

**JOSEPH BADGER LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

JOSEPH BADGER LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

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**JOSEPH BADGER LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through The Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	N/A	10.550	-	\$23,042	-	\$22,140
School Breakfast Program	05-PU 99 05-PU 00 05-PU 01	10.553	\$10 783 <u>7,584</u>	- - -	\$10 783 <u>7,584</u>	- - -
Subtotal -- School Breakfast Program			<u>8,377</u>	-	<u>8,377</u>	-
National School Lunch Program	LL-P1-2000 LL-P4-2000 LL-P1-2001 LL-P4-2001	10.555	7,615 2,576 58,302 <u>18,415</u>	- - - -	7,615 2,576 58,302 <u>18,415</u>	- - - -
Subtotal -- School National School Lunch Program			<u>86,908</u>	-	<u>86,908</u>	-
Total U.S. Department of Agriculture – Nutrition Cluster			<u>\$95,285</u>	<u>\$23,042</u>	<u>\$95,285</u>	<u>\$22,140</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through The Ohio Department of Education:</i>						
Grants to Local Educational Agencies Title I School Subsidy	C1-S1 00 C1-S1 01	84.010	25,000 <u>106,811</u>		26,428 <u>80,652</u>	
Total – Title I School Subsidy			<u>131,811</u>		<u>107,080</u>	
<i>Special Education Grants Cluster:</i>						
Title VI - B Special Education Grants to States	6B-SF-2001	84.027	58,695		58,695	
Safe and Drug Free Schools Grant	DR-S1-2001	84.186	5,186		5,186	
Eisenhower Professional Development Grant	MS-S1-2001	84.281	5,159		5,159	
Innovative Education Program Strategies Chapter 2 – Subsidy	CS-S1 1999 CS-S1 2001	84.298	856 <u>6,190</u>		856 <u>6,190</u>	
Total – Chapter 2 Subsidy			<u>7,046</u>		<u>7,046</u>	
Title VI - R Class Size Reduction Subsidy	CS-S1 00 CS-S1 01	84.340	0 <u>25,401</u>		5,079 <u>25,401</u>	
Total – Class Size Reduction Subsidy			<u>25,401</u>		<u>30,480</u>	
Total – U.S. Department of Education			<u>\$233,298</u>		<u>\$213,646</u>	
Totals			<u>\$328,583</u>	<u>\$23,042</u>	<u>\$308,931</u>	<u>\$22,140</u>

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

**JOSEPH BADGER LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department Of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



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

Joseph Badger Local School District
Trumbull County
8317 Main Street
Kinsman, Ohio 44428

To the Board of Education:

We have audited the financial statements of Joseph Badger Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 20, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Joseph Badger Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Joseph Badger Local School District in a separate letter dated December 20, 2001.

Internal Control Over Financial Reporting

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

Joseph Badger Local School District
Trumbull County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

December 20, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Joseph Badger Local School District
Trumbull County
8317 Main Street
Kinsman, Ohio 44428

To the Board of Education:

Compliance

We have audited the compliance of Joseph Badger Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Joseph Badger Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Joseph Badger Local School District's management. Our responsibility is to express an opinion on Joseph Badger Local School District's compliance based on our audit.

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

In our opinion, Joseph Badger Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the financial statements of Joseph Badger Local School District, Trumbull County, as of and for the year ended June 30, 2001, and have issued our report thereon dated December 20, 2001. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Jim Petro
Auditor of State

December 20, 2001

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

**JOSEPH BADGER LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list): Nutrition Cluster Special Education Grants Cluster	CFDA's 10.555; 10.553; 10.550, National School Lunch Program; School Breakfast Program; and Food Distribution. CFDA 84.027, Title VI - B
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Joseph Badger Local School District

Kinsman, Ohio

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2001

Issued by:
Treasurer's Office
William A. Johnson

Joseph Badger Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2001
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Joseph Badger Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2001
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JOSEPH BADGER LOCAL SCHOOL DISTRICT

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Badger High School, 8319 Main Street
Kinsman, Ohio 44428 (330) 876-8011

Badger Middle School, 6144 State Route 7
Kinsman, Ohio 44428 (330) 772-4731



Gustavus Elementary, 4224 State Route 87
Farndale, Ohio 44417 (330) 876-3610

Hartford Elementary, State Route 7 & 305
Hartford, Ohio 44424 (330) 772-2401

December 20, 2001

Board of Education Members
Joseph Badger Local School District

We are pleased to submit to you the second Comprehensive Annual Financial Report (CAFR) of the Joseph Badger Local School District. This report discloses information for the fiscal year ended June 30, 2001. This CAFR, which includes an opinion from the Auditor of the State of Ohio, conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the Joseph Badger Local School District with comprehensive financial data in a format that will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Trumbull County Public Library, major taxpayers, financial rating services and other interested parties.

The comprehensive annual financial report is presented in three sections as follows:

1. The Introductory Section, which contains a Table of Contents, Letter of Transmittal, List of Principal Officials, an Organizational Chart of the School District and a GFOA Certificate of Achievement.
2. The Financial Section which begins with the Report of Independent Accountants, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section which presents social and economic data, financial trends and the fiscal capacity of the Joseph Badger Local School District.

School District Organization

The Joseph Badger Local School District is located in the northeast quadrant of Trumbull County and is one of 612 school districts in the State of Ohio. The District's territory includes the townships of Gustavus, Hartford, Kinsman and Vernon.

The School District came into being as a result of a consolidation of the four K-12 township schools on January 2, 1960. Subsequent to the consolidation, enrollment increased and with it the need for new facilities became evident. An addition was made to the 1936 Kinsman Building to house the overflow. Since that time, enrollment has declined steadily. There are still four "very old" township schools in the District; one high school, one middle school and two elementary schools. Recently our facilities were evaluated by the State of Ohio. We have discovered that we have the 5th and 9th worst buildings for safety in the entire State, however, Ohio has still not funded our district's re-building plans.

The 2001 fiscal year student count was 1,191. That represented an increase of forty-three students over the fiscal year 2000 enrollment. The average class size for fiscal year 2001 was twenty-five students, and the pupil/teacher ratio was 16.1 to 1. The School District has one hundred twenty-seven employees.

Statutorily, the School District operates under the standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code, to provide education services prescribed by State and Federal agencies.

Reporting Entity

The Joseph Badger Local School District has reviewed its operating entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the Joseph Badger Local School District (the primary government) and its potential component units.

The Trumbull Career and Technical Center, the Northeast Ohio Management Information Network, the Northeast Ohio Instructional Media Center, the Trumbull Student Assistance Consortium, the Northeast Ohio Special Education Regional Resource Center and the Region 12 Professional Development Center are jointly governed organizations. The School District participates in the Ohio School Boards Association Worker's Compensation Group Rating Program and the Trumbull County Schools Employee Insurance Benefits Consortium, which are public entity risk pools. The Kinsman Public Library is a related organization.

A complete discussion of the School District's reporting entity is provided in Note 1 to the basic financial statements.

Economic Condition and Outlook

Commercial growth within the School District has been very slow since consolidation, however, since January of 1997, Class II valuation has increased 24.4 percent. Total assessed value, based primarily on agricultural values and new single-family residential construction has increased approximately thirty-nine percent in the past five years while student enrollment has remained almost level. The large increases were due mainly to re-valuation of the District's properties. The funding structure of public education in Ohio as structured by the State legislature is such that school districts receive very little revenue growth as a result of inflationary increases in their tax base. As a result, districts throughout Ohio must seek local funds by placing levies on the ballot to receive significant revenue growth. The School District passed five-year renewals on each of its two emergency operating levies on the November 4, 1997 and November 3, 1998 ballots. It is projected that the School District will return to the ballot when these levies are due to expire.

Major Initiatives

SchoolNet

The statewide SchoolNet initiative helped Joseph Badger achieve its technology goals. SchoolNet funds provided the wiring infrastructure within each building. Each office, media center, and classroom in the Joseph Badger School District is wired and has the capability to reach the Internet and thus the outside world. T-1 lines have been installed to all District buildings to handle the increased volume of traffic.

Technology Training

Teacher training is a very important component of successful utilization of technology and Internet usage. Seventy-nine percent of our seventy-four teachers have participated in at least a four-day technology in-service. Seventy-one percent of the staff has been Novice certified and there are currently six teachers who have obtained Practitioner level as certified by the Ohio Department of Education's SchoolNet office. Joseph Badger's technology mentors have been trained as trainers and can conduct individual instructional sessions. As we enter the 2000-2001 school year, there are fifty-one certificates awarded for information skills, fifty-one for productivity tools, seven for multimedia/hypermedia and seven for networking. Staff training leading to novice certification will be offered to our five new teachers this year and training leading to practitioner certification will be available to anyone interested. Providing the opportunity for extensive technology training has always been a high concern of the School District. This is evidenced by its inclusion in our previous technology plans as well as the School District's continuous improvement plan.

InfoOhio

All four Joseph Badger buildings are now active participants in the InfoOhio Media Network. In fact, Joseph Badger was one of the original seven districts to apply for and receive a grant to bring the District's libraries on line. Joseph Badger was the second of those districts to utilize InfoOhio through the NorthEast Ohio Information Management Network. The use of this network has helped our media centers become modern information resource centers. InfoOhio, a partner in Ohio's library network, ensures the free delivery, quality, format, and equality of information for learners and educators by embracing appropriate, emerging technologies used in school, home and community. InfoOhio's recent initiatives have been to provide electronic resources for all Ohio K-12 schools. Students can now access information from specific databases, using computers connected to the Internet, from our school library media centers and classrooms.

Curriculum and Instruction

While the curriculum remained unchanged during the past year, much was accomplished concerning the delivery of services to the District's students. The 2000-2001 school year saw the continued refinement of the role of the teaching assistants, a new position created to assist teachers in a variety of aspects. They continued to relieve the classroom teachers of some of their supervisory duties while working directly with at-risk children in the classroom as well as pulling them out to meet with them in small groups. This remediation should provide a long term positive impact on proficiency scores.

Last year saw the addition of librarian/media specialists in our two elementary schools. These positions provided, for the first time in anyone's memory, a paid person to oversee the elementary libraries and computer labs. These individuals will also utilize these facilities to provide additional remediation to selected students. While it is possible for them to work with Title I and Special Education eligible students, their primary contact will be with at-risk students. The positions originated through the Continuous Improvement Process and were a part of the State Required "Continuous Improvement Plan".

The further refinement of the elementary guidance counselor position and the additional classroom teaching position funded through Title VI-R that were added two years ago, also highlighted the 2000-2001 school year. These positions were created for providing better services to our younger children.

District-wide nursing services to the District's four buildings were increased during the year. This position was eliminated during the early part of the last decade when the District was having financial problems created by multiple levy failures.

Special Education

The addition of a second special education teacher at Badger High School provided additional instruction for those identified in this area, thus reducing the caseload on the other instructor. The overall quality of instruction improved through this refinement.

Proficiency Testing

The Ohio Department of Education again distributed the Ohio Report Cards last spring to the home of every student. Of the twenty-seven standards Joseph Badger met eighteen during the 1999-2000 school year. Joseph Badger met or exceeded seventeen of the State standards during the 2000-2001 school year. While the number decreased slightly, the passage rate showed continuous improvement. The missed standards were concentrated in sixth grade and math. The ninth and twelfth graders met all standards. It is obvious that the longer a student attends our District, the better their performance on the proficiency test. The District also met the attendance standard of ninety-three percent.

Summer School

The Joseph Badger School District held summer school classes for the second time during August 2000. In accordance with the Ohio Revised Code there were classes held for students entering grades three, four, and six. The classes consisted of thirty hours over a two-week period. Attendance was disappointing.

Financial Information

Internal Accounting and Budgetary Control In developing the School District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The School District utilizes a fully automated accounting system as well as an automated system of control for fixed assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the object account level within a function and fund. All purchase order requests must be approved by either the Superintendent or his designees and certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests that exceed the available appropriations are rejected until additional appropriations are secured.

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

If requested by the Superintendent, every school principal is furnished reports showing the status of the budget accounts for which they are responsible. In addition, an on line inquiry system is currently under development at each school building. As an additional safeguard, a blanket bond covers all employees who handle money, and a separate, higher limit bond covers the Treasurer of the Board of Education.

The basis of accounting and the various funds and account groups utilized by the Joseph Badger Local Schools are fully described in Note 2 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

Financial Condition This is the second year the School District has prepared financial statements following GASB Statement 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the School District's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion follows this letter of transmittal, providing an assessment of the School District finances for 2001 and facts that will influence future finances.

Financial Highlights - Fiduciary Fund. The trust fund carried on the financial records of the School District is a private purpose trust fund that has assets totaling \$15,927. Information regarding the major governmental and proprietary funds is presented in Management's Discussion and Analysis.

Cash Management

The Board has implemented an aggressive cash management program by expediting the receipt of revenues and prudently depositing and investing available cash balances. The cash management program is beneficial because of access to daily balances, which enables the Board to maintain minimum balance accounts and invest to the maximum extent. The total amount of interest earned was \$160,291 for the year ended June 30, 2001, \$157,845 being credited to the general fund.

Protection of the School District's deposits is provided by the federal deposit insurance corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of public funds deposited. Trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions hold collateral.

During fiscal year 2001, investments were limited to STAR Ohio, an investment pool managed by the State Treasurer, and Certificates of Deposit.

Risk Management

The School District participates in a shared risk pool for hospital/medical benefits for its employees. The Trumbull County School Employee Insurance Benefits Consortium (the Consortium) "pool" is comprised of sixteen Trumbull County school districts. All risk is transferred to the Consortium and claims are paid through a common fund controlled by the Consortium. The Consortium purchases stop-loss coverage.

The School District provides no deductible liability coverage for all employees in the amounts of \$1,000,000 for each occurrence and \$5,000,000 in the aggregate. The District contracts annually for property and casualty insurance with a \$500 deductible and a 90 percent coinsurance. Fleet insurance is also contracted annually which provides liability coverage of \$500,000 each person and a \$1,000,000 each occurrence. Collision coverage is at actual cash value less \$250 deductible. Periodic RFPs ensure that the School District will receive favorable rates and appropriate coverage.

Independent Audit

State statutes require the School District to be subjected to an annual examination by an independent auditor. Independent auditor Jim Petro, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2001. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls.

Pursuant to statute, the State prescribed a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for the 1979 year.

Awards

GFOA Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Joseph Badger Local School District for its comprehensive annual financial report for the fiscal year ended June 30, 2000. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

The publication of this report is a significant step toward making the Joseph Badger Local School District's financial reporting more professional. The goal is to continuously improve our financial accountability to our citizens.

The preparation of this report would not have been possible without the assistance and support of the staff of the Treasurer's office, various administrators and staff members of the School District. Assistance from the County Auditor's staff and outside agencies made possible the fair presentation of statistical data.

Special appreciation is expressed to the Local Government Services Division of State Auditor Jim Petro's office for assistance in planning, designing and reviewing this financial report.

Finally, sincere appreciation is extended to the Board of Education for their support for this project.

