



**Auditor of State
Betty Montgomery**

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, 2003

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		\$25,158		\$25,158
School Breakfast Program	05-PU 02 05-PU 03	10.553	\$ 679		\$ 679	
			10,228		10,228	
Subtotal -- School Breakfast Program			<u>10,907</u>		<u>10,907</u>	
National School Lunch Program	LL-P4-2002 LL-P4-2003	10.555	11,115		11,115	
			78,946		78,946	
Subtotal -- School National School Lunch Program			<u>90,061</u>		<u>90,061</u>	
Total U.S. Department of Agriculture -- Nutrition Cluster			<u>\$ 100,968</u>	<u>\$ 25,158</u>	<u>\$ 100,968</u>	<u>\$ 25,158</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 01 C1-S1 02	84.010			8,338	
			119,996		111,675	
Subtotal -- Title I School Subsidy			<u>119,996</u>		<u>120,013</u>	
<i>Special Education Grants Cluster:</i>						
Title VI - B Special Education Grants to States	6B-SF-2002 6B-SF-2003	84.027	1,440		1,440	
			101,429		101,429	
Subtotal - Special Education Grants Cluster			<u>102,869</u>		<u>102,869</u>	
Safe and Drug Free Schools Grant	DR-S1-2003	84.186	5,426		5,426	
Eisenhower Professional Development Grant	MS-S1-2002	84.281	(420)		563	
Innovative Education Program Strategies Title IV	C2-S1-2003	84.298	6,208		6,208	
Technology Literacy Challenge Fund Grants	TJ-S1-2003	84.318	3,286		3,286	
Assistive Technology	AT-S4-2002	84.224	1,553			
Improving Teacher Quality State Grants	TR-S1-2002 TR-S1-2003	84.367			4,288	
			49,520		38,976	
Subtotal - Improving Teacher Quality State Grants			<u>49,520</u>		<u>43,264</u>	
Total -- U.S. Department of Education			<u>\$ 288,438</u>		<u>\$ 281,629</u>	
Totals			<u>\$ 389,406</u>	<u>\$ 25,158</u>	<u>\$ 382,597</u>	<u>\$ 25,158</u>

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

**JOSEPH BADGER LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B- FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, had no significant food commodities in inventory.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



**Auditor of State
Betty Montgomery**

**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 basic financial statements of Joseph Badger Local School District, Trumbull County (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated December 18, 2003. 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 the 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 one immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 18, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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.

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

Betty Montgomery
Auditor of State

December 18, 2003



**Auditor of State
Betty Montgomery**

**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

Compliance

We have audited the compliance of the Joseph Badger Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal program is 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 its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to 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 the 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 the District's compliance with those requirements.

In our opinion, the Joseph Badger Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the 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 the 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 the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2003, which collectively comprise the Joseph Badger Local School District's basic financial statements, and have issued our report thereon dated December 18, 2003. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the audit committee, management, 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.



Betty Montgomery
Auditor of State

December 18, 2003

**JOSEPH BADGER LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2003**

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

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 CFDA's 10.550, 10.553 and 10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: > \$100,000
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Finding Number	None
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
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Joseph Badger Local School District

Kinsman, Ohio

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2003

Issued by:
Treasurer's Office
William A. Johnson

Joseph Badger Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2003
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Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2003
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Comprehensive Annual Financial Report
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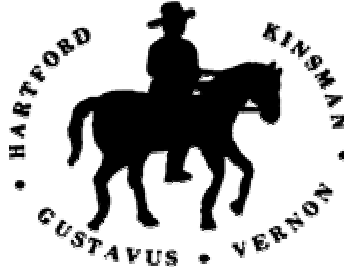
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Joseph Badger Local School District

8317 Main Street, Kinsman, Ohio 44428
Phone (330) 876-1051 Fax (330) 876-1053

Badger High School, 8319 Main Street
4224 State Route 87
Kinsman, Ohio 44428 (330) 876-8011
(330) 876-3610

Badger Middle School, 6144 State Route 7
State Route 7 & 305
Kinsman, Ohio 44428 (330) 772-4731
(330) 772-2401



Gustavus Elementary,
Farmdale, Ohio 44417

Harford Elementary,
Hartford, Ohio 44424

December 18, 2003

Board of Education Members
Joseph Badger Local School District

We are pleased to submit to you the fourth Comprehensive Annual Financial Report (CAFR) of the Joseph Badger Local School District. This report discloses information for the fiscal year ending June 30, 2003. 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 non-major funds and other schedules that provide detailed information related 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 613 School Districts in the State of Ohio. The District's territory includes the townships of Gustavus, Hartford, Kinsman and Vernon.

The School District boundaries are a result of 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 of students. 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. The State discovered that we possess the 5th and 9th worst buildings for safety and learning environment in the entire State, which prompted the Ohio School Facilities Commission to place Joseph Badger in the exceptional needs program for building(s) replacement. In February, 2003 the community passed a Bond Issue in order to participate in shared funding that would provide a new pre-kindergarten through twelfth grade Educational Complex for the Joseph Badger Local School District. The school is scheduled to open with students in attendance, Fall 2006.

The 2003 fiscal year student count was 1,222. The teachers’ average years of experience were 17.21 accompanied with a K-12 pupil/regular teacher ratio of 15.27. The School District employs one hundred twenty-six staff members, both certified and classified.

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, department and organizations making up the Joseph Badger Local School District (the primary government) and its potential component units.

The Trumbull County 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 Workers’ 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 at an approximate rate of four percent per year. Total assessed value, based primarily on agricultural values and new single-family residential construction has increased approximately forty percent in the past five years while student enrollment has remained almost level. The large increases were due mainly to re-valuation of the properties within the District. The funding structure of public education in Ohio as mandated by the state legislature is such that school districts receive very little revenue growth as a result of inflationary increases in their tax base. Because of depressed economic conditions throughout the State there is little reason to believe that State funding of schools will change. However, many people believe the future of State funding lies with the results of the DeRolph IV lawsuit. 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 a five-year renewal on one of its emergency operating levies on the November 3, 2002 and recently failed to renew the second emergency levy on the

November 4, 2003 ballot. The School District attributed the failure to low voter turn out and will return to the ballot in March 2004 to try for approval again. The School District will not lose funds until calendar 2005.

