the Retrospective Rating Plan (Retro Plan) for Workers' Compensation. In 1997, the BWC began offering a two tier Retro Plan to private and public employers. With the Retro Plan, employers initially pay the BWC less premiums than required without the plan. Participants in the Retro Plan may earn possible premium reductions by assuming a portion of the risk. The greater the portion of assumed risk taken by the District, the greater the possibility of a premium reduction there is. The District was accepted into the Retro Plan for policy year 2005.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

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

***B. - Fund Accounting***

The District uses funds to report its financial Position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

***Governmental Funds***

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

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

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

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

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

***Fiduciary Funds***

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

***C. - Basis of Presentation and Measurement Focus***

***Government-wide Financial Statements*** - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

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

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

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

***D. - Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources and in the presentation of expenses versus expenditures.

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

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

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

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 15 and 16.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 15 and 16).

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

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

**E. - Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2018 is as follows:

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

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2018.

2. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the object level within the general fund and at the fund level of expenditures for all other District funds, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the object level of expenditures for the general fund, the District has elected to present the budgetary statement comparison at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

3. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
4. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
5. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2018.
6. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

***F. - Cash and Investments***

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. During fiscal 2018, the District's investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), a repurchase agreement, and a money market fund.

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 has adopted Governmental Accounting Standards Board (GASB) Statement No. 79' "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business days(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2018 amounted to \$135,300, of which \$33,286 was assigned from other District funds.

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

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

**G - Inventory**

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

**H. - Capital Assets**

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

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

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

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

**I. - Interfund Balances**

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

**J. - Interfund Activity**

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

**K. - Compensated Absences**

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



**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2018, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

***M. - Fund Balance***

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

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

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

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

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

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

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

***N. – Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

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

***O. - Estimates***

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

***P. – Restricted Assets***

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

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

***Q. Pensions/Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

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

***A. Change in Accounting Principles***

For fiscal year 2018, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, Statement No. 81, “Irrevocable Split-Interest Agreements”, Statement No. 85, “Omnibus 2017”, and GASB Statement No. 86, “Certain Debt Extinguishment Issues”.

GASB Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The implementation of GASB Statement 75 resulted in an overall restatement of beginning net position, as previously reported (see below).

GASB Statement No. 81 aims to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts-or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements-in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the District.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

GASB Statement No. 86 aims to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The District incorporated the corresponding GASB 86 guidance into their fiscal year 2018 financial statements; however, there was no effect on beginning net position or fund balance.

**B. Restatement of Prior Year Net Position**

	Governmental Activities
Net Position at June 30, 2017, as Previously Reported	(\$40,155,823)
<i>Adjustments:</i>	
Net Other Postemployment Benefit (OPEB) Liability	(15,407,278)
Deferred Outflow - District's Contributions Made Subsequent to Measurement Date	103,719
Adjustments to Capital Asset Inventory Listing	(3,856,757)
Restated Net Position at June 30, 2017	(\$59,316,139)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

During fiscal year 2018, the District performed an internal review of its capital assets and determined that assets with a book value totaling \$3,856,757 were no longer in possession of the District and should be removed from its inventory listing.

**Note 4 – Fund Deficits**

Fund balances at June 30, 2018 included the following individual fund deficits:

Nonmajor Governmental Funds:	Deficit
Other Grants	\$464
Miscellaneous State Grants	1,378
IDEA Part B	73,293
Improving Teacher Quality	3,207
	\$78,342

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

**Note 5 - Budgetary Basis of Accounting**

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

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

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

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

Net Change in Fund Balance	
GAAP Basis	(\$975,617)
Net Adjustment for Revenue Accruals	(2,285,801)
Advances In	69,500
Net Adjustment for Expenditure Accruals	1,107,737
Advance Out	(49,756)
Net Adjustment for Funds Budgeted as Special Revenue	114,852
Adjustment for Encumbrances	<u>(31,241)</u>
Budget Basis	<u><u>(\$2,050,326)</u></u>

**Note 6 - Deposits and Investments**

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

Active deposits are public deposits determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District Treasury, in

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

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

**B. Deposits**

At June 30, 2018, the carrying value amount of all the District's deposits was a negative \$24,930, exclusive of the \$86,210 repurchase agreement, \$6,030,004 money market funds and \$5,965,593 in STAR Ohio, included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2018, none of the District's bank balance of \$99,767 was exposed to custodial risk as described below, meaning all was covered by the Federal Deposit Insurance Corporation (FDIC).

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

**C. Investments**

As of June 30, 2018, the District had the following investments. All investments are in an internal investment pool.