Respectfully submitted,

William A. Johnson, Treasurer

Richard A. Pachuk, Superintendent

**Joseph Badger Local School District
Principal Officials
June 30, 2001**

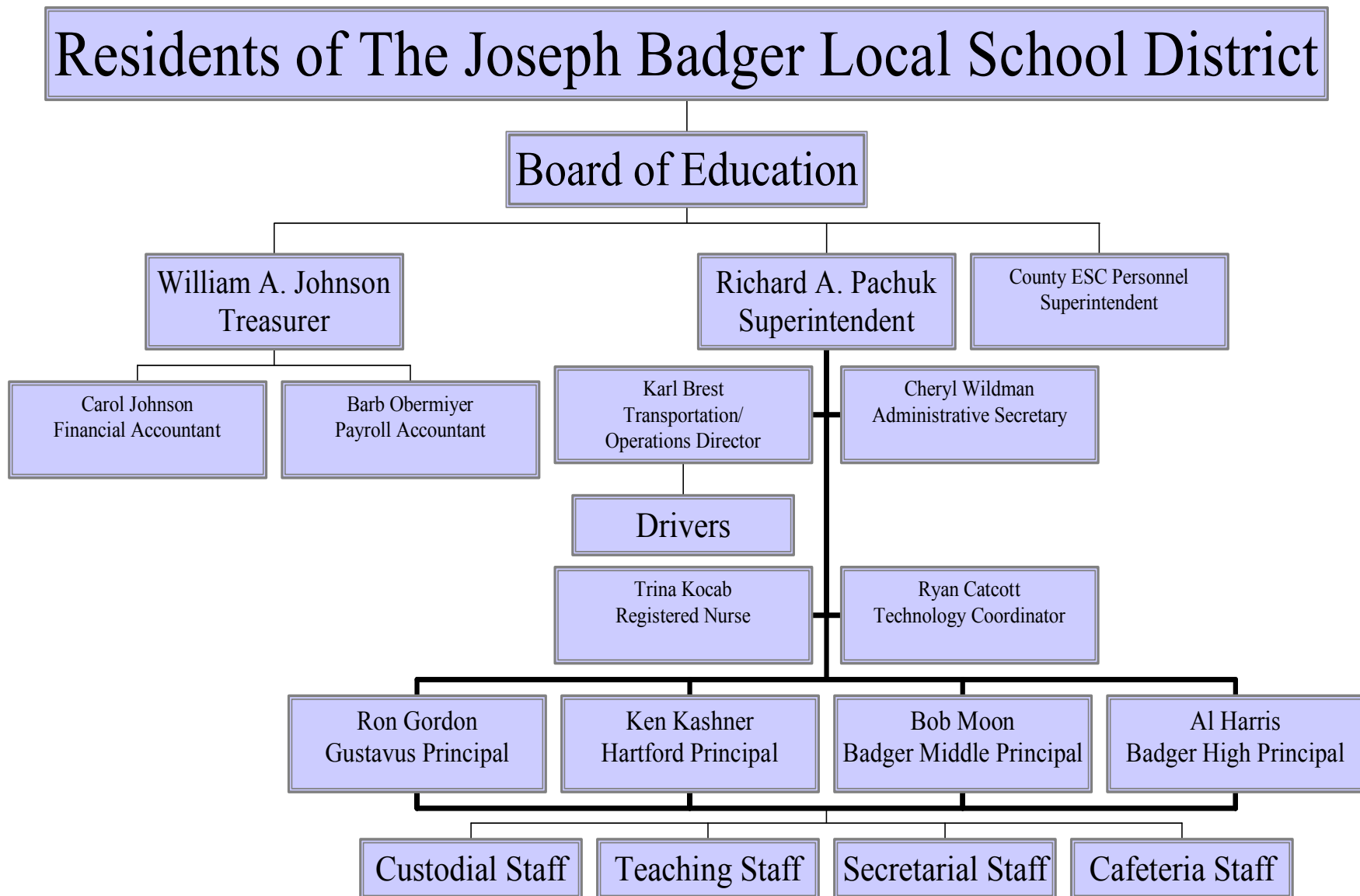
Board of Education

Mr. John Stanhope.....	President
Mrs. Kimberly Bonar	Vice-President
Mr. David Hardman	Member
Mr. Joseph Logan	Member
Mr. Joe Toth	Member

Administration

Mr. William Johnson	Treasurer
Mr. Richard Pachuk	Superintendent
Mr. Ronald Gordon	Principal, Gustavus Elementary
Mr. Alan Harris	Principal, Badger High School
Mr. Kenneth Kashner	Principal, Hartford Elementary
Mr. Robert Moon.....	Principal, Badger Middle School

Organizational Chart of the Joseph Badger Local School District



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Joseph Badger Local
School District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Thomas A. Brewer
President

Jeffrey L. Esser
Executive Director



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Joseph Badger Local School District
Trumbull County
8317 Main Street
Kinsman, Ohio 44428

We have audited the accompanying basic financial statements of the Joseph Badger Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Joseph Badger Local School District, Trumbull County, as of June 30, 2001, and the results of its operations and the cash flows of its business type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

We performed our audit to form an opinion on the basic financial statements of the District, taken as a whole. The combining and individual fund statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

Jim Petro
Auditor of State

December 20, 2001

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2001
Unaudited

It is again an honor to present the financial discussion and analysis of Joseph Badger Local School District. Here in these next few paragraphs, tables and graphic illustrations are the management's view of how our school district is currently performing and how facts may change that performance in the future. This is intended to be a clear presentation to our taxpayers and all others who may be interested in our School District. Please use our comments along with the accompanying transmittal letter; financial statements and notes to better understand our School District's finances

FINANCIAL HIGHLIGHTS

- The School District's total net assets increased from \$3,392,012 to \$3,681,379 for a gain of \$289,367 during this year's operations. The net assets of Governmental activities increased 8.9 percent. Business-type activities showed a decrease in net assets of (\$9,276) or (28.5) percent.
- Total governmental activities revenues of \$7,512,972 were comprised of General revenues in the amount of \$7,054,037 and program revenues totaling \$458,935. Program revenues are grants, fees and donations; general (non-program) revenue is Foundation from the State of Ohio and Local Taxes charged to residents of the school district. In table 3 below, you will find the detailed cost of each program to our District.
- The School District's business type activities showed program revenue of \$309,567 compared to \$301,037 last fiscal year. This equates to a 2.83 percent increase in revenue. Business type expenses were \$319,127 in comparison to last year's \$297,844 for an increase of 7.15 percent.
- In November of 1998, the Joseph Badger Board of Education transferred General Fund dollars into the Debt Service Fund. This was done to reduce taxes in appreciation of the passage of three consecutive renewal levies. This action enabled the Board to purchase investments sufficient to retire all remaining principal and interest as it came due. It also allowed the Board to stop collection of taxes associated with Debt Service. This year, the final principal and interest payment was made leaving Joseph Badger Local Schools debt-free.
- Our new administrative offices began last year as Construction in Progress. It can now be seen as Buildings and Improvements. This accounts for most of the increase in the Investment in Capital Assets portion of Net Assets, which increased from \$1,948,164 at the end of fiscal 2000 to \$2,304,145 at the end of fiscal 2001.

USING THIS ANNUAL REPORT

This annual report consists a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 13 and 14-15) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the government.

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2001
Unaudited

Reporting the School District as a Whole (district-wide)

The only two reports that display district-wide finances are the Statement of Net Assets and the Statement of Activities. Within these statements, we show the School District divided into two kinds of activities:

- ❑ Governmental Activities – All of the School District's instructional activities are reported here. Property Taxes, State and Federal Grants and fees finance the majority of activity in this group.
- ❑ Business-Type Activities – If the Board of Education sets a fee designed to offset the cost of operating a program, then this defines a business-type activity. The School District's school lunch program is reported here.

Analysis of the School District as a whole begins on page 5. One of the most important issues when analyzing any business entity is "Are you better off today than you were one year ago?" The two district-wide documents try to state and support the answer to this quandary. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The most important aspect of accrual accounting is that all of the year's revenues and expenses are reported regardless of when cash is received or paid out.

These statements also display the net assets of the School District and note any changes that occurred during the year. Net assets are the difference between assets and liabilities and they tend to be the lead indicator of financial health. Please investigate other factors such as changes in property tax values, tax levies and renewals or state funding issues before reaching a final conclusion about our School District's financial status. Please also look at the individual fund conditions to show the composition of the changes.

Reporting the School District's Most Significant Funds (fund financials)

Analysis of the School District's major funds begins on page 8. The fund financial statements begin on page 16 and provide detailed information about each significant fund in contrast to the previously described district-wide reporting. Most of the funds are required to be established by State law. Using strict definitions the District did not have any major Governmental funds other than the General Fund but the District treasurer chose to present Debt Service and Permanent Improvement as major Governmental Funds.

Governmental funds – Most of the School District's funds are reported as governmental funds. These reports focus on how resources flow into and out of these funds and the balances left at year-end that are available for spending. These reports are done on a modified accrual basis, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. There are differences between governmental funds (as reported in this section) and Governmental Activities as reported in the Statement of Net Assets and the Statement of Activities. These differences are reconciled in the financial statements.

Proprietary funds – The Board of Education charges students a fee for school lunch. The money collected locally combined with State and Federal reimbursements, is intended to defray all expenses necessary to operate the food service program. Each month the Board reviews cash projections to see if the lunch fund will negatively impact the general fund. This is the School District's only proprietary fund. Proprietary funds utilize the same form of accounting as business-type activities; therefore these statements match those found in the district-wide statements.

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2001
Unaudited

The School District as a Trustee

The School District is a trustee or fiduciary for a single fund. This fund holds and invests the principal amount and provides the earnings in the form of a scholarship for a graduating senior. There is no School District related activity occurring within this fund.

THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Assets looks at the District as a whole. The School District's total net assets were up from a year ago. Table 1, shows an increase to \$3,681,378 from \$3,388,710. The increase in Net Assets indicates that the School District was able to improve on an already healthy picture. Capital Assets jumped mainly due to the completion of the Central Office addition to the Badger High School Building. You will see this fact presented in a graph and a table during discussion of the change in net assets. The State of Ohio also lifted most of the restrictions on the Budget Reserve set aside causing restricted assets to decline.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2001	2000	2001	2000	2001	2000
Assets						
Current and Other Assets	\$5,331,338	\$5,197,404	\$22,601	\$33,248	\$5,353,939	\$5,230,652
Capital Assets	2,304,145	1,948,164	37,588	36,499	2,341,733	1,984,663
Total Assets	7,635,483	7,145,568	60,189	69,747	7,695,672	7,215,315
Liabilities						
Long-Term Liabilities	(551,730)	(549,721)	(3,842)	(4,991)	(555,572)	(554,712)
Other Liabilities	(3,425,606)	(3,239,645)	(33,115)	(32,248)	(3,458,721)	(3,271,893)
Total Liabilities	(3,977,336)	(3,789,366)	(36,957)	(37,239)	(4,014,293)	(3,826,605)
Net Assets						
Invested In Capital						
Assets	2,304,145	1,928,164	37,588	36,499	2,341,733	1,964,663
Restricted	117,258	152,549	0	0	117,258	152,549
Unrestricted (Deficit)	1,236,743	1,275,489	(14,356)	(3,991)	1,222,388	1,271,498
Total Net Assets	\$3,658,146	\$3,356,202	\$23,232	\$32,508	\$3,681,379	\$3,388,710

Current and Other Assets increased due to revenue exceeding expenses during the current year, which increased cash by \$96,984.

Capital Assets were added in the gross amount of \$876,201. Most of the increase is from the completion and furnishing of the Central Office. To arrive at the net increase in Capital Assets, you must subtract this year's depreciation expense of \$214,235.

The net assets of our food service business-type activity decreased from \$32,508 to \$23,232. This represents a decline in fiscal health despite last year's increase in lunch prices. Management will need to either raise prices again or cut personnel if the lunch program is to remain in the black. The Board could

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2001
Unaudited

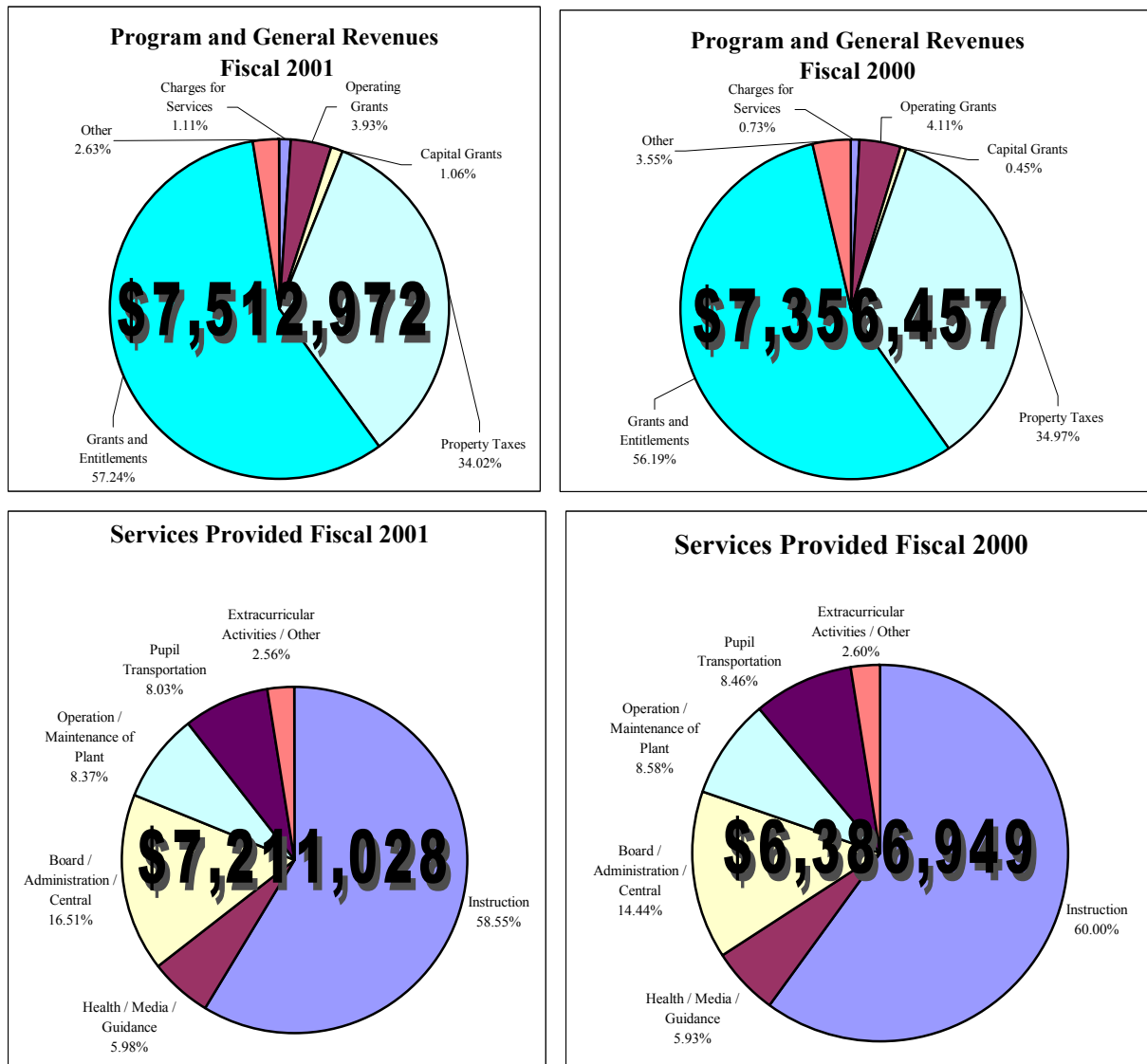
also opt to accept that the general fund would need to transfer cash to the food service fund. Projections show that this would be on a continuing basis and would grow rapidly in the future.

Table 2 highlights the District's revenues and expenses. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

Expenses are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

This is the second year the School District has prepared financial statements following GASB Statement 34, so revenue and expense comparisons to fiscal year 2000 are presented along side the current fiscal year. This will enable the reader to draw further conclusions about this District's financial status.