Major Initiatives

Library Services and Technology Act (LSTA)

The LSTA grant targeted our building libraries. This initiative allowed Joseph Badger to place four new Gateway computers in each of our libraries. These computers will be used for book check-out and check-in, book cataloging and access to the INFohio system.

INFohio

All four School District buildings are active participants in the INFohio Media Network. In fact, the School District was one of the original seven districts to apply for and receive a grant to bring the School District's libraries on line. The School District was the second of those districts to utilize INFohio through the Northeast Ohio Information Management Network. The use of this network has helped our media centers become modern information resource centers. INFohio, 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. INFohio'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 District library media centers and classrooms.

Technology Training

In order for our students to receive the best possible education in the use of available technology, it is essential that our staff is offered the best possible training. Thanks to this commitment by the School District to see that our staff is offered this training, and thanks to a professional development grant provided by the SchoolNet Office of the State, our teachers have been offered, and have taken advantage of a broad range of training opportunities. Currently, fifty-three of our teachers have been awarded certificates for information skills, fifty-three for productivity tools, eight for multimedia/hypermedia, and eight for networking. Six of our teachers have obtained practitioner level as certified by the Ohio Department of Education's SchoolNet office. In addition, the School District's technology mentors have been trained as trainers and can conduct individual instructional sessions.

Computer Replacement

Our School District understands that in order to continue to take advantage of the wide range of opportunities technology provides, our computers must be well maintained, and must be replaced on a regular, timely schedule. Our most recent Technology Plan accounts for this necessity by calling for a 6 year replacement schedule for all School District computers. Thanks to a donation made earlier this summer by the Kent State Trumbull Campus of some Dell computers, our schedule is well on track. The receipt later this year of the Ohio Schoolnet grant will help the School District continue to provide exemplary education in technology.

Curriculum and Instruction

Curriculum and instruction has undergone massive changes in the State this past year. The Federal Elementary and Secondary Education Act (ESEA) have provided states a framework for which their schools must operate. These massive changes include the introduction of new content standards in the areas of Math, Arts, Science, and Social Studies, accompanied by Computer Technology, are soon to follow. While the curriculum has undergone massive changes during the 2002-2003 school year, even more was accomplished

pertaining to the delivery of services to the School District's students. The 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 of the classroom to meet in small groups. This remediation would hopefully provide a long term positive impact on proficiency scores. However, the School District is investigating replacing Teaching Assistants and Counselors with All Day-Every Day Kindergarten.

Recently added library/media specialists continue to provide services both at Gustavus and Hartford Elementary schools. 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 contract will be with other at-risk students. The positions originated through the Continuous Improvement Process and were a part of the State Required "Continuous Improvement Plan". Guidance Counselors and a Title II-A funded classroom teacher continue to provide improved educational opportunity for K-5 elementary students.

District-wide nursing services were continued by maintaining two part-time nurses in order to improve the health and safety of all students and staff members.

Special Education

The School District continues to improve in special education services offered to all qualifying students. Working in conjunction with the Trumbull County Educational Service Center, School District students receive every opportunity for educational success. A variety of programs are offered and student-teacher ratios are well within State mandated guidelines.

Local Report Cards

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. Along with new content standards are testing requirements that are reflected on the State's ever changing Local Report Card. For the 2001-2002 school year the Local Report Card altered their reporting standard. Twelfth grade students were no longer required to take a proficiency test thus the reporting standards decreased from 27 to 22 standards. Joseph Badger met 13 of the 22 standards. The 2002-2003 school year witnessed continued improvement by meeting 14 of the 22 indicator standards. Once again our passage rate shows continuous improvement. The missed standards continue to be concentrated in fourth and sixth grade. The eighth and tenth graders met all but one standard. It is obvious that the longer a student attends our School District, the better their performance on the proficiency test. The School District also met the student attendance standard of ninety-three percent and similarly the graduation rate of 90 percent.

Summer School

The Joseph Badger School District continued to conduct during summer of 2003 summer school classes. In accordance with the Ohio Revised Code, classes were held for students exiting grades three, four, five and six. The classes consisted of forty-five hours over a three-week period and attendance is optional.

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 fourth 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 appears in the financial section of this report, providing an assessment of the School District finances for 2003 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 \$15,219. Information regarding the major governmental and proprietary funds is presented in Management's Discussion and Analysis.

Cash Management

The Board has implemented an effective 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 \$70,598 by the School District's Funds for the year ended June 30, 2003, \$42,629 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 market value of the pooled collateral must equal at least 105 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 2003, investments were: Mutual Funds, Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes, STAR Ohio, an investment pool managed by the State Treasurer and a Savings Account with Sky Bank.

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 \$3,000,000 for each occurrence and \$5,000,000 in the aggregate. The School District contracts annually for property and casualty insurance with a \$1,000 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 \$1,000 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 Betty Montgomery, 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, 2003. 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, 2002. 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 Betty Montgomery'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


Dr. David Bair, Superintendent

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**Joseph Badger Local School District
Principal Officials
June 30, 2003**