	<u>Fair Value</u>	<u>Maturity</u>
Repurchase Agreements	\$86,210	6 months or less
Money Market Funds	6,030,004	6 months or less
STAR Ohio	5,965,593	6 months or less
U.S. Treasury Bills	297,220	6 months or less
FHLB Note	197,972	6 months or less
Total Portfolio	<u>\$12,576,999</u>	

The weighted average of maturities is one day.

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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

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

**Concentration of Credit Risk** The District places no limit on the amount it may invest in any one issuer. Following are the District's investment percentages by investment type.

	Fair Value	% of Total
Repurchase Agreements	\$86,210	0.69%
Money Market Funds	6,030,004	47.95%
STAR Ohio	5,965,593	47.43%
U.S. Treasury Bills	297,220	2.36%
FHLB Note	197,972	1.57%
Total Portfolio	\$12,576,999	100.00%

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the Statement of Net Position as of June 30, 2018:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Position</u>	
Carrying amount of deposits	(\$24,930)	Governmental Activities	\$11,759,281
Investments	12,576,999	Private-purpose trust funds	617,696
Cash on hand	100	Agency funds	175,192
Total	\$12,552,169	Total	\$12,552,169

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real property and public utility property located in the District. Real property tax revenue received in calendar 2018 represent collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are



**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2016, were levied after April 1, 2017 and are collected in 2018 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2018 was \$364,932 in the general fund and \$14,868 in the permanent improvement capital projects fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been made unavailable. The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$807,758,100	95.16 %	\$802,568,180	94.89 %
Public Utility Personal	41,090,060	4.84	43,252,530	5.11
<b>Total</b>	<b>\$848,848,160</b>	<b>100.00 %</b>	<b>\$845,820,710</b>	<b>100.00 %</b>
Tax rate per \$1,000 of assessed valuation	\$58.15		\$58.15	

**Note 8 - Receivables**

Receivables at June 30, 2018, consisted of taxes, accounts (rent, student fees and tuition), accrued interest and intergovernmental distributions and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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

Non-major Governmental Funds:	
Miscellaneous State Grants	\$4,282
IDEA Part B Grant	1,958
Title III	1,448
Title I Grant	54,637
Improving Teacher Quality Grant	27,667
Total Intergovernmental Receivable	\$89,992

**Note 9 – Fund Balances**

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

Fund Balances	General	Nonmajor Governmental	Total
<b><i>Nonspendable:</i></b>			
Inventory	\$56,507	\$6,071	\$62,578
<b><i>Restricted for:</i></b>			
Food Service Operations	0	694,044	694,044
Athletics & Music	0	165,338	165,338
Auxiliary Services	0	6,531	6,531
Fiscal Stabilization	0	1,223	1,223
Special Education	0	10,660	10,660
Debt Service Payments	0	145,679	145,679
Capital Improvements	0	1,184,559	1,184,559
<i>Total Restricted</i>	0	2,208,034	2,208,034
<b><i>Committed to:</i></b>			
Boardman Schools Television Network	164,770	0	164,770
Termination Payments	148,487	0	148,487
Capital Improvements	0	33,830	33,830
<i>Total Committed</i>	313,257	33,830	347,087
<b><i>Assigned to:</i></b>			
College Scholarships	0	37	37
Other Purposes	125,692	0	125,692
Budget Stabilization	133,161	0	133,161
<i>Total Assigned</i>	258,853	37	258,890
<b><i>Unassigned (Deficit)</i></b>	1,598,510	(78,342)	1,520,168
<b><i>Total Fund Balances</i></b>	\$2,227,127	\$2,169,630	\$4,396,757

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

**Note 10 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	(Restated) Balance 6/30/17	Additions	Reductions	Balance 6/30/18
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$3,456,579	\$0	\$0	\$3,456,579
Construction in progress	119,600	1,005,064	0	1,124,664
<b>Total capital assets not being depreciated</b>	<b>3,576,179</b>	<b>1,005,064</b>	<b>0</b>	<b>4,581,243</b>
<i>Capital assets being depreciated:</i>				
Land improvements	2,897,732	49,626	0	2,947,358
Buildings and improvements	39,937,350	197,590	0	40,134,940
Furniture, fixtures and equipment	2,742,060	267,606	0	3,009,666
Vehicles	4,933,914	202,417	0	5,136,331
<b>Total capital assets being depreciated</b>	<b>50,511,056</b>	<b>717,239</b>	<b>0</b>	<b>51,228,295</b>
<i>Accumulated depreciation:</i>				
Land improvements	(2,165,235)	(81,105)	0	(2,246,340)
Buildings and improvements	(23,303,605)	(704,039)	0	(24,007,644)
Furniture, fixtures and equipment	(1,997,563)	(150,903)	0	(2,148,466)
Vehicles	(3,622,371)	(288,025)	0	(3,910,396)
<b>Total accumulated depreciation</b>	<b>(31,088,774)</b>	<b>(1,224,072) *</b>	<b>0</b>	<b>(32,312,846)</b>
Capital assets being depreciated, net	19,422,282	(506,833)	0	18,915,449
<b>Governmental activities capital assets, net</b>	<b>\$22,998,461</b>	<b>\$498,231</b>	<b>\$0</b>	<b>\$23,496,692</b>

\* Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$250,695
Special	28,733
Vocational	250
<b>Support Services:</b>	
Pupil	168
Instructional Staff	60,181
Administration	10,374
Fiscal	263
Operation and Maintenance of Plant	383,491
Pupil Transportation	364,578
Central	7,400
Operation of Non-Instructional Services	58,946
Extracurricular	58,993
<b>Total Depreciation Expense</b>	<b>\$1,224,072</b>

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

**Note 11 - Interfund Activity**

**A. Interfund Transfers**

Interfund transfers for the year ended June 30, 2018, consisted of the following, as reported on the fund financial statements:

	Transfers In	Transfers Out
Major Governmental Fund:		
General	\$0	\$738,004
Non-major Governmental Funds:		
Bond Retirement	272,237	0
Permanent Improvement	420,767	0
District Managed Student Activity	45,000	0
	\$738,004	\$738,004

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

**B. Interfund Receivable/Payable**

	Interfund Receivable	Interfund Payable
Major Governmental Fund:		
General	\$49,756	\$0
Non-major Governmental Funds:		
Other Grants	0	602
Miscellaneous State Grants	0	6,645
Title III	0	54
Title I	0	19,871
Improving Teacher Quality	0	22,584
Total	\$49,756	\$49,756

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

**Note 12 - Long-term Obligations**

The changes in the District's long-term obligations during fiscal year 2018 were as follows:

	Amount Outstanding 6/30/17	Additions	Deductions	Amount Outstanding 6/30/18	Amounts due in One Year
<b>Governmental-Type Activities</b>					
2011 Qualified School Construction Bonds	\$2,325,334	\$0	(\$232,533)	\$2,092,801	\$232,533
2009 Energy Conservation Note 3.30% - 3.62%	1,918,852	0	(1,918,852)	0	0
2017 Refunding Energy Conservation Note 1.77	0	1,850,000	(150,000)	1,700,000	275,000
Bus Purchase Loan	108,251	0	(108,251)	0	0
Capital Lease Obligations	5,919,639	654,328	(809,300)	5,764,667	817,774
Compensated Absences	2,398,181	761,851	(500,555)	2,659,477	534,843
<i>Total Before Net Pension &amp; OPEB Liability</i>	<u>12,670,257</u>	<u>3,266,179</u>	<u>(3,719,491)</u>	<u>12,216,945</u>	<u>1,860,150</u>
<b>Net Pension Liability:</b>					
STRS	60,986,202	0	(17,625,277)	43,360,925	0
SERS	14,305,371	0	(2,590,215)	11,715,156	0
<i>Total Net Pension Liability</i>	<u>75,291,573</u>	<u>0</u>	<u>(20,215,492)</u>	<u>55,076,081</u>	<u>0</u>
<b>Net OPEB Liability:</b>					
STRS	9,761,872	0	(2,640,138)	7,121,734	0
SERS	5,645,406	0	(330,031)	5,315,375	0
<i>Total Net OPEB Liability</i>	<u>15,407,278</u>	<u>0</u>	<u>(2,970,169)</u>	<u>12,437,109</u>	<u>0</u>
<i>Total Long-Term Obligations</i>	<u>\$103,369,108</u>	<u>\$3,266,179</u>	<u>(\$26,905,152)</u>	<u>\$79,730,135</u>	<u>\$1,860,150</u>

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

The District has implemented House Bill 264 (HB264) energy conservation projects. The HB264 program is a state house bill that allows special financing opportunities for energy conservation permanent improvements in school districts. The project will encompass heating, air conditioning, and lighting improvements. The special HB264 capital lease financing agreement was for \$3,488,480 over 15 years at rates ranging from 3.30 percent to 3.62 percent. On September 29, 2017 the District issued Energy Conservation Improvement Refunding Bonds in the amount of \$1,850,000 to currently refund the District's 2008 Energy Conservation Improvement Bonds, dated July 3, 2008. The bonds were issued for the purpose of interest savings at a rate of 1.77 percent and will mature on January 1, 2024. This refunding resulted in a cash flow savings of \$114,120 and a net present value savings of \$107,459 for the District.