(Chart 1)
Governmental (Only) Revenue and Program Expenses
Fiscal 2001 and Fiscal 2000



Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2001
Unaudited

(Table 2)
Program Revenues and Expenses

	Governmental Activities 2001	Governmental Activities 2000	Business- Type Activities 2001	Business- Type Activities 2000	Total 2001	Total 2000
Revenues						
Program Revenues:						
Charges for Services	\$83,505	\$53,581	\$192,145	\$173,907	\$275,650	\$227,488
Operating Grants	295,623	302,526	117,422	120,762	413,045	423,288
Capital Grants	79,807	32,851	0	6,368	79,807	39,219
General Revenue:						
Property Taxes	2,556,186	2,572,442	0	0	2,556,186	2,572,442
Grants and Entitlements	4,300,266	4,133,565	0	0	4,300,267	4,133,565
Other	197,585	261,492	284	901	197,869	262,393
Total Revenues	\$7,512,972	\$7,356,457	\$309,851	\$301,938	\$7,822,824	\$7,658,395
Program Expenses						
Instruction:						
Regular	\$3,578,852	\$3,369,166	\$0	\$0	\$3,582,154	\$3,369,166
Special	587,040	371,262	0	0	587,040	371,262
Vocational	50,628	51,646	0	0	50,628	51,646
Support Services:						
Pupils	264,410	252,287	0	0	264,410	252,287
Instructional Staff	168,253	122,148	0	0	168,253	122,148
Board of Education	136,730	73,278	0	0	136,730	73,278
Administration	764,260	663,633	0	0	764,260	663,633
Fiscal	235,506	162,282	0	0	235,506	162,282
Business	0	13,312	0	0	0	13,312
Operation and Maintenance of Plant	606,097	542,027	0	0	606,097	542,027
Pupil Transportation	581,336	534,694	0	0	581,336	534,694
Central	58,765	59,176	0	0	58,765	59,176
Operation of Non-Instructional Services						
Services	384	5,917	0	0	384	5,917
Extracurricular Activities	178,163	164,067	0	0	178,163	164,067
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges	604	2,054	0	0	604	2,054
Food Service	0	0	319,127	297,844	319,127	297,844
Total Expenses	\$7,211,028	\$6,386,949	\$319,127	\$297,844	\$7,533,457	\$6,684,793
Increase (Decrease) in Net Assets	\$301,944	\$969,508	(\$9,276)	\$4,094	\$289,367	\$973,602

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2001
Unaudited

Analysis of overall financial position and results of operations

The financial position of the Joseph Badger Local School District has improved over the past fiscal year. Net Assets continue to increase showing improving fiscal health. The results of operations were excellent and within parameters established at the beginning of the fiscal year. Management was able to make improvements in services for children by spending more on Regular and Special Instruction, health and guidance services. The District's Capital Assets were also enhanced significantly this reporting period. Though spending was increased, cash balances were preserved and even improved slightly. The district enjoyed a successful financial year and operations improved.

With the planning, building, furnishing and equipping of a new office, Board of Education, Administration and Fiscal programs increased substantially over last year. It is known that these programs will be decreased next year.

In table 3 below the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. The net costs are program costs that must be covered by unrestricted state aid (State Foundation) or local taxes. The difference in these two columns would represent restricted grants, fees and donations.

(Table 3)
Governmental Activities

<u>Programs</u>	Total Cost of Services 2001	Total Cost of Services 2000	Net Cost of Services 2001	Net Cost of Services 2000
Instruction	\$4,219,822	\$3,792,074	\$3,860,864	\$3,461,674
Support Services:				
Pupils and Instructional Staff	432,663	374,435	428,163	371,985
Board of Education, Administration, Fiscal and Business Services	1,136,496	912,505	1,114,779	912,505
Operation and Maintenance of Plant	606,097	542,027	603,328	542,027
Pupil Transportation	581,336	534,694	578,914	534,694
Central	58,765	59,176	58,454	59,176
Operation of Non-Instructional Services	384	5,917	384	5,492
Extracurricular Activities	178,163	164,067	109,905	107,923
Interest and Fiscal Charges	604	2,054	604	2,296
Total Expenses	<u>\$7,214,330</u>	<u>\$6,386,949</u>	<u>\$6,755,395</u>	<u>\$5,997,772</u>

THE DISTRICT'S FUNDS

As previously stated, these funds are accounted for using the modified accrual basis of accounting. All Governmental funds had total revenues of \$7,643,828 and expenditures of \$7,568,330. A slight increase to cash was realized.

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2001
Unaudited

General Fund Financial Activity

The most significant Governmental Fund is the General Fund. The fund balance of the General Fund increased by \$31,023. Though both State Foundation Revenue and Tax Revenue increased, expenditures associated with construction of the central office offset the cash increase.

General Fund Budgetary Highlights

In this fund, the forecasted receipts and expenditures presented to the Joseph Badger Board of Education in September finished the reporting period within expectations. The general fund receipts were estimated within one percent of actual revenue and actual expenditures exceeded the estimate by two percentage points. This meant that it was not necessary to revise the associated five-year forecast required by the State of Ohio. It is this District's year-end policy to request an amended certificate of estimated resources that equals actual revenues and to pass an appropriation resolution whose amounts equal actual expenditures and encumbrances in the majority of accounts at year-end.

CAPITAL ASSETS

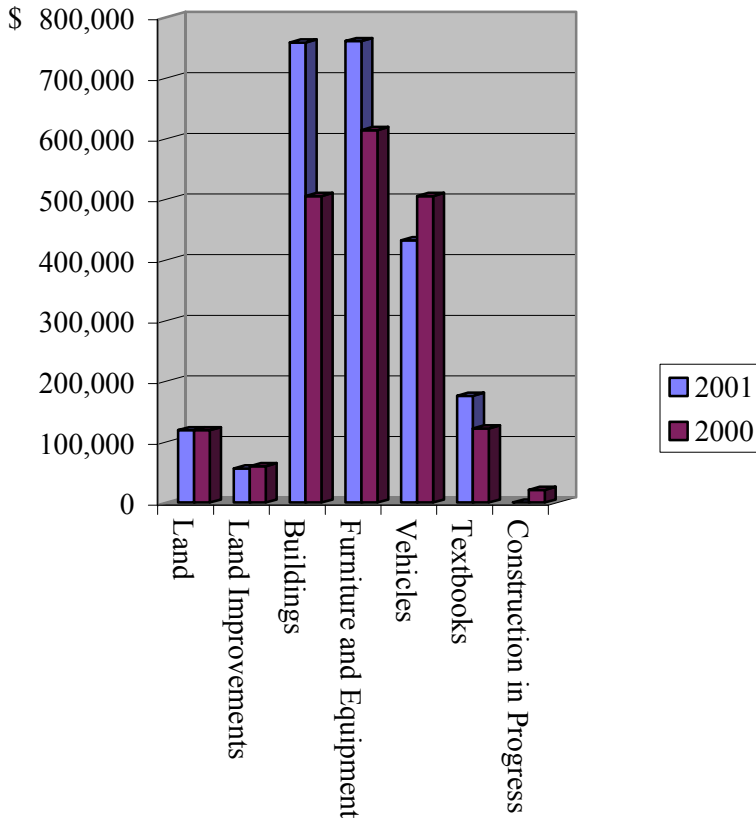
The following table shows ending balances of capital assets invested in various categories. Notice that we are showing a total increase of \$587,908 less the depreciation expense. You may discern that the value of the bus fleet dropped during this fiscal year. A new bus was planned and ordered but did not arrive for inclusion into the fixed assets this fiscal year. The fleet of vehicles should show a depreciated value of over \$500,000 to indicate that it is in top condition. Next fiscal year we will report this bus and also one more new bus will be ordered to bring the fleet back up to a higher standard. Capital assets were improved not only by a building addition but also through additions and replacements to computer resources. New classroom furniture was again a welcome addition to our furniture assets. The new Central Office required furnishing and this added to our furniture and equipment assets. We also improved our textbook resources.

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

	Governmental Activities		Business-Type Activities		Total	
	2001	2000	2001	2000	2001	2000
Land	\$119,500	\$119,500	\$0	\$0	\$119,500	\$119,500
Land Improvements	56,370	60,070	0	0	56,370	60,070
Buildings and Improvements	758,617	505,442	0	0	758,617	505,442
Furniture and Equipment	761,137	617,528	37,588	36,499	798,725	654,027
Vehicles	432,376	505,490	0	0	432,376	505,490
Textbooks	176,145	122,442	0	0	176,145	122,442
Construction in Progress	0	20,994	0	0	0	20,994
Totals	\$2,304,145	\$1,951,466	\$37,588	\$36,499	\$2,341,733	\$1,987,965

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2001
Unaudited

(Chart 2)
Change in Net Assets



The graph at the left shows the category and net worth of our School District's assets. It is interesting to note that Joseph Badger Local occupies 100 square miles and as previously mentioned requires fleet of vehicles with a net worth of one half million dollars. Vehicles slid below this number but management will correct this during the upcoming year.

The four buildings comprising the School District are all over sixty years old and technically could be fully depreciated. Since these buildings are currently still in use, they are shown with a value indicating that they will be used for four more years. The new addition was brought on and is reflected here. Construction in progress dropped to zero with the completion of the project.

DEBT

At June 30th 2001 Joseph Badger was debt-free. This year we did not issue any new debt and we paid \$20,000 in principal and \$2,175 in interest.

(Table 5)
Outstanding Debt, at June 30

	Governmental Activities 2001	Governmental Activities 2000
General Obligation Bonds:		
1980 Addition to High School	\$0	\$20,000

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2001
Unaudited

As of June 30, 2001 the School District's legal debt margin was \$8,243,123 with an unvoted debt margin of \$91,590. Neither Moody's nor Standard & Poor's currently rate the Joseph Badger Local School District.

About the Future

Joseph Badger Local School District is presently financially strong and trending toward additional fiscal health. Management is optimistic about the future for this School District, however the following facts could change this outlook for the better or worse.

The School District's four buildings, continue to be a source of current and future concern. Management is proceeding with plans to find and secure real estate central in our district with specifications matching those required by the Ohio School Facilities Commission. Management has employed an architect and formed a site selection committee to narrow the search to a small number of land parcels with the appropriate specifications. The Board is determined to purchase land in the near future and subsequently to build a school complex on that single parcel and to demolish or sell the four existing properties. The purchase of property will be a Board responsibility and will be expenditure charged to the General Fund.

The most recently filed five-year forecast shows that this School District will not require the passage of any new additional operating mills in the near term. Renewal of two emergency levies in November of 2002 and 2003 will be required to ensure a solid future. Failure of either or both of these levies could have disastrous consequences on School District finances. These levies bring a combined one million dollars per year to this District. Five-year emergency levies are precarious because they must be renewed, however, past Boards and Administrators were not successful in passing continuing levies. The Board has discussed several alternative tax strategies. Management will attempt to replace emergency millage with continuing millage at some point in the future.

We are dependent on outside factors for our future success. The Ohio School Funding Formula provides most of the revenue for Joseph Badger Local Schools. The legislators in Ohio have been working diligently on the Formula to provide equitable and adequate education for children throughout our State. Their efforts added some revenue to the Joseph Badger Local Schools; however, much of the new revenue has restrictions that could cause a decrease in spending on regular instruction. While a significant increase in the State's financial efforts would be welcome, our forecasts do not take this possibility into account. We only anticipate a small increase in State revenue each year.

All insurance premiums and in particular health care premiums are slated to increase drastically. The insurance consortium to which Joseph Badger belongs has increased the premium rates 40 percent. This will cost the District an additional \$200,000 per year. Health care cost containment has become a large issue for the future. Management negotiated a contract that will require new teaching employees to switch to managed care and away from traditional programs.

Joseph Badger Local has thirteen teachers approaching retirement. Often if a senior teacher retires, they are replaced at a much lower cost. This could have a positive affect on District finances.

Important Business Ratios

This year we have tried to display some important business ratios for our District. These ratios reveal some of the key financial components of our business. In this chart we take a look at issues such as Financial Position, Liquidity, Solvency and Fiscal Capacity. Many readers will be familiar with these facts as they are often presented in the private sector.

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2001
Unaudited

Financial Position shows assets or fund balances and how they relate to total revenue or total expenses. Liquidity looks at Assets or Cash compared to Liabilities. Solvency is the reverse picture that attempts to disclose how liabilities stack up to resources. Solvency also discloses how significant debt service requirements are relative to overall expenditures. Fiscal capacity ratios try to indicate how difficult it is to meet your obligations and if it is feasible to attach more liability or debt to the population.

(Table 6)
Business Ratios

Dividend Divisors	Actual	Ratio	Dividend Divisors	Actual	Ratio
Financial Position					
Net Assets to:	\$3,658,147		Fund Balance to:	\$ 1,824,499	
Total Revenue	7,054,037	0.5186	Total Revenue	7,643,828	0.2387
Total Expenses	7,211,028	0.5073	Total Expenses	7,568,330	0.2411
Change in Net Assets to:	\$ 301,944		Unreserved Fund Balance to:	1,380,823	
Total Revenue	7,054,037	0.0428	Total Revenue	7,643,828	0.1806
Total Expenses	7,211,028	0.0419	Total Expenses	7,568,330	0.1824
Liquidity					
Current Assets to:	\$ 5,331,337		Cash and Investments to:	\$ 2,282,142	
Current Liabilities	3,425,606	1.5563	Current Liabilities	3,425,606	0.6662
Solvency					
Total Liabilities to:	\$ 3,977,336		Total Liabilities to:	\$3,977,336	
Total Assets	7,635,482	0.5209	Net Assets	3,658,146	1.0873
Total Liabilities to:	\$3,977,336		Debt Service to:	\$20,000	
Total Revenues	7,054,037	0.5638	Total Expenditures	7,211,028	0.0028
Fiscal Capacity					
Total Liabilities x 100	\$ 397,733,600		Total Liabilities to:	\$ 3,977,336	
Total Assessed Property Value	91,590,252	4.3425	Population	7,066	562.8837
Property Tax Revenues x 100 to:	\$ 255,618,600		Property Tax Revenues to:	\$ 2,556,186	
Total Assessed Property Value	91,590,252	2.7909	Population	7,066	361.7585

Contacting the School District's Financial Management

These financial reports and discussions are designed to provide our students, citizens, taxpayers, investors and creditors with a complete disclosure of the School District's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional financial information, please write William A. Johnson, Treasurer at Joseph Badger Local School District, 8317 Main Street, Kinsman, Ohio 44428 or call (330) 876-1051 or E-mail William.Johnson@Neomin.Org.