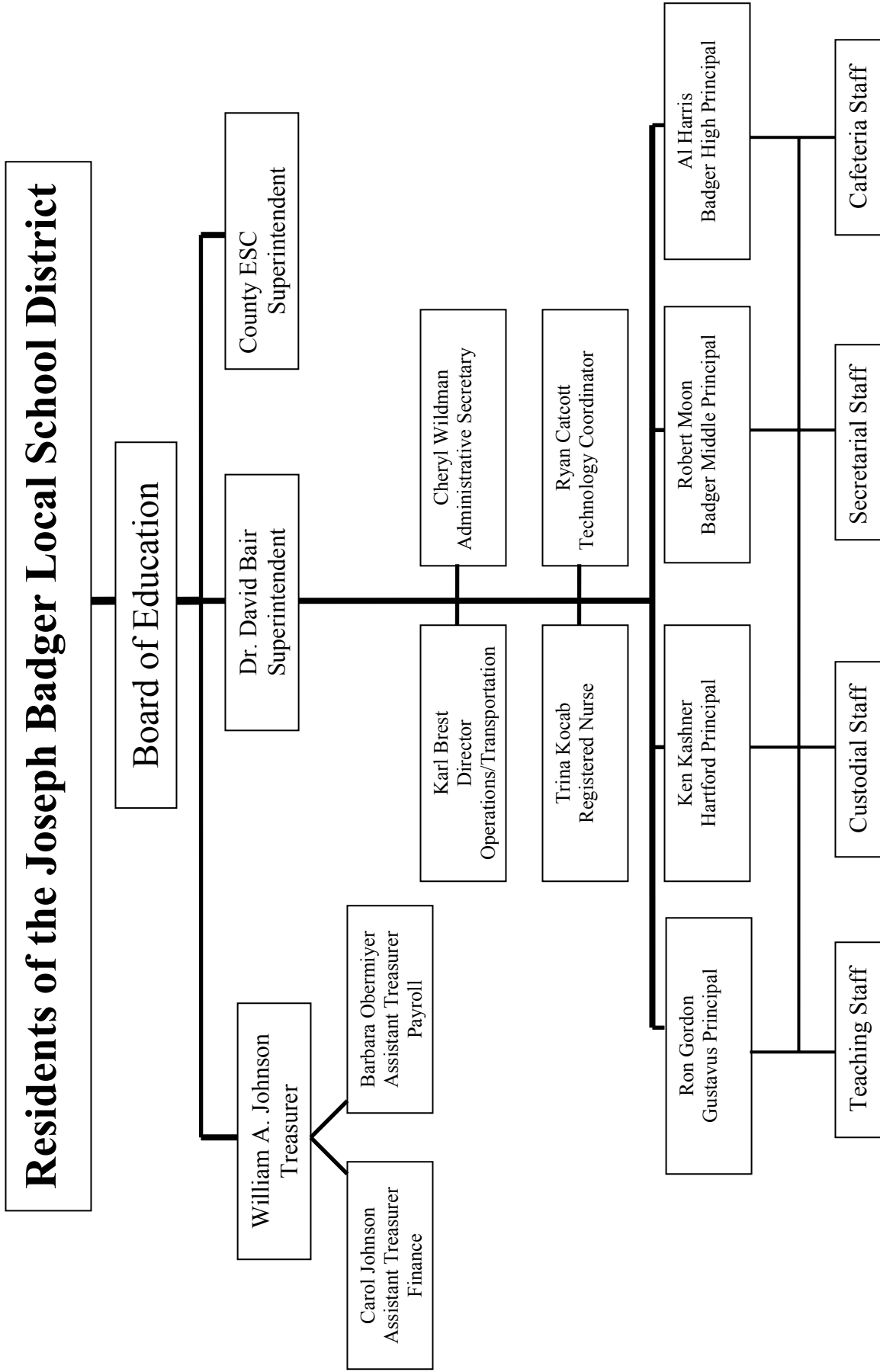
Board of Education

Mrs. Kimberly Bonar	President
Mr. Joe Logan	Vice-President
Mr. Jeff Mathews	Member
Mrs. Paula McGrath	Member
Mr. Joe Toth.....	Member

Administration

Mr. William Johnson	Treasurer
Dr. David Bair	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, 2002

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.



William Patrick Costa

President

Jeffrey R. Emer

Executive Director

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANT'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Joseph Badger Local School District, Trumbull County, (the District), as of and for the year ended June 30, 2003 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Joseph Badger Local School District, Trumbull County, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof 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 18, 2003 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 and budgetary comparisons are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

Betty Montgomery
Auditor of State

December 18, 2003

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
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 is 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 decreased from \$3,732,801 to \$3,393,481 a decline of (\$339,320) during this year's operations. The net assets of Governmental activities decreased (\$332,199) or (8.91) percent. Business-type activities showed a decrease in net assets of (\$7,121) or (142.33) percent.
- Total governmental activities revenues of \$8,044,302 were comprised of General revenues in the amount of \$7,594,249 and program revenues totaling \$450,053. 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 School District.
- The School District's business type activities showed program revenue of \$314,939 compared to \$317,599 last fiscal year. Business type expenses were \$370,560 in comparison to last year's \$363,011.
- The School District decided to finance the new building in two pieces. Bonds were sold to complete the initial phase. The School District sold \$9,999,993 worth of bonds. This amount will cover the required local matching funds of 7,873,000 plus most of the locally funded initiative of \$2,277,000. To complete the borrowing, \$150,000 will be financed in calendar 2004.
- The Bond was sold at Net Interest Rate of 4.09 percent interest which was a 50 year low for borrowing. The School District received an A-3 underlying rating from Moody's
- The School District decided to show the local Ohio school facilities commission fund and debt service fund as major funds beginning this year. The School District also decided to eliminate permanent improvement fund as a major fund.

USING THIS ANNUAL REPORT

This annual report consists of 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 School District as a whole and present a longer-term view of the School 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 School District's operations in more detail than the government-wide statements by providing information about the School District's most significant funds. The remaining statements provide financial information about activities for which the School 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, 2003
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 reports try to state and support the answer to this question. 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.

This year brought significant changes in major funds. Last year, the School District only reported general and permanent improvement as major funds. Due to the beginning of a new construction project, it was decided to display the local Ohio school facilities commission fund and bond retirement fund as major funds and it was also determined to eliminate permanent improvement as a major fund.