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

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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

On May 28, 2016 the District entered into a lease purchase agreement in the amount of \$1,350,000 for Phase II of the stadium project. The term of the lease is for 8 years at a rate of 3.2 percent and will mature on June 1, 2023. This lease agreement is being repaid by donations from booster clubs associated with the District.

On July 20, 2016 the District entered into a lease agreement in the amount of \$523,349 for computer equipment through Apple. The term of the lease is for 3 years at a rate of 2.3 percent and will mature on July 20, 2018.

On July 15, 2017, the District entered into a lease agreement in the amount of \$654,328 for the purchase of eight busses. The term of the lease is 4 years and will mature on July 15, 2021.

Compensated absences will be paid from the General fund and the Food Service, Auxiliary Services, IDEA Grant and Title I special revenue funds. The District pays obligations related to employee compensation from the fund benefitting from their service.

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

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 15 and 16.

The District's overall legal debt margin was \$72,476,742 with an unvoted debt margin of \$845,821, and a legal energy conservation debt margin of \$5,912,386 at June 30, 2018.

Principal and interest requirements to retire the school construction bonds, energy conservation note and bus purchase loan outstanding at June 30, 2018, are as follows:

Fiscal year Ending June 30,	2011 Qualified School Construction Bonds		2017 Refunding Energy Conservation Note	
	Principal	***Interest	Principal	Interest
2019	\$232,533	\$179,283	\$275,000	\$28,851
2020	232,533	179,283	275,000	24,027
2021	232,533	179,283	280,000	19,116
2022	232,533	179,283	285,000	14,160
2023	232,533	179,283	290,000	9,071
2024 - 2026	930,136	627,491	295,000	3,938
<i>Total</i>	<u>\$2,092,801</u>	<u>\$1,523,906</u>	<u>\$1,700,000</u>	<u>\$99,163</u>

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

**Note 13 – Capitalized Lease – Lessee Disclosure**

In prior fiscal years, the District entered into capital lease obligations for a performing arts center, classroom additions and for the purchase of copiers and computer equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Governmental activities capital assets consisting of building improvements and equipment have been capitalized in the amount of \$11,939,387. This amount represents the present value of the future minimum lease payments at the time of acquisition.

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments on the performing arts center lease in the 2018 fiscal year totaled \$95,000 and \$10,696, respectively. These amounts are reported as debt service payments of the Permanent Improvement capital projects fund.

Principal and interest payments on the classroom additions lease in the 2018 fiscal year totaled \$245,000 and \$169,393, respectively. These amounts are reported as debt service payments of the Permanent Improvement capital projects fund.

Principal and interest payments on the Phase II stadium lease in the 2018 fiscal year totaled \$160,506 and \$33,890, respectively. These amounts are reported as debt service payments of the Building capital projects fund.

Principal and interest payments on the Apple computer equipment lease in the 2018 fiscal year totaled \$170,498 and \$7,933, respectively. These amounts are reported as debt service payments of the general fund.

Principal and interest payments on the bus lease in the 2018 fiscal year totaled \$138,296 and \$0, respectively. These amounts are reported as debt service payments of the general fund.

The following is a schedule of the future minimum lease payments required under the capital lease obligations and the present value of the future minimum lease payments as of June 30, 2018:

Fiscal Year Ending June 30,	
2019	\$1,041,070
2020	862,773
2021	756,181
2022	756,181
2023	614,244
2024 - 2028	1,848,759
2029 - 2033	814,008
2034 - 2037	648,979
Total Minimum Lease Payments	7,342,195
Less: Amount Representing Interest	(1,577,528)
Present Value of Minimum Lease	\$5,764,667

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

**Note 14 - Risk Management**

***A. Property, Fleet and Liability Insurance***

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

The comprehensive commercial property coverage limit is \$170,937,215. The deductible is \$1,000 and the coinsurance is 100 percent. The business auto coverage limits are \$6,000,000 for liability and \$1,000,000 for uninsured motorists with no deductible. The District's audio-visual and computer equipment policy and musical instrument policy are covered under the commercial property coverage limit. The District's machinery and equipment policy has a \$100,000,000 annual aggregate with a \$1,000 deductible. The District's commercial crime coverage liability limit is \$100,000. The District has general liability coverage limits of \$6,000,000 each occurrence and \$8,000,000 annual aggregate.

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

***B. Employee Medical Benefits***

During the fiscal year, the District elected to provide medical, vision, dental and prescription drug benefits through a self-insurance program. The District maintains an insurance reserve internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Medical Mutual of Ohio, reviews all claims which are then paid by the District. The District pays into the insurance reserve internal service fund as follows;

	<u>Medical/RX</u>	<u>Dental</u>	<u>Vision</u>
Family	\$ 1,820	\$ 110	\$ 13
Employee/Spouse	1,365	83	10
Employee/Dependent	1,105	67	8
Single	650	39	5

The premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$510,600 reported in the internal service fund at June 30, 2018, is based on an estimate provided by the third party administrator and the requirements of the Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.