Joseph Badger Local School District*Statement of Net Assets**June 30, 2001*

	Governmental Activities	Business Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$2,282,142	\$16,351	\$2,298,493
Receivables:			
Accrued Interest	9,550	0	9,550
Intergovernmental	138	0	138
Taxes	2,745,415	0	2,745,415
Inventory Held for Resale	0	5,257	5,257
Materials and Supplies			
Inventory	27,015	993	28,008
Restricted Assets	267,077	0	267,077
Land	119,500	0	119,500
Depreciable Capital Assets, Net of Depreciation	2,184,645	37,588	2,222,233
<i>Total Assets</i>	<u>7,635,482</u>	<u>60,189</u>	<u>7,695,671</u>
Liabilities:			
Accounts Payable	6,378	0	6,378
Contracts Payable	6,496	0	6,496
Accrued Wages	583,439	19,336	602,775
Intergovernmental Payable	169,236	11,375	180,611
Deferred Revenue	2,660,057	2,404	2,662,461
Long Term Liabilities			
Due In More Than One Year	551,730	3,842	555,572
<i>Total Liabilities</i>	<u>3,977,336</u>	<u>36,957</u>	<u>4,014,293</u>
Net Assets:			
Investment in Capital Assets	2,304,145	37,588	2,341,733
Restricted for:			
Capital Projects	47,312	0	47,312
Debt Service	1,254	0	1,254
Other Purposes	68,692	0	68,692
Unrestricted (Deficit)	1,236,743	(14,356)	1,222,387
<i>Total Net Assets</i>	<u>\$3,658,146</u>	<u>\$23,232</u>	<u>\$3,681,378</u>

See accompanying notes to the basic financial statement

Joseph Badger Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2001

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$3,578,852	\$15,736	\$85,853	\$78,871
Special	587,040	1,835	176,317	105
Vocational	50,628	228	0	13
Support Services:				
Pupils	264,410	1,177	2,433	68
Instructional Staff	168,253	777	0	45
Board of Education	136,730	616	0	35
Administration	764,260	4,910	5,328	282
Fiscal	235,506	1,066	9,419	61
Operation and Maintenance of P	606,097	2,619	0	150
Pupil Transportation	581,336	2,291	0	131
Central	58,765	294	0	17
Operation of Non-Instructional Services	384	0	0	0
Extracurricular Activities	178,163	51,956	16,273	29
Interest and Fiscal Charges	604	0	0	0
Total Governmental Activities	7,211,028	83,505	295,623	79,807
Business-Type Activity				
Food Service	319,127	192,145	117,422	0
Totals	\$7,530,155	\$275,650	\$413,045	\$79,807

General Revenues

Property Taxes Levied for:

 General Purposes

 Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Changes in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activity	Total
(\$3,398,392)	\$0	(\$3,398,392)
(408,783)	0	(408,783)
(50,387)	0	(50,387)
(260,732)	0	(260,732)
(167,431)	0	(167,431)
(136,079)	0	(136,079)
(753,740)	0	(753,740)
(224,960)	0	(224,960)
(603,328)	0	(603,328)
(578,914)	0	(578,914)
(58,454)	0	(58,454)
(384)	0	(384)
(109,905)	0	(109,905)
(604)	0	(604)
(6,752,093)	0	(6,752,093)
0	(9,560)	(9,560)
(6,752,093)	(9,560)	(6,761,653)
2,503,817	0	2,503,817
52,369	0	52,369
4,300,266	0	4,300,266
159,079	284	159,363
38,506	0	38,506
7,054,037	284	7,054,321
301,944	(9,276)	292,668
3,356,202	32,508	3,388,710
\$3,658,146	\$23,232	\$3,681,378

Joseph Badger Local School District

Balance Sheet

Governmental Funds

June 30, 2001

	<u>General</u>	<u>Permanent Improvement Capital Projects</u>	<u>Other Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,282,142	\$75,517	\$99,387
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	33,356	0	0
Receivables:			
Taxes	2,745,415	58,817	0
Intergovernmental	138	0	0
Accrued Interest	9,550	0	0
Materials and Supplies Inventory	<u>27,015</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$5,097,616</u></u>	<u><u>\$134,334</u></u>	<u><u>\$99,387</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$6,378	\$0	\$0
Contracts Payable	946	5,550	0
Accrued Wages	570,363	0	13,076
Intergovernmental Payable	120,733	0	2,145
Deferred Revenue	<u>2,729,180</u>	<u>58,467</u>	<u>0</u>
<i>Total Liabilities</i>	<u><u>3,427,600</u></u>	<u><u>64,017</u></u>	<u><u>15,221</u></u>
Fund Balances			
Reserved for Encumbrances	211,708	15,051	36,910
Reserved for Inventory	27,015	0	0
Reserved for Unclaimed Monies	879	0	0
Reserved for Property Taxes	16,235	350	0
Reserved for Budget Stabilization	33,356	0	0
Unreserved, Undesignated, Reported in:			
General Fund	1,380,823	0	0
Special Revenue Funds	0	0	60,793
Capital Projects Funds (Deficit)	<u>0</u>	<u>54,916</u>	<u>(13,537)</u>
<i>Total Fund Balances</i>	<u><u>1,670,016</u></u>	<u><u>70,317</u></u>	<u><u>84,166</u></u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$5,097,616</u></u>	<u><u>\$134,334</u></u>	<u><u>\$99,387</u></u>

See accompanying notes to the basic financial statements

Joseph Badger Local School
*Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2001*

Total Governmental Funds	Total Governmental Fund Balances	\$1,824,499
	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$2,457,046	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,304,145
33,356		
2,804,232	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	
138	Delinquent Property Taxes	127,590
9,550		
27,015		
<u>\$5,331,337</u>	Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds	
	Compensated Absences (551,730)	
	Pension Obligations (46,358)	
		<u>(598,088)</u>
\$6,378	Net Assets of Governmental Activities	<u>\$3,658,146</u>
6,496		
583,439		
122,878		
<u>2,787,647</u>		
<u>3,506,838</u>		
263,669		
27,015		
879		
16,585		
33,356		
1,380,823		
60,793		
<u>41,379</u>		
<u>1,824,499</u>		
<u>\$5,331,337</u>		

Joseph Badger Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2001

	General	Debt Service	Permanent Improvement Capital Projects
Revenues			
Taxes	\$2,604,821	\$0	\$57,221
Intergovernmental	4,294,537	0	5,730
Interest	157,845	503	0
Tuition and Fees	30,594	0	0
Extracurricular Activities	0	0	0
Charges for Services	1,455	0	0
Contributions and Donations	1,839	0	0
Miscellaneous	38,506	0	0
<i>Total Revenues</i>	<u>7,129,597</u>	<u>503</u>	<u>62,951</u>
Expenditures			
Current:			
Instruction:			
Regular	3,471,026	0	0
Special	407,083	0	0
Vocational	50,628	0	0
Support Services:			
Pupil	261,027	0	0
Instructional Staff	171,924	0	0
Board of Education	136,730	0	0
Administration	750,233	0	0
Fiscal	236,470	0	0
Operation and Maintenance of Plant	582,599	0	0
Pupil Transportation	511,125	0	0
Central	65,241	0	0
Extracurricular Activities	111,477	0	0
Capital Outlay	336,027	0	12,660
Debt Service:			
Principal Retirement	0	20,000	0
Interest and Fiscal Charges	0	725	0
<i>Total Expenditures</i>	<u>7,091,590</u>	<u>20,725</u>	<u>12,660</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>38,007</u>	<u>(20,222)</u>	<u>50,291</u>
Other Financing Sources (Uses)			
Transfers In	828	0	0
Transfers Out	(13,000)	(828)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(12,172)</u>	<u>(828)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	25,835	(21,050)	50,291
<i>Fund Balances Beginning of Year</i>	1,638,993	21,050	20,026
Increase in Reserve for Inventory	5,188	0	0
<i>Fund Balances End of Year</i>	<u>\$1,670,016</u>	<u>\$0</u>	<u>\$70,317</u>
See accompanying notes to the basic financial statements			

Joseph Badger Local School District
*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, 2001*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	\$75,498
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$0	\$2,662,042	Governmental funds report capital outlays as expenditures.	
382,317	4,682,584	However, in the statement of activities, the cost of those	
731	159,079	assets is allocated over their estimated useful lives as	
0	30,594	depreciation expense. This is the amount by which capital	
60,198	60,198	outlays exceeded depreciation in the current period.	
0	1,455	Capital Outlay	570,216
7,531	9,370	Depreciation Expense	<u>(214,235)</u>
0	38,506		355,981
<u>450,777</u>	<u>7,643,828</u>		
		Revenues in the statement of activities that do not provide	
		current financial resources are not reported as revenues	
		in the funds.	
95,059	3,566,085	Taxes Revenue	(105,856)
177,287	584,370	Intergovernmental Receivable	<u>(25,000)</u>
0	50,628		(130,856)
3,124	264,151	Repayment of bond principal is an expenditure in the	
0	171,924	governmental funds, but the repayment reduces long-term	
0	136,730	liabilities in the statement of net assets.	20,000
5,988	756,221		
9,946	246,416	Some expenses reported in the statement of activities	
0	582,599	such as compensated absences and intergovernmental	
0	511,125	payable which represents contractually required pension	
0	65,241	contributions, do not require the use of current financial	
66,389	177,866	resources and therefore are not reported as expenditures	
85,562	434,249	in governmental funds.	
0	20,000	Compensated Absences	(21,888)
0	725	Intergovernmental Payable	(1,979)
		Inventory	<u>5,188</u>
<u>443,355</u>	<u>7,568,330</u>		(18,679)
7,422	75,498	<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$301,944</u></u>
13,000	13,828		
0	(13,828)		
<u>13,000</u>	<u>0</u>		
20,422	75,498		
63,744	1,743,813		
0	5,188		
<u>\$84,166</u>	<u>\$1,824,499</u>		

Joseph Badger Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$2,835,579	\$2,594,692	\$2,594,692	\$0
Intergovernmental	4,230,000	4,296,807	4,296,807	0
Interest	170,000	163,390	163,390	0
Tuition and Fees	40,000	30,594	30,594	0
Charges for Services	2,000	1,455	1,455	0
Contributions and Donations	22,846	1,839	1,839	0
Miscellaneous	55,254	38,482	38,506	24
<i>Total Revenues</i>	<u>7,355,679</u>	<u>7,127,259</u>	<u>7,127,283</u>	<u>24</u>
Expenditures				
Current:				
Instruction:				
Regular	3,636,999	3,523,597	3,523,597	0
Special	253,679	442,901	442,901	0
Vocational	34,218	43,996	43,996	0
Support Services:				
Pupils	233,828	268,144	268,144	0
Instructional Staff	183,015	173,354	173,354	0
Board of Education	135,725	138,834	138,834	0
Administration	682,895	749,999	749,999	0
Fiscal	200,591	211,049	211,049	0
Operation and Maintenance of Plant	579,430	600,544	600,544	0
Pupil Transportation	486,811	581,943	581,212	731
Central	63,277	65,204	65,204	0
Extracurricular Activities	105,075	110,465	110,465	0
Capital Outlay	643,298	364,498	364,498	0
<i>Total Expenditures</i>	<u>7,238,841</u>	<u>7,274,528</u>	<u>7,273,797</u>	<u>731</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>\$116,838</u>	<u>(\$147,269)</u>	<u>(\$146,514)</u>	<u>\$755</u>

(continued)

Joseph Badger Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Other Financing Uses				
Operating Transfers In	\$0	\$828	\$828	\$0
Operating Transfers Out	(5,000)	(13,000)	(13,000)	0
<i>Net Change in Fund Balance</i>	111,838	(159,441)	(158,686)	755
<i>Fund Balance Beginning of Year</i>	1,742,401	1,742,401	1,742,401	0
Prior Year Encumbrances Appropriated	511,471	511,471	511,471	0
<i>Fund Balance End of Year</i>	<u>\$2,365,710</u>	<u>\$2,094,431</u>	<u>\$2,095,186</u>	<u>\$755</u>

See accompanying notes to the basic financial statements

Joseph Badger Local School District

Statement of Net Assets

Enterprise Fund

June 30, 2001

	<u>Food Service</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$16,351
Inventory Held for Resale	5,257
Materials and Supplies Inventory	<u>993</u>
<i>Total Current Assets</i>	22,601
Capital Assets, Net	<u>37,588</u>
<i>Total Assets</i>	<u>60,189</u>
Liabilities	
Accrued Wages	19,336
Intergovernmental Payable	11,375
Deferred Revenue	<u>2,404</u>
<i>Total Current Liabilities</i>	33,115
Long-Term Liabilities:	
Compensated Absences Payable	<u>3,842</u>
<i>Total Liabilities</i>	<u>36,957</u>
Net Assets	
Invested in Capital Assets	37,588
Unrestricted (Deficit)	<u>(14,356)</u>
<i>Total Net Assets</i>	<u><u>\$23,232</u></u>

See accompanying notes to the basic financial statements

Joseph Badger Local School District
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Enterprise Fund
For the Fiscal Year Ended June 30, 2001*

	Food Service
Operating Revenues	
Sales	\$192,145
Operating Expenses	
Salaries	92,571
Fringe Benefits	74,256
Purchased Services	13,087
Cost of Sales	135,313
Depreciation	3,224
Other	676
<i>Total Operating Expenses</i>	319,127
<i>Operating Loss</i>	(126,982)
Non-Operating Revenues	
Donated Commodities	22,137
Interest	284
Operating Grants	95,285
<i>Total Non-Operating Revenues</i>	117,706
<i>Change in Net Assets</i>	(9,276)
<i>Net Assets Beginning of Year</i>	32,508
<i>Net Assets End of Year</i>	\$23,232

See accompanying notes to the basic financial statements

Joseph Badger Local School District
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2001

	Food Service
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
<i>Cash Flows from Operating Activities:</i>	
Cash Received from Customers	\$192,145
Cash Payments to Employees for Services	(96,691)
Cash Payments for Employee Benefits	(71,322)
Cash Payments to Suppliers for Goods and Services	(126,728)
Other Cash Payments	(676)
	(103,272)
 <i>Net Cash Used for Operating Activities</i>	
 <i>Cash Flows from Noncapital Financing Activities</i>	
Operating Grants Received	95,285
 <i>Cash Flows from Capital and Related Financing Activities</i>	
Payments for Capital Acquisitions	(4,313)
 <i>Cash Flows from Investing Activities</i>	
Interest on Investments	284
	(12,016)
 <i>Net Decrease in Cash and Cash Equivalents</i>	 (12,016)
 <i>Cash and Cash Equivalents Beginning of Year</i>	 28,367
	\$16,351
 <i>Cash and Cash Equivalents End of Year</i>	 \$16,351
	(continued)

Joseph Badger Local School District
Statement of Cash Flows
Enterprise Fund (continued)
For the Fiscal Year Ended June 30, 2001

	Food Service
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
<i>Operating Loss</i>	(\$126,982)
 <i>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</i>	
Depreciation	3,224
Donated Commodities Used During Year	22,137
<i>(Increase)/Decrease in Assets:</i>	
Inventory Held for Resale	(1,048)
Materials and Supplies Inventory	(321)
<i>Increase/(Decrease) in Liabilities:</i>	
Accrued Wages	871
Compensated Absences Payable	(1,149)
Intergovernmental Payable	(908)
Deferred Revenue	904
	23,710
 <i>Net Cash Used for Operating Activities</i>	(\$103,272)

See accompanying notes to the basic financial statements

Joseph Badger Local School District

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2001

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$15,873	\$17,347
Receivables:		
Accrued Interest	54	0
<i>Total Assets</i>	<u>15,927</u>	<u>\$17,347</u>
Liabilities		
Due to Students	0	\$17,347
<i>Total Liabilities</i>	<u>0</u>	<u>\$17,347</u>
Net Assets		
Held in Trust for Scholarships	<u>15,927</u>	
<i>Total Net Assets</i>	<u>\$15,927</u>	

See accompanying notes to the basic financial statements

Joseph Badger Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2001

	Private Purpose Trust
	Scholarship
Additions	
Interest	\$928
Deductions	
Operation of Non-Instructional Services	
Other	876
<i>Change in Net Assets</i>	52
<i>Net Assets Beginning of Year</i>	15,875
<i>Net Assets End of Year</i>	\$15,927

See accompanying notes to the basic financial statements

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Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and/or federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by forty-six classified employees, seventy-three certificated full-time teaching personnel, and six administrators who provide services to 1,191 students and other community members.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Joseph Badger Local School District, this includes general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

The School District is associated with six jointly governed organizations, two public entity risk pools and a related organization. These organizations are presented in Notes 16, 17 and 18 to the financial statements. These organizations are:

Jointly Governed Organizations:

- Trumbull County Career and Technical Center
- Northeast Ohio Management Information Network
- Northeast Ohio Instructional Media Center
- Trumbull Student Assistance Consortium
- Northeast Ohio Special Education Regional Resource Center
- Region 12 Professional Development Center

Public Entity Risk Pools:

- Ohio School Boards Association Workers' Compensation Group Rating Program
- Trumbull County Schools Employee Insurance Benefits Consortium

Related Organization

- Kinsman Public Library

Note 2 - Summary of Significant Accounting Policies

The financial statements of Joseph Badger Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the single business-type activity of the School District. 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 School District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

Debt Service Fund The debt service fund is used to account for the accumulation of property taxes for the payment of general long-term bond principal, interest and related costs for an addition to the School District's high school.

Permanent Improvement Capital Projects Fund The permanent improvement capital projects fund accumulates property tax revenues to be used for the acquisition, construction, or improvement of major capital facilities other than those financed by proprietary funds.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

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

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the School District accounts for the financial transactions related to the food service operations of the School District.

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

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

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

Like the government-wide statements, the enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise fund.

The private purpose trust fund is reported using the economic resources measurement focus.