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

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

funds utilize the same form of accounting as business-type activities; therefore these statements match those found in the district-wide statements.

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 down significantly from a year ago. Table 1 shows a decrease from \$3,732,801 to \$3,393,481. The decrease in Net Assets indicates that the School District has lost some financial health in a difficult economic environment.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets						
Current and Other Assets	\$25,732,941	\$5,158,258	\$7,065	\$7,070	\$25,740,006	\$5,165,328
Capital Assets	2,580,542	2,664,661	34,300	37,592	2,614,842	2,702,253
Total Assets	28,313,483	7,822,919	41,365	44,662	28,354,848	7,867,581
Liabilities						
Long-Term Liabilities	(10,942,678)	(554,729)	(4,701)	(4,112)	(10,947,379)	(558,841)
Other Liabilities	(13,975,206)	(3,540,392)	(38,782)	(35,547)	(14,013,988)	(3,575,939)
Total Liabilities	(24,917,884)	(4,095,121)	(43,483)	(39,659)	(24,961,367)	(4,134,780)
Net Assets						
Invested In Capital						
Assets, net	2,580,542	2,664,661	34,300	37,592	2,614,842	2,702,253
Restricted	176,393	180,140	0	0	176,393	180,140
Unrestricted (Deficit)	638,664	882,997	(36,418)	(32,589)	602,246	850,408
Total Net Assets	\$3,395,599	\$3,727,798	(\$2,118)	\$5,003	\$3,393,481	\$3,732,801

With two borrowings in affect at year end, large amounts of invested cash caused Current Assets to jump up twenty million dollars. This caused a corresponding leap in liabilities both long and short term. As predicted, Capital Assets will decrease over the coming years as the School District attempts to make minimal investment in it's soon to be demolished buildings. Furniture and other capital purchases will be held down.

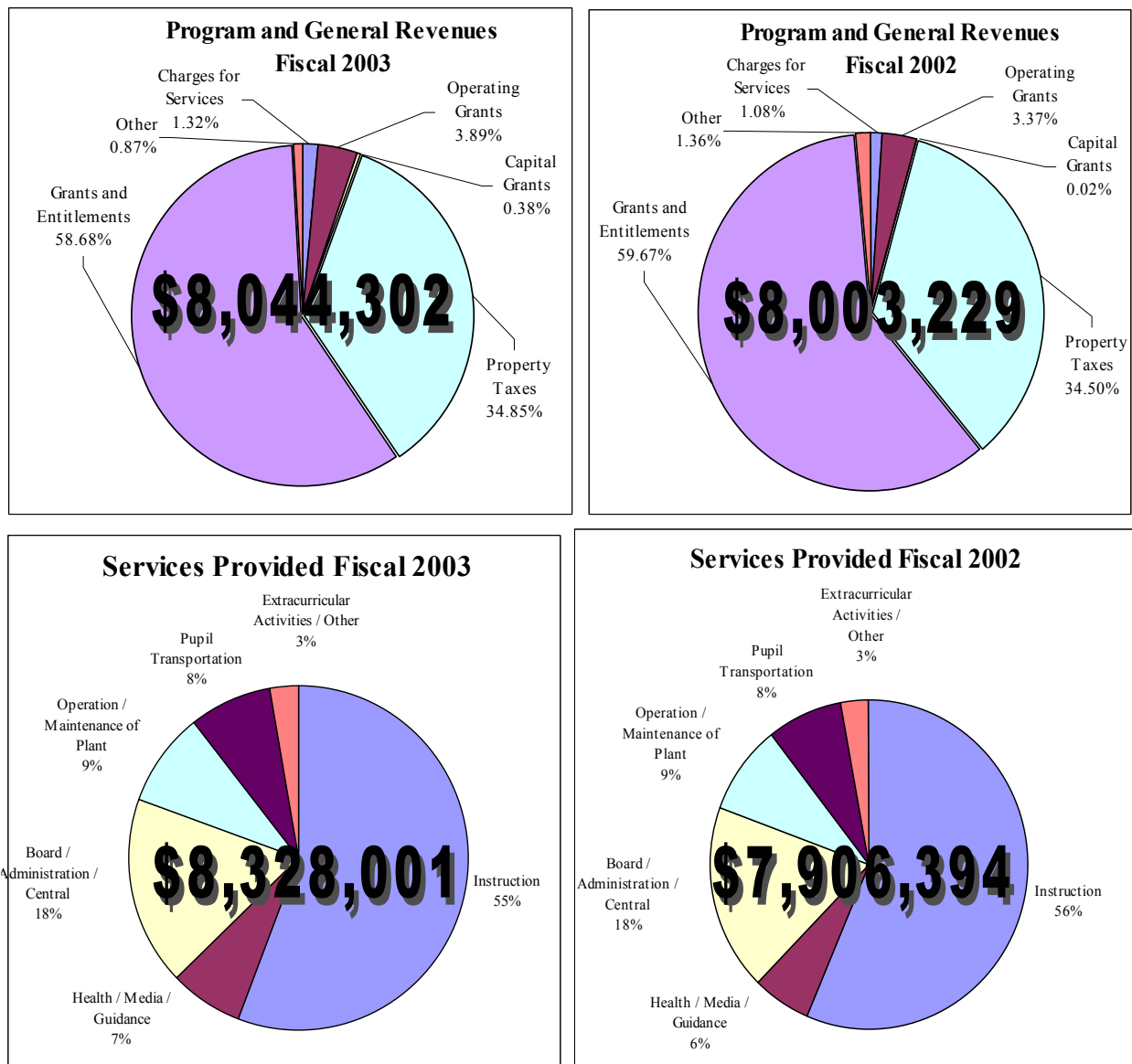
Capital Assets increased in the gross amount of \$166,203. To arrive at the net decrease in Capital Assets, you must subtract this year's depreciation expense of \$253,614 for a total decline of (\$87,411). In the accompanying notes you will find the detail on how this expense was distributed.