**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

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

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2017	\$423,300	5,730,410	5,635,060	\$518,650
2018	518,650	5,801,127	5,809,177	510,600

**C. Workers' Compensation**

The District participates in the Retrospective Rating Plan (Retro Plan) for Workers' Compensation. In 1997, the BWC began offering a two tier Retro Plan to private and public employers. With the Retro Plan, employers initially pay the BWC less premiums than required without the plan. Participants in the Retro Plan may earn possible premium reductions by assuming a portion of the risk. The greater the portion of assumed risk taken by the District, the greater the possibility of a premium reduction there is. The District was accepted into the Retro Plan for policy year 2005.

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

**Note 15 – Defined Benefits Pension Plans**

**A. Net Pension Liability**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. A liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**B. School Employees Retirement System**

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or Before August 1, 2017*	Eligible to Retire on or After August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For fiscal year ending June 30, 2018, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the 14 percent employer contribution was

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

allocated to the Health Care Fund for fiscal year 2018. The District's contractually required contribution to SERS was \$883,400 for the fiscal year ended June 30, 2018. Of this amount \$582,000 was reported as an intergovernmental payable.

**C. State Teachers Retirement System**

Plan Description - District licensed teachers and other faculty members participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018 and subsequent years, the employer rate was 14 percent and the member rate was 14 percent of covered payroll.

The District's contractually required contribution to STRS was \$2,648,493 for the fiscal year ended June 30, 2018. Of this amount \$505,228 was reported as an intergovernmental payable.

***D. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.19545320%	0.18219513%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.19607680%	0.18253224%	
Change in Proportionate Share	0.00062360%	0.00033711%	
Proportionate Share of the Net			
Pension Liability	\$11,715,156	\$43,360,925	\$55,076,081
Pension Expense	(\$536,889)	(\$16,951,114)	(\$17,488,003)

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$504,180	\$1,674,397	\$2,178,577
Change of Assumptions	605,800	9,483,510	10,089,310
Change in Proportionate Share	3,895	0	3,895
District contributions subsequent to the measurement date	883,400	2,648,493	3,531,893
<b>Total Deferred Outflows of Resources</b>	<b>\$1,997,275</b>	<b>\$13,806,400</b>	<b>\$15,803,675</b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$349,472	\$349,472
Net difference between projected and actual earnings on pension plan investments	55,608	1,430,960	1,486,568
Change in Proportionate Share	178,200	469,018	647,218
<b>Total Deferred Inflows of Resources</b>	<b>\$233,808</b>	<b>\$2,249,450</b>	<b>\$2,483,258</b>

\$3,531,893 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
<b>Fiscal Year Ending June 30:</b>			
2019	\$351,517	\$1,765,064	\$2,116,581
2020	624,402	3,711,664	4,336,066
2021	177,250	2,697,307	2,874,557
2022	(273,103)	734,422	461,319
<b>Total</b>	<b>\$880,066</b>	<b>\$8,908,457</b>	<b>\$9,788,523</b>

**Actuarial Assumptions - SERS**

SERS' total pension liability is determined by SERS' actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, June 30, 2017, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions Experience Study Date	5 Year Period Ended June 30, 2015
Investment Rate of Return	7.50 Percent Net of Investment Expense, Including Inflation
COLA or Ad hoc COLA	2.50 Percent
Future Salary Increases, Including Inflation	3.50 Percent to 18.20 Percent
Wage Inflation	3.00 Percent

Mortality Assumptions - Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in the *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
U.S. Stocks	22.50	4.75
Non-U.S. Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

**Discount Rate** Total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's Proportionate Share of the Net Pension Liability	\$16,257,592	\$11,715,156	\$7,909,939

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	12.50 Percent at Age 20 to 2.50 Percent at Age 65
Investment Rate of Return	7.45 Percent, Net of Investment Expenses, Including Inflation
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent, Effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Fixed Income	21.00	3.00
Alternatives	17.00	7.09
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
<b>Total</b>	<b>100.00 %</b>	<b>7.45 %</b>

\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current assumption:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's Proportionate Share of the Net Pension Liability	\$62,156,410	\$43,360,925	\$27,528,546

**Assumption Changes Since the Prior Measurement Date** The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

**Benefit Term Changes Since the Prior Measurement Date** Effective July 1, 2017, the COLA was reduced to zero.



**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

***E. Social Security System***

Effective, July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2018, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**Note 16 – Defined Benefit Other Postemployment Benefit (OPEB) Plans**

***Net OPEB Liability***

For fiscal year 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. The net OPEB liability has been disclosed below.