D. Basis of Accounting

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

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 School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School 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: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

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

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

D. Cash and Cash Equivalents

Cash received by the School District is pooled for investment purposes. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School 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 year 2001, investments were limited to non-negotiable Certificates of Deposit, which are reported at cost, and the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$157,845 includes \$11,432 assigned from other School District funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

E. Restricted Assets

Assets are reported as restricted when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund represent cash and cash equivalents required by statute to be set-aside by the School District for the acquisition or construction of capital assets and the creation of a reserve for budget stabilization. See Note 19 for additional information regarding set-asides.

F. Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption.

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Capital Assets

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

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

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land	N/A	N/A
Land Improvements	50 years	N/A
Buildings and Improvements	50 years	N/A
Furniture and Equipment	8-20 years	8-20 years
Vehicles	10 years	N/A
Textbooks	5 years	N/A

H. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

I. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year end taking into consideration any limits specified in the School District's termination policy.

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

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

J. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long term loans are recognized as a liability on the fund financial statements when due.

K. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, unclaimed monies, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for unclaimed monies represents cash that, under Ohio law, must remain unclaimed for five years before it becomes available for appropriation. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The School District has no related debt outstanding as of June 30, 2001. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

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

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

N. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

O. Interfund Activity

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

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2001.

Q. 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.

R. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education. At year end, expenditures plus encumbrances

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

may not exceed appropriations at any level of control.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a time limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the object level within each fund and function.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificated issued during fiscal year 2001.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year. Prior to fiscal year-end, the School District passed an amended appropriation resolution, which matched appropriations to expenditures plus encumbrances in the majority of categories.

Note 3 – Changes in Accounting Principles

Changes in Accounting Principles For fiscal year 2001, the School District has implemented GASB Statement No. 36, "Receipt Reporting for Certain Shared Nonexchange Revenues", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus" and GASB Statement No. 38, "Certain Financial Statement Note Disclosures". At June 30, 2000, there was no effect on fund balance as a result of implementing GASB Statements 36, 37 and 38.

Note 4 - Budgetary Basis of Accounting

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

Joseph Badger Local School District
Notes to the Basic Financial Statements
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3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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 General Fund	
GAAP Basis	\$25,835
Net Adjustment for Revenue Accruals	(2,314)
Net Adjustment for Expenditure Accrual	38,105
Adjustment for Encumbrances	<u>(220,312)</u>
Budget Basis	<u><u>(\$158,686)</u></u>

Note 5 - Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies 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.

Protection of the School 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.

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Interim monies are to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits At year-end, the carrying amount of the School District's deposits was \$53,552 and the bank balance was \$206,857. \$100,000 of the bank balance was covered by federal depository insurance and \$106,857 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Fair Value
Investment in State Treasurer's Investment Pool	\$2,486,421

The classification of cash and cash equivalents, and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$2,539,973	\$0
Investments which are part of a cash management pool: Investment in State Treasurer's Investment Pool	(2,486,421)	2,486,421
GASB Statement 3	\$53,552	\$2,486,421

Note 6- 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, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes. 2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

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The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural /Residential and Other Real Estate	\$76,319,190	85.03%	\$77,973,410	85.13%
Public Utility Personal	6,930,500	7.72	5,726,310	6.25
Tangible Personal Property	6,509,919	7.25	7,890,532	8.62
Total	<u><u>\$89,759,609</u></u>	<u><u>100.00%</u></u>	<u><u>\$91,590,252</u></u>	<u><u>100.00%</u></u>
Tax rate per \$1,000 of assessed valuation	\$38.41		\$38.40	

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Trumbull County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding, the late settlement of personal property taxes and real property, personal property and public utility taxes which are measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. At June 30, 2001, \$16,235 was available as an advance to the general fund and \$350 was available to the permanent improvement capital projects fund.

Note 7 - Receivables

Receivables at June 30, 2001, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Joseph Badger Local School District
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The general fund had intergovernmental receivables in the amount of \$138 for township reimbursement.

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2001, was as follows:

	Balance 6/30/00	Additions	Deductions	Balance 6/30/01
Governmental Activities				
Capital Assets not being depreciated:				
Land	\$119,500	\$0	\$0	\$119,500
Capital Assets being depreciated:				
Land Improvements	121,856	0	0	121,856
Buildings and Improvements	1,929,948	284,991	0	2,214,939
Furniture and Equipment	1,340,408	214,323	(17,109)	1,537,622
Vehicles	988,310	5,500	0	993,810
Textbooks	255,295	86,396	0	341,691
Construction in Progress	20,994	284,991	(305,985)	0
Total Capital Assets being depreciated	4,656,811	876,201	(323,094)	5,209,918
Less Accumulated Depreciation:				
Land Improvements	(61,786)	(3,700)	0	(65,486)
Buildings and Improvements	(1,424,506)	(31,816)	0	(1,456,322)
Furniture and Equipment	(726,182)	(67,412)	17,109	(776,485)
Vehicles	(482,820)	(78,614)	0	(561,434)
Textbooks	(132,853)	(32,693)	0	(165,546)
Total Accumulated Depreciation	(2,828,147)	(214,235) *	17,109	(3,025,273)
Total Capital Assets being depreciated	1,828,664	661,966	(305,985)	2,184,645
Governmental Activities Capital Assets, Net	\$1,948,164	\$661,966	(\$305,985)	\$2,304,145
Business-Type Activities				
Furniture and Equipment	\$149,449	\$4,313	\$0	\$153,762
Less Accumulated Depreciation	(112,950)	(3,224)	0	(116,174)
Business-Type Activities Capital Assets, Net	\$36,499	\$1,089	\$0	\$37,588

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$82,642
Special	2,387
Support Services:	
Pupil	259
Instructional Staff	7,246
Administration	2,192
Fiscal	1,258
Operation and Maintenance of Plant	37,272
Pupil Transportation	78,614
Operation of Non-Instructional Services	1,480
Extracurricular Activities	885
Total Depreciation Expense	\$214,235

Note 9 - Risk Management

A. Property and Liability

The School 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. During fiscal year 2001, the School District contracted with Nationwide Insurance for property and fleet insurance, liability insurance and inland marine coverage. Coverage provided by Nationwide Insurance is as follows:

Building and Contents - Replacement Cost (\$1,000 deductible)	\$15,196,400
Inland Marine Coverage	
Musical (\$100 deductible)	101,977
Video (\$100 deductible)	160,755
EDP (\$100 deductible)	17,500
Boiler and Machinery (\$1,000 deductible)	7,084,200
Crime Insurance (no deductible)	1,000
Automobile Liability (no deductible)	2,000,000
Uninsured Motorists (no deductible)	2,000,000
General Liability	
Per Occurrence	1,000,000
Total Per Year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

B. Workers' Compensation

For fiscal year 2001, the School District participated in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

The School District has contracted with the Trumbull County Schools Employee Insurance Benefits Consortium to provide employee medical/surgical benefits. The Trumbull County Schools Employee Insurance Benefits Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through an annual calculation process. The School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$33,212, \$49,747 and \$46,598, respectively; 39.05 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$20,244, represents the unpaid contribution for fiscal year 2001.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$316,215, \$196,908 and \$180,295, respectively; 73.25 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$84,604 represents the unpaid contribution for fiscal year 2001.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, three of the members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 11 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$149,786 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$77,494.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 12 - Other Employee Benefits

A. Compensated Absences

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for one fourth of the total sick leave accumulation, up to a maximum accumulation of 80 days for both classified and certified employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Trumbull County Schools Employee Insurance Benefits Consortium at a cost of \$.125 per month per \$1,000 in coverage. The coverages are provided as follows:

Class	Class Description	Amount of Coverage	Class	Class Description	Amount of Coverage
I	Full Time Certified	\$50,000	V	Half Day Classified	\$12,500
II	Full Time Classified	25,000	VI	Classified Cafeteria Aide	12,500
III	Part Time Certified	25,000	VII	Half Day Custodial	12,500
IV	Treasurer	50,000	VIII	Building Secretaries	25,000
			IX	Administrators	50,000

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 13 - Long-Term Liabilities

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

	Principal Outstanding 6/30/00	Additions	Reductions	Principal Outstanding 6/30/01	Amounts Due in One Year
Governmental Activities					
General Obligation Bond: 7.25% 1970 High School Renovation	\$20,000	\$0	\$20,000	\$0	\$0
Compensated Absences	529,721	285,227	263,218	551,730	0
Total Governmental Activities Long Term Liabilities	<u>\$549,721</u>	<u>\$285,227</u>	<u>\$283,218</u>	<u>\$551,730</u>	<u>\$0</u>
Business-Type Activities					
Compensated Absences	<u>\$4,991</u>	<u>\$4,752</u>	<u>\$5,901</u>	<u>\$3,842</u>	<u>\$0</u>

In 1970, the School District issued bonds for renovations at the high school in the amount of \$475,000. These bonds were paid from the bond retirement fund. Compensated absences and the pension obligation will be paid from the general and the title I governmental funds.

At June 30, 2001, the School District's overall legal debt margin was \$8,243,123 with an unvoted debt margin of \$91,590.

Note 14 – Interfund Transfers

Transfers made during the year ended June 30, 2001 were as follows:

Fund Name	Transfers In	Transfers Out
General Fund	\$828	\$13,000
Debt Service Fund	0	828
All Other Governmental Funds	13,000	0
Totals	<u>\$13,828</u>	<u>13,828</u>

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. The \$828 transfer is a transfer to eliminate the remaining cash balance in the debt service fund. The District has no outstanding general obligation debt as of June 30, 2001.

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 15 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. Litigation

Joseph Badger Local School District is not currently a party to any legal proceedings.

Note 16 - Jointly Governed Organizations

A. The Trumbull County Career and Technical Center

The Trumbull County Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a board consisting of one representative from each of the fifteen participating school districts. The board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Joseph Badger Local School District students may attend the vocational school. Each school district's control is limited to its representation on the board. During fiscal year 2001, no monies were paid to the vocational school. Financial information can be obtained from the Trumbull County Career and Technical Center, Treasurer, at 528 Educational Highway, Warren, Ohio, 44483.

B. Northeast Ohio Management Information Network (NEOMIN)

The Northeast Ohio Management Information Network (NEOMIN) is a jointly governed organization among thirty school districts in Trumbull and Ashtabula counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. The School District paid \$23,037 to NEOMIN during fiscal year 2001.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and a principal and treasurer (non-voting members who must be employed by a participating school district, the fiscal agent or NEOMIN). The School District was represented on the Governing Board during fiscal year 2001. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information can be obtained from the Trumbull County Educational Service Center, at 347 North Park Avenue, Warren, Ohio, 44481.

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

C. The Northeast Ohio Instructional Media Center (NEOIMC)

The Northeast Ohio Instructional Media Center (NEOIMC) is a jointly governed organization among forty-five school districts. The jointly governed organization was formed for the purpose of providing quality films and/or other media to support the educational curricula of the School District. Each member pays a monthly premium based on use of the media materials.

NEOIMC is governed by an advisory committee made up of a member from a parochial school, a joint vocational school, one County Superintendent from each participating county, one city superintendent and two local superintendents rotating every two years. The degree of control exercised by any participating school district is limited to its representation on the Board. In fiscal year 2001, the School District paid \$78, which represents 1.71 percent of total contributions. Financial information can be obtained by contacting the treasurer at the Trumbull County Educational Service Center, at 347 North Park Avenue, Warren, Ohio, 44481.

D. The Trumbull Student Assistance Consortium (TSAC)

The Trumbull Student Assistance Consortium (TSAC) is a jointly governed organization among sixteen school districts. The jointly governed organization was formed for the purpose of aiding each participating district in establishing an effective comprehensive alcohol, tobacco and other drug prevention/intervention program that will help make schools drug free.

TSAC is governed by an executive management council made up five superintendents of the participating districts whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the treasurer at the Trumbull County Educational Service Center, at 347 North Park Avenue, Warren, Ohio, 44481.

E. The Northeast Ohio Special Education Regional Resource Center (NEO/SERRC)

The Northeast Ohio Special Education Regional Resource Center (NEO/SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

NEO/SERRC is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the treasurer at the Mahoning County Educational Service Center, at 2801 Market Street, Youngstown, Ohio, 44507.

F. Region 12 Professional Development Center (Center)

The Region 12 Professional Development Center (Center) is a jointly governed organization among the school districts located in Trumbull, Mahoning and Columbiana Counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a governing board made up of nineteen representatives of the participating school districts, the business community, and Youngstown State University, whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the treasurer at the Trumbull County Educational Service Center, at 347 North Park Avenue, Warren, Ohio, 44481.

Note 17 - Public Entity Risk Pools

A. Insurance Purchasing Pool

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

B. Shared Risk Pool

The School District participates in the Trumbull County Schools Employee Insurance Benefits Consortium. It is a shared risk pool comprised of sixteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenue are generated from charges for services.

Note 18 - Related Organization

The Kinsman Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Joseph Badger Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Kinsman Public Library, Martha L. Huscroft, Clerk/Treasurer, at 6420 Church Street, Kinsman, Ohio, 44428.

Note 19 - Set-Aside Calculations

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization. The following cash basis information describes the change in the year-end

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2000	(\$117,808)	\$64,764	\$138,342
Current Year Set-aside Requirement	163,350	163,350	0
Reduction Authorized by Legislative Revisions	0	0	(104,986)
Qualifying Disbursements	<u>(310,518)</u>	<u>(454,456)</u>	<u>0</u>
Totals	<u>(\$264,976)</u>	<u>(\$226,342)</u>	<u>\$33,356</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$264,976)</u>	<u>(\$226,342)</u>	<u>\$33,356</u>
Set-aside Reserve Balance as of June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$33,356</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook and capital acquisition set aside amounts to below zero. This extra amount may be used to reduce the set-aside requirement of future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$33,356.

Note 20 - Restricted Assets

Restricted assets presented in the Governmental Activities column of the Statement of Net Assets are made up of the following:

Cash and Cash Equivalents	\$174,904
Taxes Receivable	58,817
Restricted Cash	<u>33,356</u>
Total Restricted Assets	<u><u>\$267,077</u></u>

Note 21 – School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modifications if the plan is to be considered constitutional, including:

1. A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

2. Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2001

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 28, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may reexamine and re-determine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

Joseph Badger Local School District

Combining Statements and Individual Fund Schedules

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Joseph Badger Local School District

Combining Statements- Nonmajor Funds

Nonmajor Special Revenue Funds

Special Revenue Funds are established to account for revenues from specific sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purpose. Following is a description of the School District's nonmajor special revenue funds:

Principal's Fund - This fund accounts for school site sales revenue and expenditures for field trips, assemblies, and other activity costs.

Professional Development Fund - This fund accounts for State monies used to provide seminars and workshops for staff development.

Auxiliary Services Fund - This fund accounts for funds which provide services and materials to pupils attending non-public schools within the School District.

Educational Management Information Systems Fund (EMIS) - This fund accounts for State monies which support the development of hardware and software or other costs associated with the requirements of the management information system.

District Managed Student Activity Fund - This fund accounts for gate receipts and other revenues from athletic events, all costs (except supplemental coaching contracts) of the School District's athletic program and transportation of the band to and from athletic events.

Disadvantaged Pupil Fund (DPPF)-This fund accounts for State monies received for disadvantaged pupils.

School Net Professional Development Fund - This fund accounts for monies to be used for hands on training and other technology opportunities for school administrative employees.

Summer Intervention Fund - This fund accounts for State monies used to provide summer school for those children in need of additional assistance.

Safe Schools Fund - This fund accounts for federal revenues used for a phone line for parents to call if they feel the school is threatened by outside influences.

Title VI-B Fund - This fund accounts for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Title I Fund - This fund accounts for Federal monies used to assist the School District in meeting the special needs of educationally deprived children.

(continued)

Joseph Badger Local School District

Nonmajor Special Revenue Funds

(continued)

Title VI Fund - This fund accounts for Federal monies which support the implementation of a variety of programs such as computer education, gifted and talented programs, in-service and staff development.

Title VI-R Fund - This fund accounts for federal monies used to analyze classrooms within the District and helps allow the District to hire extra teachers to reduce classroom size.