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

The net assets of our business-type activity or school lunch program decreased from \$5,003 to (\$2,118). This (\$7,121) loss in Net Assets shows that management has been able to substantially slow the loss from the previous year which totaled (\$18,229). A Breakfast Program was added at Gustavus Elementary and this has added revenue and government subsidies. With employee health care benefits somewhat stabilized, the duplicative costs of operating four cafeterias remains the major problem. The new consolidated building will house only one cafeteria.

This is the fourth year the School District has prepared financial statements following GASB Statement 34, so revenue and expense comparisons to the previous fiscal year are presented.

(Chart 1)
Governmental Activities Revenue and Program Expenses
Fiscal 2003 and Fiscal 2002



Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

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.

(Table 2)
Program Revenues and Expenses

	Governmental Activities 2003	Governmental Activities 2002	Business- Type Activities 2003	Business- Type Activities 2002	Total 2003	Total 2002
Revenues and Transfers In						
Program Revenues:						
Charges for Services	\$106,504	\$86,606	\$188,811	\$189,313	\$295,315	\$275,919
Operating Grants	312,740	269,385	126,128	128,286	438,868	397,671
Capital Grants	30,809	2,000	0	0	30,809	2,000
Subtotal	<u>\$450,053</u>	<u>\$357,991</u>	<u>\$314,939</u>	<u>\$317,599</u>	<u>\$764,992</u>	<u>\$675,590</u>
General Revenue:						
Property Taxes	2,803,481	2,760,963	0	0	2,803,481	2,760,963
Grants and Entitlements	4,720,389	4,775,137	0	0	4,720,389	4,775,137
Other	70379	109,138	0	0	70,379	109,138
Subtotal	<u>\$7,594,249</u>	<u>\$7,645,238</u>	<u>\$</u>	<u>\$</u>	<u>\$7,594,249</u>	<u>\$7,645,238</u>
Transfers In	<u>0</u>	<u>0</u>	<u>48,500</u>	<u>27,183</u>	<u>48,500</u>	<u>0</u>
Total Revenues and Transfers In	<u>\$8,044,302</u>	<u>\$8,003,229</u>	<u>\$363,439</u>	<u>\$344,782</u>	<u>\$8,407,741</u>	<u>\$8,320,828</u>
Program Expenses and Transfers Out						
Instruction:						
Regular	\$3,829,689	\$3,792,508	\$0	\$0	\$3,829,689	\$3,792,508
Special	750,701	602,471	0	0	750,701	602,471
Vocational	63,659	58,150	0	0	63,659	58,150
Support Services:						
Pupils	322,887	269,551	0	0	322,887	269,551
Instructional Staff	257,806	207,527	0	0	257,806	207,527
Board of Education	281,985	180,336	0	0	281,985	180,336
Administration	846,826	981,924	0	0	846,826	981,924
Fiscal	224,407	189,586	0	0	224,407	189,586
Business	0	2,263	0	0	0	2,263
Operation and Maintenance of Plant	728,040	698,596	0	0	728,040	698,596
Pupil Transportation	656,404	629,915	0	0	656,404	629,915
Central	88,758	81,144	0	0	88,758	81,144
Operation of Non-Instructional						
Services	0	0	0	0	0	0
Extracurricular Activities	230,450	212,423	0	0	230,450	212,423
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges	46,389	0	0	0	46,389	0
Food Service	0	0	370,560	363,011	370,560	363,011
Transfers Out	<u>48,500</u>	<u>27,183</u>	<u>0</u>	<u>0</u>	<u>48,500</u>	<u>27,183</u>
Total Expenses and Transfers Out	<u>\$8,376,501</u>	<u>\$7,933,577</u>	<u>\$370,560</u>	<u>\$363,011</u>	<u>\$8,747,061</u>	<u>\$8,296,588</u>
Increase (Decrease) in Net Assets	<u>(\$332,199)</u>	<u>\$69,652</u>	<u>(\$7,121)</u>	<u>(\$18,229)</u>	<u>(\$339,320)</u>	<u>\$24,240</u>

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

Analysis of overall financial position and results of operations

The financial position of the Joseph Badger Local School District has declined over the past fiscal year. Net Assets showed a 9.09% decrease showing diminished fiscal health. The School District was hit hard by State budget cuts and by declining enrollment.

Despite the cuts in funding, the results of operations were good and expenses were well within parameters established at the beginning of the fiscal year. Revenues were not up to expectations and accounted for nearly all the variance in operations. As a result of disappointing State revenue, a new five year forecast was submitted at fiscal year end.

Though the School District suffered a difficult financial year, Management was able to maintain and improve services for children.

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 2003	Total Cost of Services 2002	Net Cost of Services 2003	Net Cost of Services 2002
Instruction	\$4,644,049	\$4,453,129	\$4,298,993	\$4,197,094
Support Services:				
Pupils and Instructional Staff	580,693	477,078	565,644	470,150
Board of Education, Administration, Fiscal and Business Services	1,353,218	1,354,109	1,346,208	1,346,333
Operation and Maintenance of Plant	728,040	698,596	724,754	686,062
Pupil Transportation	656,404	629,915	653,149	627,159
Central	88,758	81,144	87,659	75,824
Extracurricular Activities	230,450	212,423	155,152	145,781
Interest and Fiscal Charges	46,389	0	46,389	0
Total Expenses	<u>\$8,328,001</u>	<u>\$7,906,394</u>	<u>\$7,877,948</u>	<u>\$7,548,403</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 \$8,003,162 and expenditures of \$8,356,606.

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

General Fund Financial Activity

The most significant Governmental Fund is the General Fund. The fund balance of the General Fund decreased by (\$249,390). State Foundation Revenue, Tangible Tax Revenue and investments all decreased, causing this substantial decrease in fund balance.