OPEB is a component of exchange transactions-between an employer and its employees-of salaries and benefits for employee services. OPEB are provided to an employee-on a deferred-payment basis-as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that have already occurred.

The net OPEB liability represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

***Plan Description - School Employees Retirement System (SERS)***

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$103,318 for fiscal year 2018.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability Current Measurement Date	0.19805870%	0.18253224%	
Proportionate Share of the Net OPEB Liability	\$5,315,375	\$7,121,734	\$12,437,109
OPEB Expense	\$260,518	(\$2,173,169)	(\$1,912,651)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$0	\$411,111	\$411,111
Change in Proportionate Share	31,609	0	31,609
District contributions subsequent to the measurement date	103,318	0	103,318
<b>Total Deferred Outflows of Resources</b>	<b>\$134,927</b>	<b>\$411,111</b>	<b>\$546,038</b>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$14,037	\$304,399	318,436
Change of Assumptions	504,402	573,680	1,078,082
<b>Total Deferred Inflows of Resources</b>	<b>\$518,439</b>	<b>\$878,079</b>	<b>\$1,396,518</b>

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

\$103,318 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
<b>Fiscal Year Ending June 30:</b>			
2019	\$174,811	\$103,195	\$278,006
2020	174,811	103,195	278,006
2021	133,698	103,195	236,893
2022	3,510	103,195	106,705
2023	0	27,094	27,094
Thereafter	0	27,094	27,094
<b>Total</b>	<b>\$486,830</b>	<b>\$466,968</b>	<b>\$953,798</b>

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	<u>1% Decrease (2.63%)</u>	<u>Current Discount Rate (3.63%)</u>	<u>1% Increase (4.63%)</u>
District's proportionate share of the net OPEB liability	\$6,418,992	\$5,315,375	\$4,441,029

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

---

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
District's proportionate share of the net OPEB liability	\$4,313,029	\$5,315,375	\$6,641,998

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.



**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

***Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate*** The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease (3.13%)</u>	<u>Current Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
District's proportionate share of the net OPEB liability	\$9,560,814	\$7,121,734	\$5,194,064
		<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$4,947,876	\$7,121,734	\$9,982,787

**Note 17 - Compensated Absences**

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

Each employee earns sick leave at the rate of one and one-quarter days per month. Sick leave may be accumulated without a maximum for all employees. Upon retirement, classified employees receive payments for twenty five percent of the total sick leave accumulation up to a maximum of 63 days. Teachers and administrators receive payment for twenty five percent of the total sick leave accumulation up to 65 days.

**Note 18 - Set-Asides**

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

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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

	<u>Capital</u>	<u>Budget</u>
	<u>Improvements</u>	<u>Stabilization</u>
Set-Aside Reserve Balance as of June 30, 2017	\$0	\$170,601
Current Year Set-Aside Requirement	751,682	0
Qualifying Disbursements	(2,039,360)	(37,440)
Current year offsets	<u>(1,811,152)</u>	<u>0</u>
Total	<u>(\$3,098,830)</u>	<u>\$133,161</u>
Set-Aside Balance Carried Forward to		
Future Fiscal Years	<u>\$0</u>	<u>\$133,161</u>
Cash balance as of June 30, 2018	<u>\$0</u>	<u>\$133,161</u>

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

The total reserve balance for the three set-asides at the end of the fiscal year was \$133,161.

**Note 19 - Contingencies**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2018, if applicable, cannot be determined at this time.

**B. Litigation**

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2018.

**C. School District Foundation**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by Schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments to fiscal year 2018 are not finalized. ODE has finalized the impact of enrollment adjustments to the June 30, 2018 foundation funding for the District. These adjustments were insignificant for the District.

**Boardman Local School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

---

**Note 20 – Tax Abatements**

As of June 30, 2018, the District provides tax abatements through an Enterprise Zone (Ezone). This program relates to the abatement of property taxes.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investments. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the City. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

<u>Tax Abatement Program</u>	<u>Taxes Abated</u>
Enterprise Zone	\$3,750

**Note 21 – Subsequent Events**

In May of 2018, voters of the District narrowly approved a 5.8 mill, 10 year emergency operating levy that will generate approximately \$4.9 million per year for the next ten years. Collection on this new levy will begin next fiscal year.

The District passed a 2.4 mill, 10-year renewal levy for emergency requirements in November of 2018, which will generate \$1.99 million per year.

In November of 2018 the Board of Education passed a resolution for the issuance and sale of bonds in the amount of \$845,000 for acquiring athletic facilities improvements at the Boardman High School campus and related site improvements constructed from proceeds of a lease-purchase agreement dated May 28, 2015.