Drug Free Fund – This fund accounts for federal monies used to establish, operate and improve local programs of drug abuse prevention and to engage in development, training and technical assistance.

Eisenhower Fund – This fund accounts for federal monies used to strengthen instruction in science, mathematics, modern foreign languages, English, the arts and computer learning.

Nonmajor Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Following is a description of the nonmajor capital projects funds:

School Net Fund - This fund accounts for State monies used to obtain computer and related educational equipment and/or the necessary infrastructure for educational technology.

Tech Equity Fund -This fund accounts for State monies used for technology within the School District.

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Joseph Badger Local School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2001

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$80,914	\$18,473	\$99,387
<i>Total Assets</i>	<u>\$80,914</u>	<u>\$18,473</u>	<u>\$99,387</u>
Liabilities and Fund Balances			
Liabilities			
Accrued Wages	\$13,076	\$0	\$13,076
Intergovernmental Payable	2,145	0	2,145
<i>Total Liabilities</i>	<u>15,221</u>	<u>0</u>	<u>15,221</u>
Fund Balances			
Reserved for Encumbrances	4,900	32,010	36,910
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	60,793	0	60,793
Capital Projects Funds (Deficit)	0	(13,537)	(13,537)
<i>Total Fund Balances</i>	<u>65,693</u>	<u>18,473</u>	<u>84,166</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$80,914</u>	<u>\$18,473</u>	<u>\$99,387</u>

Joseph Badger Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2001

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$304,349	\$77,968	\$382,317
Interest	731	0	731
Extracurricular Activities	60,198	0	60,198
Contributions and Donations	7,531	0	7,531
<i>Total Revenues</i>	<u>372,809</u>	<u>77,968</u>	<u>450,777</u>
Expenditures			
Current:			
Instruction:			
Regular	95,059	0	95,059
Special	177,287	0	177,287
Support Services:			
Pupils	3,124	0	3,124
Administration	5,988	0	5,988
Fiscal	9,946	0	9,946
Extracurricular Activities	66,389	0	66,389
Capital Outlay	0	85,562	85,562
<i>Total Expenditures</i>	<u>357,793</u>	<u>85,562</u>	<u>443,355</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	15,016	(7,594)	7,422
Other Financing Sources			
Operating Transfers In	13,000	0	13,000
<i>Net Change in Fund Balances</i>	28,016	(7,594)	20,422
<i>Fund Balances Beginning of Year</i>	<u>37,677</u>	<u>26,067</u>	<u>63,744</u>
<i>Fund Balances End of Year</i>	<u><u>\$65,693</u></u>	<u><u>\$18,473</u></u>	<u><u>\$84,166</u></u>

Joseph Badger Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2001

	<u>Principal's</u>	<u>Professional Development</u>	<u>Auxiliary Services</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$12,468</u>	<u>\$503</u>	<u>\$131</u>
Liabilities and Fund Balances			
Liabilities			
Accrued Wages	\$0	\$0	\$0
Intergovernmental Payable	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Reserved for Encumbrances	1,512	0	0
Unreserved, Undesignated, Reported In: Special Revenue Funds	<u>10,956</u>	<u>503</u>	<u>131</u>
<i>Total Fund Equity</i>	<u>12,468</u>	<u>503</u>	<u>131</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$12,468</u>	<u>\$503</u>	<u>\$131</u>

<u>EMIS</u>	<u>District Managed Student Activity</u>	<u>School Net Professional Development</u>	<u>Summer Intervention</u>	<u>Safe Schools</u>
<u>\$5,000</u>	<u>\$22,264</u>	<u>\$2,787</u>	<u>\$11,514</u>	<u>\$88</u>
\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0
0	2,525	0	0	0
<u>5,000</u>	<u>19,739</u>	<u>2,787</u>	<u>11,514</u>	<u>88</u>
<u>5,000</u>	<u>22,264</u>	<u>2,787</u>	<u>11,514</u>	<u>88</u>
<u>\$5,000</u>	<u>\$22,264</u>	<u>\$2,787</u>	<u>\$11,514</u>	<u>\$88</u>

(continued)

Joseph Badger Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2001

	Title I	Total Nonmajor Special Revenue Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$26,159	\$80,914
Liabilities and Fund Balances		
Liabilities		
Accrued Wages	\$13,076	\$13,076
Intergovernmental Payable	2,145	2,145
<i>Total Liabilities</i>	15,221	15,221
Fund Balances		
Reserved for Encumbrances	863	4,900
Unreserved, Undesignated, Reported In: Special Revenue Funds	10,075	60,793
<i>Total Fund Equity</i>	10,938	65,693
Total Liabilities and Fund Balances	\$26,159	\$80,914

Joseph Badger Local School District
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2001*

	Principal's	Professional Development	Auxiliary Services	EMIS
Revenues				
Intergovernmental	\$0	\$5,680	\$34,947	\$5,000
Interest	0	0	731	0
Extracurricular Activities	28,367	0	0	0
Contributions and Donations	0	0	0	0
<i>Total Revenues</i>	<u>28,367</u>	<u>5,680</u>	<u>35,678</u>	<u>5,000</u>
Expenditures				
Current:				
Instruction:				
Regular	0	5,779	26,957	0
Special	0	0	0	0
Support Services:				
Pupils	0	0	0	0
Administration	0	0	0	5,561
Fiscal	0	0	9,946	0
Extracurricular Activities	23,397	0	0	0
<i>Total Expenditures</i>	<u>23,397</u>	<u>5,779</u>	<u>36,903</u>	<u>5,561</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	4,970	(99)	(1,225)	(561)
Other Financing Sources				
Operating Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	4,970	(99)	(1,225)	(561)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>7,498</u>	<u>602</u>	<u>1,356</u>	<u>5,561</u>
<i>Fund Balances End of Year</i>	<u>\$12,468</u>	<u>\$503</u>	<u>\$131</u>	<u>\$5,000</u>

(continued)

Joseph Badger Local School District
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances*
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2001

	District Managed Student Activity	DPPF	School Net Professional Development	Summer Intervention
Revenues				
Intergovernmental	\$0	\$10,811	\$4,000	\$9,375
Interest	0	0	0	0
Extracurricular Activities	31,831	0	0	0
Contributions and Donations	7,531	0	0	0
<i>Total Revenues</i>	<u>39,362</u>	<u>10,811</u>	<u>4,000</u>	<u>9,375</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	4,786	13,217
Special	0	10,811	0	0
Support Services:				
Pupils	0	0	0	1,929
Administration		0	427	0
Fiscal	0	0	0	0
Extracurricular Activities	42,992	0	0	0
<i>Total Expenditures</i>	<u>42,992</u>	<u>10,811</u>	<u>5,213</u>	<u>15,146</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,630)	0	(1,213)	(5,771)
Other Financing Sources (Uses)				
Operating Transfers In	13,000	0	0	0
<i>Net Change in Fund Balances</i>	9,370	0	(1,213)	(5,771)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>12,894</u>	<u>0</u>	<u>4,000</u>	<u>17,285</u>
<i>Fund Balances End of Year</i>	<u>\$22,264</u>	<u>\$0</u>	<u>\$2,787</u>	<u>\$11,514</u>

Safe Schools	Title VI-B	Title I	Title VI	Title VI-R	Drug Free	Eisenhower	Total Nonmajor Special Revenue Funds
\$1,239	\$58,695	\$131,810	\$7,046	\$25,401	\$5,186	\$5,159	\$304,349
0	0	0	0	0	0	0	731
0	0	0	0	0	0	0	60,198
0	0	0	0	0	0	0	7,531
<u>1,239</u>	<u>58,695</u>	<u>131,810</u>	<u>7,046</u>	<u>25,401</u>	<u>5,186</u>	<u>5,159</u>	<u>372,809</u>
0	0	0	7,046	26,929	5,186	5,159	95,059
0	58,695	107,781	0	0	0	0	177,287
1,195	0	0	0	0	0	0	3,124
0	0	0	0	0	0	0	5,988
0	0	0	0	0	0	0	9,946
0	0	0	0	0	0	0	66,389
<u>1,195</u>	<u>58,695</u>	<u>107,781</u>	<u>7,046</u>	<u>26,929</u>	<u>5,186</u>	<u>5,159</u>	<u>357,793</u>
44	0	24,029	0	(1,528)	0	0	15,016
0	0	0	0	0	0	0	13,000
44	0	24,029	0	(1,528)	0	0	28,016
44	0	(13,091)	0	1,528	0	0	37,677
<u>\$88</u>	<u>\$0</u>	<u>\$10,938</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$65,693</u>

Jospeh Badger Local School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2001

	School Net	Tech Equity	Total Nonmajor Capital Projects Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$18,473	\$0	\$18,473
 Liabilities and Fund Balances			
<i>Total Liabilities</i>	\$0	\$0	\$0
 Fund Balances			
Reserved for Encumbrances	12,000	20,010	32,010
Unreserved, Undesignated Reported in: Capital Projects Funds (Deficit)	6,473	(20,010)	(13,537)
<i>Total Liabilities and Fund Balances</i>	\$18,473	\$0	\$18,473

Joseph Badger Local School District
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2001*

	School Net	Tech Equity	Total Nonmajor Capital Projects Funds
Revenues			
Intergovernmental	\$66,500	\$11,468	\$77,968
Expenditures			
Capital Outlay	64,089	21,473	85,562
<i>Net Change in Fund Balances</i>	2,411	(10,005)	(7,594)
<i>Fund Balances Beginning of Year</i>	16,062	10,005	26,067
<i>Fund Balances End of Year</i>	\$18,473	\$0	\$18,473

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$2,835,579	\$2,594,692	\$2,594,692	\$0
Intergovernmental	4,230,000	4,296,807	4,296,807	0
Interest	170,000	163,390	163,390	0
Tuition and Fees	40,000	30,594	30,594	0
Charges for Services	2,000	1,455	1,455	0
Contributions and Donations	22,846	1,839	1,839	0
Miscellaneous	55,254	38,482	38,506	24
<i>Total Revenues</i>	<u>7,355,679</u>	<u>7,127,259</u>	<u>7,127,283</u>	<u>24</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	2,555,500	2,475,141	2,475,141	0
Fringe Benefits	747,610	777,242	777,242	0
Purchased Services	41,100	39,720	39,720	0
Materials and Supplies	275,098	204,447	204,447	0
Capital Outlay - New	10,000	27,047	27,047	0
Capital Outlay - Replacement	7,691	0	0	0
Total Regular	<u>3,636,999</u>	<u>3,523,597</u>	<u>3,523,597</u>	<u>0</u>
Special:				
Salaries and Wages	81,600	84,277	84,277	0
Fringe Benefits	21,600	19,847	19,847	0
Purchased Services	142,420	329,233	329,233	0
Materials and Supplies	8,059	9,544	9,544	0
Total Special	<u>253,679</u>	<u>442,901</u>	<u>442,901</u>	<u>0</u>
Vocational:				
Salaries and Wages	24,700	30,649	30,649	0
Fringe Benefits	8,800	13,347	13,347	0
Materials and Supplies	718	0	0	0
Total Vocational	<u>34,218</u>	<u>43,996</u>	<u>43,996</u>	<u>0</u>
Total Instruction	<u>\$3,924,896</u>	<u>\$4,010,494</u>	<u>\$4,010,494</u>	<u>\$0</u>

(continued)

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Support Services:				
Pupils:				
Salaries and Wages	\$163,300	\$183,990	\$183,990	\$0
Fringe Benefits	44,130	51,023	51,023	0
Purchased Services	24,088	25,271	25,271	0
Materials and Supplies	2,310	7,860	7,860	0
Total Pupils	233,828	268,144	268,144	0
Instructional Staff:				
Salaries and Wages	115,200	116,636	116,636	0
Fringe Benefits	26,400	29,430	29,430	0
Purchased Services	3,200	1,818	1,818	0
Materials and Supplies	29,273	20,502	20,502	0
Capital Outlay - New	8,942	4,968	4,968	0
Total Instructional Staff	183,015	173,354	173,354	0
Board of Education:				
Salaries and Wages	3,500	2,840	2,840	0
Fringe Benefits	725	633	633	0
Purchased Services	126,000	122,310	122,310	0
Materials and Supplies	500	170	170	0
Capital Outlay - New	4,000	3,371	3,371	0
Other	1,000	9,510	9,510	0
Total Board of Education	135,725	138,834	138,834	0
Administration:				
Salaries and Wages	353,403	416,474	416,474	0
Fringe Benefits	147,495	170,763	170,763	0
Purchased Services	77,000	50,418	50,418	0
Materials and Supplies	17,812	10,982	10,982	0
Capital Outlay - New	22,100	35,695	35,695	0
Other	65,085	65,667	65,667	0
Total Administration	682,895	749,999	749,999	0
Fiscal:				
Salaries and Wages	97,600	97,914	97,914	0
Fringe Benefits	41,775	46,004	46,004	0
Purchased Services	15,500	5,788	5,788	0
Materials and Supplies	1,254	1,909	1,909	0
Capital Outlay - New	26,000	30,744	30,744	0
Other	18,462	28,690	28,690	0
Total Fiscal	\$200,591	\$211,049	\$211,049	\$0

(continued)

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Operation and Maintenance of Plant:				
Salaries and Wages	\$194,600	\$183,418	\$183,418	\$0
Fringe Benefits	91,020	100,450	100,450	0
Purchased Services	246,799	268,094	268,094	0
Materials and Supplies	40,048	40,766	40,766	0
Capital Outlay - New	625	1,418	1,418	0
Other	6,338	6,398	6,398	0
Total Operation and Maintenance of Plant	579,430	600,544	600,544	0
Pupil Transportation:				
Salaries and Wages	168,800	184,554	184,201	353
Fringe Benefits	104,500	113,410	113,410	0
Purchased Services	130,422	137,233	137,233	0
Materials and Supplies	70,899	78,892	78,514	378
Capital Outlay - New	5,000	60,664	60,664	0
Other	7,190	7,190	7,190	0
Total Pupil Transportation	486,811	581,943	581,212	731
Central:				
Salaries and Wages	41,800	39,690	39,690	0
Fringe Benefits	8,630	10,335	10,335	0
Purchased Services	500	247	247	0
Materials and Supplies	4,347	7,300	7,300	0
Capital Outlay - New	8,000	7,632	7,632	0
Total Central	63,277	65,204	65,204	0
Total Support Services	2,565,572	2,789,071	2,788,340	731
Extracurricular Activities:				
Academic and Subject Oriented:				
Salaries and Wages	24,200	27,847	27,847	0
Fringe Benefits	1,500	2,269	2,269	0
Purchased Services	1,700	0	0	0
Total Academic and Subject Oriented	27,400	30,116	30,116	0
Sports Oriented:				
Salaries and Wages	66,500	68,337	68,337	0
Fringe Benefits	11,175	12,012	12,012	0
Total Sports Oriented	77,675	80,349	80,349	0
Total Extracurricular Activities	\$105,075	\$110,465	\$110,465	\$0

(continued)