General Fund Budgetary Highlights

In this fund, the forecasted expenditures presented to the Joseph Badger Board of Education in September finished the reporting period within expectations. The unexpected loss in State revenue can be singled out as being the main budgetary irregularity. Neither the decline in enrollment nor the cut in State funding was predicted. The general fund receipts were missed by \$30,335 or .4% and actual expenditures were lower than the final estimate by only \$6,920 out of \$7.808 million. The School District was required to do a year-end revision of the associated five-year forecast required by the State. 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

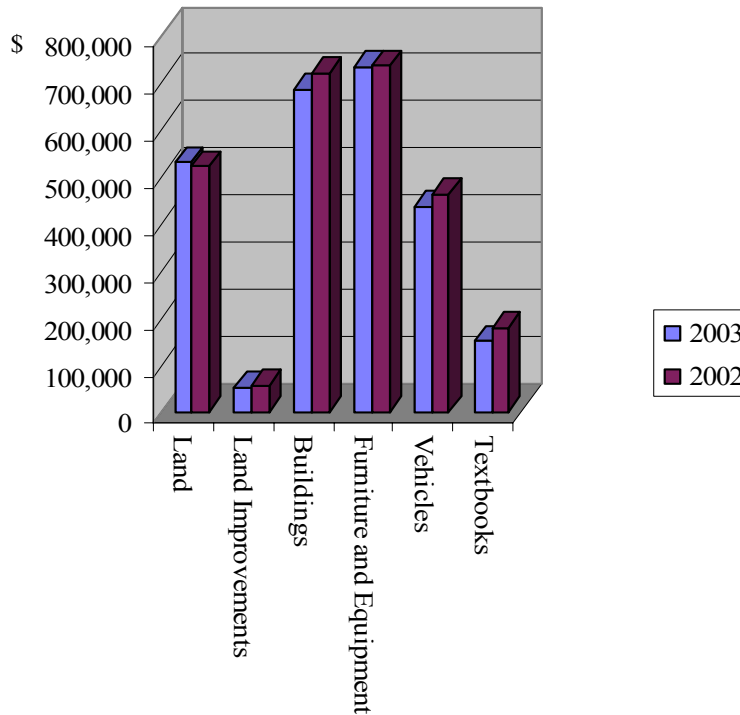
The following table shows ending balances of capital assets invested in various categories. Table 4 reflects a total decrease of \$87,411. The School District's capital assets acquisitions revolved almost exclusively around technology purchases because the construction and furnishing of a new school is just a few years away. We also only purchased one bus and a few textbooks which reflect maturation of the School District's replacement plans in both areas. You will see a slight decline in both Vehicles and Textbooks below for that reason.

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

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$528,682	\$519,499	\$0	\$0	\$528,682	\$519,499
Land Improvements	52,074	55,947	0	0	52,074	55,947
Buildings and Improvements	682,357	718,403	0	0	682,357	718,403
Furniture and Equipment	731,204	732,738	34,300	37,592	765,504	770,330
Vehicles	436,095	460,903	0	0	436,095	460,903
Textbooks	150,130	177,171	0	0	150,130	177,171
Totals	\$2,580,542	\$2,664,661	\$34,300	\$37,592	\$2,614,842	\$2,702,253

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

(Chart 2)
Change in Capital Assets



The graph at the left shows the category and net worth of our School District's capital assets. As stated last year, buildings and furniture assets will naturally decline as a District transitions to the new building projected to come on line in three years. It is not the intent of management to allow current buildings and furniture to fall into disrepair and so Management will provide quality buildings and equipment for current students but likely will not spend more than depreciation in those areas unless an emergency would dictate otherwise.

School District vehicles depreciated in excess of the \$53,000 bus purchase this year. In discussions with the director of transportation, the fleet is still in need of vehicles; however, because the State cut

new bus funding by 50 percent, the School District met State cuts with cuts to transportation which means the School District will only purchase a new bus every other year. This will drive up the purchased services expense line item under the transportation function to account for increasing repair bills for existing busses. School District records indicate that Joseph Badger has been required to spend \$193,000 educational dollars over the State's bus purchase allowance. See Note 9 for additional capital asset information.

DEBT

At June 30th 2003, Joseph Badger Local School District took the dramatic step from being a debt free district to actually exceeding the debt limit. Upon receiving permission from the Ohio School Facilities Commission, the Board of Education was allowed to issue new debt in the amount of \$10,150,000. To achieve the best rate it was determined to initiate financing with a Bond Anticipation Note of \$10,000,000 and then a Bond Sale of \$9,999,993. The bond proceeds will be used to retire the notes and an additional \$150,000 borrowing in calendar 2004 is authorized. As of June 30, 2003, the School District's legal debt margin was negative (\$512,698) with an unvoted debt margin of \$102,531. The School District was very proud to receive a MIG-1 rating from Moody's for its Bond Anticipation Note Sale and also for an A-3 rating for its subsequent Bond Sale. See Note 15 for additional debt information.

About the Future

Joseph Badger Local School District is presently financially strong although the State of Ohio continues to place pressure on the resources of local districts through budget cuts. Moving to a new building in three

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

years will result in operational efficiencies that offset future budget cuts from the State. Management is neutral about the future finances of this School District. The School District's four old buildings will be demolished in three years and are not presenting the concern as stated in previous CAFRs. The buildings will be kept up to minimum standards.

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. In a subsequent event, an emergency levy failed in the November 2003 election. This levy brings \$550,000 annually to the School District. This failure will not cause a loss of revenue immediately. The School District will only lose revenue if this renewal fails three more times in calendar 2004. Emergency levies are precarious because they require voter approval at the end of their five year life and also because the dollar amount is fixed and does not compensate for inflation. 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 retooled committees to work diligently on the State funding formula to provide equitable and adequate education for children throughout our State. Strapped for cash, the legislators slashed funding this fiscal year and this trend may continue. While a substantial 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.

Insurance premiums for property and fleet have increased dramatically and health care insurance continues to be a source of concern. The health care insurance consortium to which Joseph Badger belongs has decided to hold premiums steady beginning in December. 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 School District finances.