In January of 2019, the Board of Education passed a resolution approving a ground lease and lease-purchase agreement for construction and other improvement, furnishing and equipping, and the lease and eventual acquisition, of athletic facilities at the Boardman High School campus.

The District is closing Market Street Elementary School after the fiscal year 2019 school year.

**Boardman Local School District**  
Mahoning County, Ohio

*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio (SERS)*  
*Last Five Fiscal Years (1)*

---

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's Proportion of the Net Pension Liability	0.019607680%	0.019543200%	0.20487260%	0.20490400%	0.20490400%
School District's Proportionate Share of the Net Pension Liability	\$11,715,156	\$14,305,371	\$11,690,229	\$10,370,074	\$12,184,983
School District's Employee Payroll	\$6,338,864	\$7,165,364	\$7,890,432	\$6,076,429	\$6,066,770
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	184.81%	199.65%	148.16%	170.66%	200.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

**Boardman Local School District**  
Mahoning County, Ohio

*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio (STRS)*  
*Last Five Fiscal Years (1)*

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.018253224%	0.018219513%	0.183074830%	0.185233120%	0.185233120%
School District's Proportionate Share of the Net Pension Liability	\$43,360,925	\$60,986,202	\$50,596,528	\$45,055,105	\$53,669,347
School District's Employee Payroll	\$18,536,643	\$19,170,429	\$19,723,779	\$19,158,308	\$18,794,385
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	233.92%	318.13%	256.53%	235.17%	285.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

**Boardman Local School District**

Mahoning County, Ohio

*Required Supplementary Information*  
*Schedule of School District Pension Contributions*  
*School Employees Retirement System of Ohio (SERS)*  
*Last Ten Fiscal Years*

---

---

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Pension Contribution	\$883,400	\$887,441	\$1,003,151	\$1,039,959
Pension Contributions in Relation to the Contractually Required Contribution	(\$883,400)	(\$887,441)	(\$1,003,151)	(\$1,039,959)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$6,310,000	\$6,338,864	\$7,165,364	\$7,890,432
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	13.18%

2014	2013	2012	2011	2010	2009
\$842,193	\$839,641	\$798,385	\$761,759	\$811,475	\$567,559
(\$842,193)	(\$839,641)	(\$798,385)	(\$761,759)	(\$811,475)	(\$567,559)
\$0	\$0	\$0	\$0	\$0	\$0
\$6,076,429	\$6,066,770	\$5,935,948	\$6,060,135	\$5,993,168	\$5,767,876
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

**Boardman Local School District**  
Mahoning County, Ohio

*Required Supplementary Information*  
*Schedule of School District Pension Contributions*  
*State Teachers Retirement System of Ohio (STRS)*  
*Last Ten Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Pension Contribution	\$2,648,493	\$2,595,130	\$2,683,860	\$2,761,329
Pension Contributions in Relation to the Contractually Required Contribution	(\$2,648,493)	(\$2,595,130)	(\$2,683,860)	(\$2,761,329)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$18,917,807	\$18,536,643	\$19,170,429	\$19,723,779
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%



2014	2013	2012	2011	2010	2009
\$2,490,580	\$2,443,270	\$2,619,856	\$2,730,913	\$2,747,876	\$2,693,610
(\$2,490,580)	(\$2,443,270)	(\$2,619,856)	(\$2,730,913)	(\$2,747,876)	(\$2,693,610)
\$0	\$0	\$0	\$0	\$0	\$0
\$19,158,308	\$18,794,385	\$20,152,738	\$21,007,023	\$21,137,508	\$20,720,077
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**Boardman Local School District**

Mahoning County, Ohio

*Required Supplementary Information*

*Schedule of the School District's Proportionate Share of the Net OPEB Liability*

*School Employees Retirement System of Ohio (SERS)*

*Last Two Fiscal Years (1)*

---

---

	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB Liability	0.198058700%	0.195432000%
School District's Proportionate Share of the Net OPEB Liability	\$5,315,375	\$5,645,406
School District's Employee Payroll	\$6,338,864	\$7,165,364
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Employee Payroll	83.85%	78.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2017 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

**Boardman Local School District**

Mahoning County, Ohio

*Required Supplementary Information  
Schedule of the School District's Proportionate Share of the Net OPEB Liability  
State Teachers Retirement System of Ohio (STRS)  
Last Two Fiscal Years (1)*

---

---

	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB Liability	0.182532240%	0.182195130%
School District's Proportionate Share of the Net OPEB Liability	\$7,121,734	\$9,761,872
School District's Employee Payroll	\$18,536,643	\$19,170,429
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Employee Payroll	38.42%	50.92%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

**Boardman Local School District**

Mahoning County, Ohio

*Required Supplementary Information  
Schedule of School District OPEB Contributions  
School Employees Retirement System of Ohio (SERS)  
Last Four Fiscal Years*

---

---

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required OPEB Contributions	\$103,318	\$103,719	\$101,334	\$103,459
OPEB Contributions in Relation to the Contractually Required Contribution	(\$103,318)	(\$103,719)	(\$101,334)	(\$103,459)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$6,310,000	\$6,338,864	\$7,165,364	\$7,890,432
Contributions as a Percentage of Employee Payroll	1.64%	1.64%	1.41%	1.31%

(1) Information prior to 2015 available upon request.