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - New	\$24,000	\$24,625	\$24,625	\$0
Architecture and Engineering Services:				
Purchased Services	43,188	24,162	24,162	0
Building Improvement Services:				
Capital Outlay - New	576,110	315,711	315,711	0
Total Capital Outlay	643,298	364,498	364,498	0
<i>Total Expenditures</i>	<u>7,238,841</u>	<u>7,274,528</u>	<u>7,273,797</u>	<u>731</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	116,838	(147,269)	(146,514)	755
Other Financing Sources (Uses)				
Operating Transfers In	0	828	828	0
Operating Transfers Out	(5,000)	(13,000)	(13,000)	0
<i>Net Change in Fund Balance</i>	111,838	(159,441)	(158,686)	755
<i>Fund Balance at Beginning of Year</i>	1,742,401	1,742,401	1,742,401	0
Prior Year Encumbrances Appropriated	511,471	511,471	511,471	0
<i>Fund Balance at End of Year</i>	<u>\$2,365,710</u>	<u>\$2,094,431</u>	<u>\$2,095,186</u>	<u>\$755</u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Principal's Fund
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Extracurricular Activities	\$22,500	\$28,367	\$28,367	\$0
Contributions and Donations	65	0	0	0
<i>Total Revenues</i>	<u>22,565</u>	<u>28,367</u>	<u>28,367</u>	<u>0</u>
Expenditures				
Current:				
<i>Extracurricular Activities:</i>				
School and Public Service				
Co-Curricular Activities:				
Purchased Services	845	3,539	3,539	0
Materials and Supplies	6,794	21,370	21,370	0
<i>Total Expenditures</i>	<u>7,639</u>	<u>24,909</u>	<u>24,909</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	14,926	3,458	3,458	0
<i>Fund Balance at Beginning of Year</i>	6,304	6,304	6,304	0
Prior Year Encumbrances Appropriated	1,194	1,194	1,194	0
<i>Fund Balance at End of Year</i>	<u>\$22,424</u>	<u>\$10,956</u>	<u>\$10,956</u>	<u>\$0</u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Professional Development Fund
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$6,282	\$5,680	\$5,680	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	4,298	5,779	5,779	0
<i>Net Change in Fund Balance</i>	1,984	(99)	(99)	0
<i>Fund Balance at Beginning of Year</i>	602	602	602	0
<i>Fund Balance at End of Year</i>	<u>\$2,586</u>	<u>\$503</u>	<u>\$503</u>	<u>\$0</u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$38,182	\$34,947	\$34,947	\$0
Interest	800	731	731	0
<i>Total Revenues</i>	<u>38,982</u>	<u>35,678</u>	<u>35,678</u>	<u>0</u>
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	10,544	3,402	3,402	0
Materials and Supplies	25,000	24,058	24,058	0
Total Instruction	<u>35,544</u>	<u>27,460</u>	<u>27,460</u>	<u>0</u>
<i>Support Services:</i>				
Fiscal:				
Salaries and Wages	4,200	6,543	6,543	0
Fringe Benefits	850	2,834	2,834	0
Capital Outlay - New	0	569	569	0
Total Support Services	<u>5,050</u>	<u>9,946</u>	<u>9,946</u>	<u>0</u>
<i>Total Expenditures</i>	<u>40,594</u>	<u>37,406</u>	<u>37,406</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,612)	(1,728)	(1,728)	0
<i>Fund Balance at Beginning of Year</i>	1,315	1,315	1,315	0
Prior Year Encumbrances Appropriated	<u>544</u>	<u>544</u>	<u>544</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$247</u>	<u>\$131</u>	<u>\$131</u>	<u>\$0</u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Educational Management Information Systems Fund (EMIS)
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$5,000	\$5,000	\$5,000	\$0
Expenditures				
Administration:				
Capital Outlay - New	<u>5,561</u>	<u>5,561</u>	<u>5,561</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(561)	(561)	(561)	0
<i>Fund Balance at Beginning of Year</i>	<u>5,561</u>	<u>5,561</u>	<u>5,561</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$5,000</u></u>	<u><u>\$5,000</u></u>	<u><u>\$5,000</u></u>	<u><u>\$0</u></u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
District Managed Student Activity Fund
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Extracurricular Activities	\$26,544	\$31,831	\$31,831	\$0
Contributions and Donations	5,000	7,531	7,531	0
<i>Total Revenues</i>	<u>31,544</u>	<u>39,362</u>	<u>39,362</u>	<u>0</u>
Expenditures				
Current:				
<i>Extracurricular Activities:</i>				
Academic and Subject Oriented				
Activities:				
Purchased Services	0	1,475	1,475	0
Materials and Supplies	2,830	6,685	6,685	0
Total Academic and Subject Oriented	<u>2,830</u>	<u>8,160</u>	<u>8,160</u>	<u>0</u>
Activities				
Sports Oriented Activities:				
Purchased Services	5,731	17,872	17,872	0
Materials and Supplies	14,197	17,085	17,085	0
Capital Outlay - New	0	2,400	2,400	0
Total Sports Oriented Activities	<u>19,928</u>	<u>37,357</u>	<u>37,357</u>	<u>0</u>
<i>Total Expenditures</i>	<u>22,758</u>	<u>45,517</u>	<u>45,517</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	8,786	(6,155)	(6,155)	0
Other Financing Sources				
Operating Transfers In	5,000	13,000	13,000	0
<i>Net Change in Fund Balance</i>	13,786	6,845	6,845	0
<i>Fund Balance at Beginning of Year</i>	<u>12,894</u>	<u>12,894</u>	<u>12,894</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$26,680</u></u>	<u><u>\$19,739</u></u>	<u><u>\$19,739</u></u>	<u><u>\$0</u></u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Disadvantaged Pupil Fund
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$10,811	\$10,811	\$10,811	\$0
Expenditures				
Current:				
Special Instruction:				
Purchased Services	0	10,811	10,811	0
<i>Net Change in Fund Balance</i>	10,811	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	<u>\$10,811</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
School Net Professional Development Fund
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$2,000	\$4,000	\$4,000	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	0	4,786	4,786	0
Administration:				
Purchased Services	427	427	427	0
<i>Total Expenditures</i>	427	5,213	5,213	0
<i>Net Change in Fund Balance</i>	1,573	(1,213)	(1,213)	0
<i>Fund Balance at Beginning of Year</i>	0	4,000	4,000	0
<i>Fund Balance at End of Year</i>	<u>\$1,573</u>	<u>\$2,787</u>	<u>\$2,787</u>	<u>\$0</u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Summer Intervention Fund
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$5,000	\$9,375	\$9,375	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Salaries and Wages	0	1,732	1,732	0
Materials and Supplies	1,275	71	71	0
Capital Outlay - New	15,000	11,414	11,414	0
Total Regular	16,275	13,217	13,217	0
<i>Support Services:</i>				
Pupils:				
Salaries and Wages	0	1,929	1,929	0
<i>Total Expenditures</i>	16,275	15,146	15,146	0
<i>Net Change in Fund Balance</i>	(11,275)	(5,771)	(5,771)	0
<i>Fund Balance at Beginning of Year</i>	16,810	16,810	16,810	0
Prior Year Encumbrances Appropriated	475	475	475	0
<i>Fund Balance at End of Year</i>	<u>\$6,010</u>	<u>\$11,514</u>	<u>\$11,514</u>	<u>\$0</u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Safe Schools Fund
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$1,239	\$1,239	\$1,239	\$0
Expenditures				
Current:				
<i>Support Services:</i>				
Pupils:				
Purchased Services	<u>1,200</u>	<u>1,195</u>	<u>1,195</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	39	44	44	0
<i>Fund Balance at Beginning of Year</i>	<u>44</u>	<u>44</u>	<u>44</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$83</u></u>	<u><u>\$88</u></u>	<u><u>\$88</u></u>	<u><u>\$0</u></u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title VI-B Fund
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$58,695	\$58,695	\$58,695	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Special:				
Purchased Services	58,695	58,695	58,695	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0	\$0

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	<u>\$106,741</u>	<u>\$131,810</u>	<u>\$131,810</u>	<u>\$0</u>
Expenditures				
Current:				
<i>Instruction:</i>				
Special:				
Salaries and Wages	73,000	77,418	77,418	0
Fringe Benefits	19,800	25,069	25,069	0
Purchased Services	0	964	964	0
Materials and Supplies	67	2,293	2,293	0
Capital Outlay - New	<u>0</u>	<u>2,198</u>	<u>2,198</u>	<u>0</u>
<i>Total Expenditures</i>	<u>92,867</u>	<u>107,942</u>	<u>107,942</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	13,874	23,868	23,868	0
<i>Fund Balance at Beginning of Year</i>	1,361	1,361	1,361	0
Prior Year Encumbrances Appropriated	<u>67</u>	<u>67</u>	<u>67</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$15,302</u></u>	<u><u>\$25,296</u></u>	<u><u>\$25,296</u></u>	<u><u>\$0</u></u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title VI Fund
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$6,190	\$7,046	\$7,046	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	700	700	700	0
Capital Outlay - New	5,490	6,346	6,346	0
<i>Total Expenditures</i>	<u>6,190</u>	<u>7,046</u>	<u>7,046</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title VI-R Fund
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$25,401	\$25,401	\$25,401	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Salaries and Wages	23,000	23,609	23,609	0
Fringe Benefits	5,066	6,871	6,871	0
<i>Total Expenditures</i>	28,066	30,480	30,480	0
<i>Net Change in Fund Balance</i>	(2,665)	(5,079)	(5,079)	0
<i>Fund Balance at Beginning of Year</i>	5,079	5,079	5,079	0
<i>Fund Balance at End of Year</i>	\$2,414	\$0	\$0	\$0

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Drug Free Fund
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$5,186	\$5,186	\$5,186	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	5,186	5,186	5,186	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0	\$0

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Eisenhower Fund
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$5,159	\$5,159	\$5,159	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	<u>4,068</u>	<u>5,159</u>	<u>5,159</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,091	0	0	0
<i>Fund Balance at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,091</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$2,379	\$795	\$795	\$0
Expenditures				
Debt Service:				
Principal Retirement	20,000	20,000	20,000	0
Interest and Fiscal Charges	725	725	725	0
<i>Total Expenditures</i>	20,725	20,725	20,725	0
<i>Net Change in Fund Balance</i>	(18,346)	(19,930)	(19,930)	0
Other Financing Uses:				
Operating Transfers Out	0	(828)	(828)	0
<i>Net Change in Fund Balance</i>	(18,346)	(20,758)	(20,758)	0
<i>Fund Balance Beginning of Year</i>	20,758	20,758	20,758	0
<i>Fund Balance End of Year</i>	\$2,412	\$0	\$0	\$0

See accompanying notes to the basic financial statements

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$54,910	\$57,077	\$57,077	\$0
Intergovernmental	5,700	5,730	5,730	0
<i>Total Revenues</i>	<u>60,610</u>	<u>62,807</u>	<u>62,807</u>	<u>0</u>
Expenditures				
Current:				
Support Services:				
Fiscal:				
Other	500	109	109	0
Business:				
Other	500	851	851	0
Total Support Services	<u>1,000</u>	<u>960</u>	<u>960</u>	<u>0</u>
Capital Outlay:				
Facilities Acquisition and Construction Services:				
<i>Construction Services:</i>				
Site Improvement Services:				
Purchased Services	25,000	0	0	0
Building Improvement Services:				
Purchased Services	2,700	2,700	2,700	0
Capital Outlay - New	25,000	24,051	24,051	0
Total Building Improvement Services	<u>27,700</u>	<u>26,751</u>	<u>26,751</u>	<u>0</u>
Total Capital Outlay	<u>52,700</u>	<u>26,751</u>	<u>26,751</u>	<u>0</u>
<i>Total Expenditures</i>	<u>53,700</u>	<u>27,711</u>	<u>27,711</u>	<u>0</u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
School Net Fund
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$54,500	\$66,500	\$66,500	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Materials and Supplies	3,650	20,845	20,845	0
Capital Outlay - New	0	43,244	43,244	0
<i>Total Instruction</i>	3,650	64,089	64,089	0
<i>Support Services:</i>				
Central:				
Capital Outlay - New	0	12,000	12,000	0
<i>Total Expenditures</i>	3,650	76,089	76,089	0
<i>Net Change in Fund Balance</i>	50,850	(9,589)	(9,589)	0
<i>Fund Balance at Beginning of Year</i>	12,412	12,412	12,412	0
Prior Year Encumbrances Appropriated	3,650	3,650	3,650	0
<i>Fund Balance at End of Year</i>	<u>\$66,912</u>	<u>\$6,473</u>	<u>\$6,473</u>	<u>\$0</u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Tech Equity Fund
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$0	\$11,468	\$11,468	\$0
Expenditures				
Current:				
<i>Support Services:</i>				
Capital Outlay - New	0	11,468	11,468	0
Capital Outlay - Replacement	10,005	10,005	10,005	0
<i>Total Expenditures</i>	10,005	21,473	21,473	0
<i>Net Change in Fund Balance</i>	(10,005)	(10,005)	(10,005)	0
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	10,005	10,005	10,005	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0	\$0

Joseph Badger Local School District
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales	\$209,750	\$192,145	\$192,145	\$0
Interest	850	284	284	0
Operating Grants	100,000	95,285	95,285	0
<i>Total Revenues</i>	310,600	287,714	287,714	0
Expenses				
Salaries:				
Food Service Operations	95,647	96,691	96,691	0
Fringe Benefits:				
Food Service Operations	63,950	71,322	71,322	0
Purchased Services:				
Food Service Operations	15,000	13,087	13,087	0
Materials and Supplies:				
Food Service Operations	157,000	113,641	113,641	0
Capital Outlay:				
Capital Outlay - Replacement:				
Food Service Operations	4,313	4,313	4,313	0
Other:				
Food Service Operations	608	676	676	0
<i>Total Expenses</i>	336,518	299,730	299,730	0
<i>Net Change in Fund Balance</i>	(25,918)	(12,016)	(12,016)	0
<i>Fund Balance Beginning of Year</i>	28,367	28,367	28,367	0
<i>Fund Balance End of Year</i>	2,449	16,351	16,351	0

Joseph Badger Local School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP) and Actual
Scholarship Trust Fund
For the Fiscal Year Ended June 30, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$850	\$956	\$956	\$0
Expenses				
Other:				
Community Services	<u>850</u>	<u>876</u>	<u>876</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	80	80	0
<i>Fund Balance Beginning of Year</i>	<u>15,793</u>	<u>15,793</u>	<u>15,793</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$15,793</u></u>	<u><u>\$15,873</u></u>	<u><u>\$15,873</u></u>	<u><u>\$0</u></u>

Joseph Badger Local School District

Statistical Section

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the School District

Joseph Badger Local School District
General Governmental
Revenues by Source and Expenses/Expenditures by Function(1)
Last Ten Fiscal Years(2)

	2001		2000		1999
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	
Program Revenues					
Charges for Services	\$83,505	N/A	\$53,581	N/A	N/A
Operating Grants and Contributions	295,623	N/A	302,526	N/A	N/A
Capital Grants and Contributions	79,807	N/A	32,851	N/A	N/A
General Revenues					
Taxes	\$2,556,186	\$2,662,042	\$2,632,853	\$2,508,773	\$2,241,953
Intergovernmental	4,300,266	4,682,584	4,133,565	4,399,456	3,890,414
Interest	159,079	159,079	145,316	145,316	109,592
Tuition and Fees	0	30,594	0	23,142	22,561
Extracurricular Activities	0	60,198	0	47,629	0
Charges for Services	0	1,455	0	7,935	4,144
Gifts and Donations	0	9,370	0	31,361	1,693
Miscellaneous	38,506	38,506	55,765	55,765	1,163
Total	\$7,054,037	\$7,643,828	\$6,967,499	\$7,219,377	\$6,271,520
Expenses/Expenditures					
Current:					
Instruction:					
Regular	\$3,578,852	\$3,566,085	\$3,369,166	\$3,415,766	\$3,083,849
Special	587,040	584,370	371,262	375,925	480,366
Vocational	50,628	50,628	51,646	51,646	38,677
Adult/Continuing	0	0	0	0	298
Other	0	0	0	0	0
Support Services:					
Pupils	264,410	264,151	252,287	252,029	189,608
Instructional Staff	168,253	171,924	122,148	117,031	116,663
Board of Education	136,730	136,730	73,278	73,278	93,661
Administration	764,260	756,221	663,633	690,388	658,573
Fiscal	235,506	246,416	162,282	165,827	158,635
Business	0	0	13,312	13,312	0
Operation and Maintenance of Plant	0 606,097	0 582,599	0 542,027	0 512,193	0 496,086
Pupil Transportation	581,336	511,125	534,694	687,102	429,756
Central	58,765	65,241	59,176	59,134	32,632
Operation of Non-					
Instructional Services	384	0	5,917	5,642	0
Extracurricular Activities	178,163	177,866	164,067	162,593	108,433
Capital Outlay	0	434,249	0	110,140	3,914
Debt Service	604	20,725	2,054	22,175	0
Total	\$7,211,028	\$7,568,330	\$6,386,949	\$6,714,181	\$5,891,150

Source: School District Financial Records

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds for modified accrual and all governmental activities for full accrual

(2) 1996 through 2001 reported on a GAAP Basis; All others on Cash Basis.