Important Business Ratios

This year we have tried to display some important business ratios for our School 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. 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.

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

(Table 6)
Business Ratios

Dividend Divisors	Actual	Ratio	Dividend Divisors	Actual	Ratio
Financial Position					
Net Assets to:	\$3,395,599		Fund Balance to:	\$11,517,794	
Total General Revenues	7,594,249	0.4471	Total Revenue	8,003,162	1.4392
Total Expenses	8,328,001	0.4077	Total Expenses	8,356,606	1.3783
Change in Govt'l Net Assets to:	(\$332,199)		Unreserved Fund Balance to:	\$11,442,947	
Total Revenue	8,044,302	(0.0430)	Total Revenue	8,003,162	1.4273
Total Expenses	8,328,001	(0.0387)	Total Expenses	8,356,606	1.3669
Liquidity					
Current Assets to:	\$25,732,941		Cash and Investments to:	\$22,266,057	
Current Liabilities	13,975,206	1.8413	Current Liabilities	14,069,742	1.5825
Solvency					
Total Liabilities to:	\$24,917,884		Total Liabilities to:	\$24,917,884	
Total Assets	28,313,483	0.8801	Net Assets	3,395,599	7.3383
Total Liabilities to:	\$24,917,884		Debt Service to:	\$10,382,334	
Total General Revenues	7,594,249	3.2812	Total Expenditures	8,328,001	1.2467
Fiscal Capacity					
Total Liabilities x 100	\$2,491,788,400		Total Liabilities to:	\$24,917,884	
Total Assessed Property Value	102,530,584	24.3029	Population	7,066	3,526.4483
Property Tax Revenues x 100 to:	\$280,348,100		Property Tax Revenues to:	\$2,803,481	
Total Assessed Property Value	102,530,584	2.7343	Population	7,066	396.7564

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, 2003

	Governmental Activities	Business Type Activity	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,775,124	\$316	\$1,775,440
Accrued Interest Receivable	3,032		\$3,032
Intergovernmental Receivable	4,546		\$4,546
Accounts Receivable	1,473	180	\$1,653
Inventory Held for Resale		5,435	\$5,435
Materials and Supplies Inventory	20,005	1,134	\$21,139
Restricted Assets	20,842,043		\$20,842,043
Deferred Charges	145,405		\$145,405
Taxes Receivable	2,941,313		\$2,941,313
Land	528,682		\$528,682
Depreciable Capital Assets, Net of Depreciation	2,051,860	34,300	\$2,086,160
<i>Total Assets</i>	<u>28,313,483</u>	<u>41,365</u>	<u>28,354,848</u>
Liabilities:			
Accounts Payable	5,906		5,906
Accrued Wages	621,100	21,110	642,210
Intergovernmental Payable	168,499	17,672	186,171
Deferred Revenue	3,133,312		3,133,312
Accrued Interest Payable	46,389		46,389
Notes Payable	10,000,000		10,000,000
Long Term Liabilities:			
Due Within One Year	18,737		18,737
Due In More Than One Year	10,923,941	4,701	10,928,642
<i>Total Liabilities</i>	<u>24,917,884</u>	<u>43,483</u>	<u>24,961,367</u>
Net Assets:			
Investment in Capital Assets	2,580,542	34,300	2,614,842
Restricted:			
Set Asides	33,356		33,356
Capital Projects	99,188		99,188
Debt Service	22,613		22,613
Other Purposes	21,236		21,236
Unrestricted (Deficit)	638,664	(36,418)	602,246
<i>Total Net Assets (Deficit)</i>	<u>\$3,395,599</u>	<u>(2,118)</u>	<u>\$3,393,481</u>

See accompanying notes to the basic financial statements

Joseph Badger Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$3,829,689	\$18,029	\$61,800	\$24,256
Special	750,701	2,462	236,622	1,553
Vocational	63,659	314	20	0
Support Services:				
Pupils	322,887	1,547	1,099	5,000
Instructional Staff	257,806	1,169	6,234	0
Board of Education	281,985	1,283	80	0
Administration	846,826	4,066	450	0
Fiscal	224,407	1,064	67	0
Operation and Maintenance of Plant	728,040	3,093	193	0
Pupil Transportation	656,404	3,064	191	0
Central	88,758	418	681	0
Extracurricular Activities	230,450	69,995	5,303	0
Interest and Fiscal Charges	46,389	0	0	0
Total Governmental Activities	8,328,001	106,504	312,740	30,809
Business-Type Activity				
Food Service	370,560	188,811	126,128	0
Totals	\$8,698,561	\$295,315	\$438,868	\$30,809

General Revenues

Property Taxes Levied for:

 General Purposes

 Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Total General Revenues

Transfers

Total General Revenues and Transfers

Changes in Net Assets

Net Assets Beginning of Year

Net Assets (Deficit) 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
(\$3,725,604)	\$0	(\$3,725,604)
(510,064)	0	(510,064)
(63,325)	0	(63,325)
(315,241)	0	(315,241)
(250,403)	0	(250,403)
(280,622)	0	(280,622)
(842,310)	0	(842,310)
(223,276)	0	(223,276)
(724,754)	0	(724,754)
(653,149)	0	(653,149)
(87,659)	0	(87,659)
(155,152)	0	(155,152)
(46,389)	0	(46,389)
(7,877,948)	0	(7,877,948)
0	(55,621)	(55,621)
(7,877,948)	(55,621)	(7,933,569)
2,745,036	0	2,745,036
58,445	0	58,445
4,720,389	0	4,720,389
70,379	0	70,379
7,594,249	0	7,594,249
(48,500)	48,500	0
7,545,749	48,500	7,594,249
(332,199)	(7,121)	(339,320)
3,727,798	5,003	3,732,801
\$3,395,599	(\$2,118)	\$3,393,481