**Boardman Local School District**

Mahoning County, Ohio

*Required Supplementary Information  
Schedule of School District OPEB Contributions  
State Teachers Retirement System of Ohio (STRS)  
Last Four Fiscal Years*

---

---

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required OPEB Contributions	\$0	\$0	\$0	\$0
OPEB Contributions in Relation to the Contractually Required Contribution	\$0	\$0	\$0	\$0
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$18,917,807	\$18,536,643	\$19,170,429	\$19,723,779
Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2015 available upon request.

## Boardman Local School District

### Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2018

#### Pension

---

##### *SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 through 2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 through 2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date:

- a) The assumed rate of inflation was reduced to 3.0% from 3.25%.
- b) Payroll growth assumption was reduced to 3.50% from 4.0%.
- c) Assumed real wage growth was reduced to 0.50% from 0.75%.
- d) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- e) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- f) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- g) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- h) The discount rate was reduced to 7.50% from 7.75%.

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

##### *STATE TEACHERS RETIREMENT SYSTEM (STRS)*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 through 2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 through 2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date:

- a) The long term expected rate of return was reduced to 7.45% from 7.75%.
- b) The inflation assumption was lowered to 2.50% from 2.75%.
- c) The payroll growth assumption was lowered to 3.0%.
- d) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation.
- e) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016.
- f) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

**Boardman Local School District**

Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2018

Other Postemployment Benefits (OPEB)

---

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2017 through 2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date:

- a) Assumed rate of inflation was reduced to 3.0% from 3.25%.
- b) Payroll growth assumption was reduced to 3.50% from 4.0%.
- c) Assumed real wage growth was reduced to 0.50% from 0.75%.
- d) Rates of withdrawal, retirement, and disability were updated to reflect recent experience.
- e) Mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females.
- f) Mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- g) Mortality among disabled members was updated to the following: RP-2000 Disabled Mortality
- h) Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

*STATE TEACHERS RETIREMENT SYSTEM (STRS)*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients to 1.9% from 2.1% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date:

- a) The discount rate was increased to 4.13% from 3.26% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB).
- b) The long term expected rate of return was reduced to 7.45% from 7.75%.
- c) Valuation year per capita health care costs were updated, and the salary scale was modified.
- d) The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased.
- e) The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

**This page intentionally left blank.**



**BOARDMAN LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title/Cluster</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	100825-3L70	\$140,544
National School Lunch Program	10.555	100825-3L60	785,712
Total Child Nutrition Cluster			<u>926,256</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	100825-3M00	855,209
<i>Special Education Cluster:</i>			
Special Education Grants to States (IDEA, Part B)	84.027	100825-3M20	869,729
Special Education - Preschool Grant	84.173		89,565
Total Special Education Cluster			<u>959,294</u>
English Language Acquisition State Grants (Title III)	84.365	100825-3Y70	18,668
Supporting Effective Instruction State Grants (Title II-A)	84.367	100825-3Y60	168,912
ESSA Title IV Part A Student Support and Academic Enrichment SSAE Program	84.424	100825-3H10	18,000
Team Nutrition Grant	10.574	100825-3GF0	945
Total U.S. Department of Education			<u>2,021,028</u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$2,947,284</b></u>

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

**BOARDMAN LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Boardman Local School District (the District's) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Boardman Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 12, 2019, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and wherein we noted the District restated the beginning net position of Governmental Activities due to a restatement of capital assets.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

Keith Faber  
Auditor of State

Columbus, Ohio

March 12, 2019

# OHIO AUDITOR OF STATE KEITH FABER



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited Boardman Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, Boardman Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

***Report on Internal Control Over Compliance***

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

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

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

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



Keith Faber  
Auditor of State

Columbus, Ohio

March 12, 2019

**BOARDMAN LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR §200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I Grants to Local Educational Agencies – #84.010
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	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

**This page intentionally left blank.**



# OHIO AUDITOR OF STATE KEITH FABER



**BOARDMAN LOCAL SCHOOL DISTRICT**

**MAHONING COUNTY**

### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 28, 2019**