1998	1997	1996	1995	1994	1993	1992
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$2,245,706	\$2,199,996	\$2,141,869	\$1,858,151	\$1,524,755	\$1,564,774	\$1,531,956
3,577,581	3,411,258	3,312,296	2,877,040	2,867,342	2,821,664	2,633,559
106,023	89,767	61,823	48,112	29,016	23,247	43,774
20,655	12,155	2,428	14,351	4,523	4,957	8,898
0	0	0	0	0	0	0
463	462	238	0	0	0	0
460	740	1,435	0	0	0	0
33,634	10	7,979	15,349	20,066	3,210	2,221
<u>\$5,984,522</u>	<u>\$5,714,388</u>	<u>\$5,528,067</u>	<u>\$4,813,003</u>	<u>\$4,445,702</u>	<u>\$4,417,852</u>	<u>\$4,220,408</u>
\$3,191,030	\$2,999,696	\$2,771,499	\$2,400,699	\$2,364,623	\$2,450,417	\$2,552,231
213,896	241,043	173,832	163,499	220,937	116,002	112,509
114,210	113,268	114,914	118,006	145,201	147,624	138,494
862	0	0	0	0	0	0
0	0	0	5,227	1,842	5,409	10,840
121,543	137,951	119,497	109,520	86,300	73,892	93,177
101,547	99,117	89,944	106,099	106,174	69,107	85,328
22,540	32,697	107,051	16,272	20,097	15,724	15,198
609,947	606,953	572,405	578,787	519,603	457,654	460,736
128,076	120,882	110,785	105,003	100,465	100,403	82,913
0	2,592	0	0	0	0	0
490,689	538,129	444,897	436,773	427,624	426,682	399,494
506,864	614,100	430,925	487,035	436,586	424,261	507,195
33,625	18,769	0	0	0	71,494	81,999
0	0	0	0	0	0	0
95,730	90,412	85,666	74,508	72,540	65,302	70,029
0	0	330	875	185	250	5,051
0	0	3,998	0	0	0	0
<u>\$5,630,558</u>	<u>\$5,615,609</u>	<u>\$5,025,743</u>	<u>\$4,602,303</u>	<u>\$4,502,177</u>	<u>\$4,424,221</u>	<u>\$4,615,194</u>

Joseph Badger Local School District

Property Tax Levies and Collections

Last Seven Calendar Years (1)

Year (2)	Total Tax Levy	Current Collections	Percent of Current Taxes Collected	Delinquent Collections	Total Collections	Total Tax Collections As a Percent of Current Levy	Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes To Total Tax Levy
2000	\$2,926,898	\$2,834,162	96.83%	\$70,844	\$2,905,006	99.25%	\$195,059	6.66%
1999	2,598,515	2,553,491	98.27	90,952	2,644,443	101.77	173,009	6.66
1998	2,523,387	2,463,731	97.64	80,130	2,543,861	100.81	180,377	7.15
1997	2,503,458	2,441,668	97.53	135,535	2,577,203	102.95	212,682	8.50
1996	2,448,537	2,372,321	96.89	93,700	2,466,021	100.71	240,382	9.82
1995	2,427,226	2,338,370	96.34	75,028	2,413,398	99.43	190,762	7.86
1994	1,861,318	1,785,659	95.94	115,739	1,901,398	102.15	189,840	10.20

Source: Trumbull County Auditor - Data is presented on a calendar year basis because this is the manner in which the information is maintained by the County Auditor.

- (1) Information was not available prior to 1994.
- (2) Represents collection year. 2001 information cannot be presented because all collections have not been made by June 30.
- (3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

Joseph Badger Local School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Calendar Years

Year	Real Property		Public Utility Property		Tangible Personal Property		Total		Ratio
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
2001	\$77,973,410	\$222,781,171	\$5,726,310	\$6,507,170	\$7,890,532	\$31,562,128	\$91,590,252	\$260,850,469	35%
2000	76,319,190	218,054,829	6,930,500	7,875,568	6,509,919	26,039,676	89,759,609	251,970,073	36
1999	58,327,417	166,649,763	6,496,850	7,382,784	5,292,262	21,169,048	70,116,529	195,201,595	36
1998	57,765,271	165,043,631	6,681,770	7,592,920	5,174,311	20,697,244	69,621,352	193,333,796	36
1997	57,087,115	163,106,043	6,784,250	7,709,375	4,651,406	18,605,624	68,522,771	189,421,042	36
1996	51,706,717	147,733,477	6,905,330	7,846,966	4,397,059	17,588,236	63,009,106	173,168,679	36
1995	51,036,902	145,819,720	7,192,750	8,173,580	4,145,467	16,581,868	62,375,119	170,575,168	37
1994	50,240,150	143,543,286	7,508,140	8,531,977	4,145,467	16,581,868	61,893,757	168,657,131	37
1993	44,566,232	127,332,091	7,470,750	8,489,489	4,387,205	17,548,820	56,424,187	153,370,400	37
1992	44,556,250	127,303,571	7,176,720	8,155,364	4,387,205	17,548,820	56,120,175	153,007,755	37

Source: Trumbull County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained

(1) Assessed estimated true value is calculated by dividing the assessed value by the assessment percentage.

The percentages used in the calculation are as follows:

Real Property - 35 percent

Public Utility Tangible - 88 percent

Tangible Personal Property - 25 percent of actual value for 1995 through 2001

Joseph Badger Local School District
Property Tax Rates - Direct and Overlapping Governments
(per \$1,000 Assessed Valuation)
Last Ten Calendar Years

Year	School Levy	County Levy	Gustavus Township Levy	Hartford Township Levy	Kinsman Township Levy	Vernon Township Levy	JVS Levy	Debt Service Included in Total Levy			
								School	County	Townships	Total
2001	\$38.40	\$10.35	\$12.20	\$5.80	\$14.00	\$7.70	\$2.40	\$0.00	\$0.00	\$0.00	\$0.00
2000	38.41	10.35	9.20	5.80	14.00	7.70	2.40	0.00	0.00	0.00	0.00
1999	41.58	9.30	9.20	5.80	14.00	7.70	2.40	0.00	0.00	0.00	0.00
1998	35.25	9.30	9.20	5.80	14.00	7.70	2.40	0.36	0.00	0.00	0.36
1997	35.27	9.30	9.20	5.80	14.00	6.20	2.40	0.20	0.00	0.00	0.20
1996	37.39	9.30	9.20	5.80	13.00	6.20	2.40	0.50	0.00	0.00	0.50
1995	37.62	9.30	9.20	7.80	13.00	6.20	2.40	0.60	0.00	0.00	0.60
1994	40.00	9.30	6.20	7.80	13.00	6.20	2.40	0.00	0.00	0.00	0.00
1993	40.00	9.30	6.20	7.80	13.00	6.20	2.40	0.00	0.00	0.00	0.00
1992	40.00	9.80	6.50	8.10	13.30	3.50	2.40	0.38	0.00	0.00	0.38

Source: Trumbull County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained

Joseph Badger Local School District

Ratio of Net General Obligation Bonded Debt to Assessed

Value and Net Bonded Debt Per Capita

Last Ten Years

<u>Year</u>	<u>General Obligation Bonded Debt (1)</u>	<u>Assessed Value</u>	<u>Population (2)</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2001	\$20,000	\$91,590,252	7,066	0.02%	\$2.83
2000	22,175	89,759,609	7,066	0.02	3.14
1999	23,625	70,116,529	7,066	0.03	3.34
1998	25,075	69,621,352	6,977	0.04	3.59
1997	26,525	68,522,771	6,977	0.04	3.80
1996	33,156	63,009,106	6,977	0.05	4.75
1995	34,969	62,375,119	6,977	0.06	5.01
1994	36,781	61,893,757	6,977	0.06	5.27
1993	64,219	56,424,187	6,977	0.11	9.20
1992	67,281	56,120,175	6,977	0.12	9.64

Source: Trumbull County Auditor and School District Financial Records

(1) Represents general obligation bonds payable from property taxes.

(2) Estimate provided by State Census Bureau.

Joseph Badger Local School District
Computation of Legal Debt Margin
June 30, 2001

Assessed Valuation	<u>\$91,590,252</u>
Overall Debt Limit - 9% of Assessed Value (1)	\$8,243,123
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	0
Less: Amount Available in Debt Service Fund	<u>0</u>
Net Bonded Debt	<u>0</u>
<i>Overall Debt Margin</i>	<u>\$8,243,123</u>
Unvoted Debt Limit - .10% of Assessed Value (1)	\$91,590
Amount of Debt Applicable	<u>0</u>
<i>Unvoted Debt Margin</i>	<u>\$91,590</u>

Source: Trumbull County Auditor and School District Financial Records

(1) Ohio Bond Law sets an overall limit of 9% for all debt
and 1/10 of 1% for unvoted debt.

Joseph Badger Local School District
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2000

Jurisdiction	General Obligation Debt Outstanding (1)	Percentage Applicable to School District (2)	Amount Applicable to School District
Joseph Badger Local School District	\$0	100.00%	\$0
Trumbull County	14,173,619	3.00	425,209
Gustavus Township	0	100.00	0
Hartford Township	0	100.00	0
Kinsman Township	0	100.00	0
Vernon Township	0	100.00	0
Total			<u>\$425,209</u>

(1) Represents general obligation bonds payable from property taxes.

(2) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2001 collection year.

Joseph Badger Local School District
Ratio of Annual Debt Service Expenditures For
General Obligation Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service (1)</u>	<u>Total Governmental Fund Expenditures</u>	<u>Ratio of Debt Service to Governmental Fund Expenditures (Percentage)</u>
2001	\$20,000	\$725	\$20,725	\$7,568,330	0.27%
2000	20,000	2,175	22,175	6,714,181	0.33
1999	20,000	3,625	23,625	5,891,150	0.40
1998	20,000	5,075	25,075	5,630,558	0.45
1997	20,000	6,525	26,525	5,615,609	0.47
1996	25,000	8,156	33,156	5,025,743	0.66
1995	25,000	9,969	34,969	4,602,303	0.76
1994	25,000	11,781	36,781	4,502,177	0.82
1993	50,000	14,219	64,219	4,424,221	1.45
1992	50,000	17,281	67,281	4,615,194	1.46

Source: School District Financial Records

Joseph Badger Local School District

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Trumbull County Population (1)</u>	<u>Gustavus Township Population (2)</u>	<u>Hartford Township Population (2)</u>	<u>Kinsman Township Population (2)</u>	<u>Vernon Township Population (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2001	225,116	1,044	2,184	2,126	1,712	1,191	5.1%
2000	225,338	1,044	2,184	2,126	1,712	1,148	5.2
1999	227,069	1,044	2,184	2,126	1,712	1,104	5.5
1998	228,417	1,031	2,157	2,099	1,690	1,104	5.9
1997	228,417	1,031	2,157	2,099	1,690	1,107	5.8
1996	229,805	1,031	2,157	2,099	1,690	1,138	6.1
1995	229,805	1,031	2,157	2,099	1,690	N/A	7.2
1994	229,805	1,031	2,157	2,099	1,690	N/A	8.2
1993	229,805	1,031	2,157	2,099	1,690	N/A	9.8
1992	228,864	1,031	2,157	2,099	1,690	N/A	7.7

(1) Trumbull County Planning Commission

(2) Estimate provided by the State Census Bureau

(3) School District Financial Records

(4) Represents Trumbull County

Joseph Badger Local School District
Property Value and Financial Institution Deposits
Last Ten Years

Year	Property Value (Real Estate Only) (1)	Financial Institution Deposits Banks (2)
2001	\$77,973,410	\$136,630,100
2000	76,319,190	156,658,200
1999	58,327,417	157,324,600
1998	57,765,271	154,597,700
1997	57,087,115	111,942,800
1996	51,706,717	149,499,000
1995	51,036,902	125,417,000
1994	50,240,150	111,817,000
1993	44,566,232	99,003,000
1992	44,556,250	80,030,000

Source: Ohio Bureau of Employment Services
 Federal Reserve Bank of Cleveland

(1) Represents assessed value.

(2) Represents all banks headquartered in Trumbull County.

Joseph Badger Local School District

Principal Taxpayers

Real Estate Tax

December 31, 2000

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Target Stamped Product	\$771,590	0.99%
Richard B. Thompson	471,830	0.61
Consumer's Water	443,860	0.57
W I Miller & Sons	333,180	0.43
Stanwade Metal Products	313,160	0.40
National Dairy Products	312,380	0.40
Harnett, David L.	278,800	0.36
Kepner, Nancy M.	245,830	0.32
Logan, Arlene B.	242,160	0.31
O'Brien, Michael J.	225,660	0.29
Logan, Arthur R.	<u>176,950</u>	<u>0.23</u>
Total	<u>\$3,815,400</u>	<u>4.89%</u>
Total Real Estate Valuation	<u>\$77,973,410</u>	

Source: Trumbull County Auditor

(1) Assessed values are for the 2001 collection year.

Joseph Badger Local School District

Principal Taxpayers

Tangible Personal Property Tax

December 31, 2000

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Target Stamped Product	\$2,553,550	32.36%
Kraft Foods, Inc.	2,450,730	31.06
Terry Harmon Motors	706,470	8.95
Stanwade Metal Products	517,610	6.56
Palmer Donavin Manufacturing Co.	448,060	5.68
A G Birrell Co.	256,340	3.25
Cope Farm Equipment	161,920	2.05
Century Shenango Cable	121,860	1.54
Horodyski Brothers Co.	118,180	1.50
Kinsman Land Company	<u>107,820</u>	<u>1.37</u>
Total	<u>\$7,442,540</u>	<u>94.32%</u>
Total Assessed Value	<u>\$7,890,532</u>	

Source: Trumbull County Auditor

(1) Assessed values are for the 2001 collection year.

Joseph Badger Local School District

Principal Taxpayers

Public Utilities Tax

December 31, 2000

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Ohio Edison Company	\$3,315,320	58.52%
United Telephone	1,474,870	26.04
Eastern Natural Gas	415,600	7.34
Norfolk Southern Combined	340,700	6.01
CSX Transportation	<u>118,310</u>	<u>2.09</u>
Total	<u>\$5,664,800</u>	<u>93.11%</u>
Total Assessed Value	<u>\$5,726,310</u>	

Source: Trumbull County Auditor

(1) Assessed values are for the 2001 collection year.

Joseph Badger Local School District

Per Pupil Cost

Last Ten Fiscal Years

<u>Year</u>	<u>Governmental Fund Expenditures (1)</u>	<u>Average Daily Membership</u>	<u>Per Pupil Cost</u>
2001	\$7,568,330	1,191	\$6,355
2000	6,714,181	1,148	5,849
1999	5,891,150	1,104	5,336
1998	5,630,558	1,104	5,100
1997	5,615,609	1,107	5,073
1996	5,025,743	1,138	4,416
1995	4,602,303	N/A	N/A
1994	4,502,177	N/A	N/A
1993	4,424,221	N/A	N/A
1992	4,615,194	N/A	N/A

Source: School District Financial Records.

(1) 1996 through 2001 on Modified Accrual Basis.
All other years based on Cash Basis.

Joseph Badger Local School District

Teacher Education And Experience

June 30, 2001

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	44	60%
Master's Degree	<u>29</u>	<u>40%</u>
Total	<u><u>73</u></u>	<u><u>100%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	19	26%
6 - 10	4	5%
11 and over	<u>50</u>	<u>68%</u>
	<u><u>73</u></u>	<u><u>100%</u></u>

Source: School District Personnel Records.



STATE OF OHIO
OFFICE OF THE AUDITOR

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JOSEPH BADGER LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 17, 2002**