Joseph Badger Local School District

Balance Sheet

Governmental Funds

June 30, 2003

	General	Bond Retirement	Local Ohio School Facilities Commission	Other Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,775,124	\$22,613	\$20,242,066	\$192,898
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	33,356	0	0	0
Receivables:				
Taxes	2,941,313	277,493	0	62,231
Accounts	1,473	0	0	0
Intergovernmental	4,546	0	0	11,386
Accrued Interest	3,032	0	0	0
Materials and Supplies Inventory	20,005	0	0	0
<i>Total Assets</i>	<u>\$4,778,849</u>	<u>\$300,106</u>	<u>\$20,242,066</u>	<u>\$266,515</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$4,390	\$0	\$0	\$1,516
Accrued Wages	601,378	0	0	19,722
Intergovernmental Payable	113,882	0	0	2,936
Deferred Revenue	2,930,456	277,493	0	71,580
Accrued Interest Payable	0	0	46,389	0
Notes Payable	0	0	10,000,000	0
<i>Total Liabilities</i>	<u>3,650,106</u>	<u>277,493</u>	<u>10,046,389</u>	<u>95,754</u>
Fund Balances				
Reserved for Encumbrances	48,410	0	0	1,120
Reserved for Unclaimed Monies	879	0	0	0
Reserved for Property Taxes	10,857	0	0	225
Reserved for Budget Stabilization	33,356	0	0	0
Unreserved, Undesignated (Deficit), Reported in:				
General Fund	1,035,241	0	0	0
Special Revenue Funds	0	0	0	29,201
Debt Service Fund	0	22,613	0	0
Capital Projects Funds	0	0	10,195,677	140,215
<i>Total Fund Balances (Deficit)</i>	<u>1,128,743</u>	<u>22,613</u>	<u>10,195,677</u>	<u>170,761</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,778,849</u>	<u>\$300,106</u>	<u>\$20,242,066</u>	<u>\$266,515</u>

See accompanying notes to the basic financial statements

Joseph Badger Local School
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2003*

Total Governmental Funds	Total Governmental Fund Balances	\$11,517,794
	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$22,232,701	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,580,542
33,356		
3,281,037	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	
1,473	Delinquent Property Taxes	136,643
15,932	Intergovernmental	<u>9,574</u>
3,032		146,217
<u>20,005</u>		
<u>\$25,587,536</u>	Bond Issuance costs will be amortized over the life of the bonds on the statement of net assets.	145,405
	Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(51,681)
\$5,906		
621,100		
116,818	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.	
3,279,529	Compensated Absences	(560,344)
46,389	General Obligation Bonds	(9,999,993)
<u>10,000,000</u>	Bond Premium	<u>(382,341)</u>
<u>14,069,742</u>		<u>(10,942,678)</u>
	Net Assets of Governmental Activities	<u>\$3,395,599</u>
49,530		
879		
11,082		
33,356		
1,035,241		
29,201		
22,613		
<u>10,335,892</u>		
<u>11,517,794</u>		
<u>\$25,587,536</u>		

Joseph Badger Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Bond Retirement	Local Ohio School Facilities Commission	Other Governmental Funds
Revenues				
Taxes	\$2,731,603	\$0	\$0	\$58,445
Intergovernmental	4,714,432	0	0	339,135
Interest	42,629	22,613	5,137	0
Tuition and Fees	30,188	0	0	0
Extracurricular Activities	0	0	0	49,652
Charges for Services	7,010	0	0	0
Contributions and Donations	2,318	0	0	0
<i>Total Revenues</i>	<u>7,528,180</u>	<u>22,613</u>	<u>5,137</u>	<u>447,232</u>
Expenditures				
Current:				
Instruction:				
Regular	3,743,611	0	0	62,441
Special	511,988	0	0	234,134
Vocational	65,191	0	0	0
Support Services:				
Pupils	302,558	0	0	6,195
Instructional Staff	242,263	0	0	8,337
Board of Education	266,854	0	0	0
Administration	865,997	0	0	375
Fiscal	221,497	0	0	0
Operation and Maintenance of Plant	644,049	0	0	0
Pupil Transportation	630,654	0	0	0
Central	86,938	0	0	1,250
Extracurricular Activities	143,318	0	0	61,348
Capital Outlay	0	0	0	65,814
Interest and Fiscal Charges	0	0	46,389	0
Cost of Issuance	0	0	145,405	0
<i>Total Expenditures</i>	<u>7,724,918</u>	<u>0</u>	<u>191,794</u>	<u>439,894</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(196,738)	22,613	(186,657)	7,338
Other Financing Uses				
General Obligation Bonds Issued	0	0	9,999,993	0
Proceeds from the Sale of Capital Assets	667	0	0	0
Premium on Bonds	0	0	382,341	0
Transfers In	0	0	0	4,819
Transfers Out	(53,319)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(52,652)</u>	<u>0</u>	<u>10,236,929</u>	<u>4,819</u>
<i>Net Change in Fund Balance</i>	(249,390)	22,613	10,050,272	12,157
<i>Fund Balances Beginning of Year</i>	<u>1,378,133</u>	<u>0</u>	<u>0</u>	<u>158,604</u>
<i>Fund Balances End of Year</i>	<u>\$1,128,743</u>	<u>\$22,613</u>	<u>\$10,050,272</u>	<u>\$170,761</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, 2003*

Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds	\$9,981,057
	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$2,790,048	Governmental funds report capital outlays as expenditures.	
5,053,567	However, in the statement of activities, the cost of those	
70,379	assets is allocated over their estimated useful lives as	
30,188	depreciation expense. This is the amount by which	
49,652	depreciation expense exceeded capital outlay in the	
7,010	current period.	
2,318	Capital Assets Additions	179,379
	Depreciation Expense	<u>(250,322)</u>
8,003,162	Total	(70,943)
	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
3,806,052	Taxes	13,433
746,122	Intergovernmental	<u>27,707</u>
65,191	Total	41,140
308,753	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
250,600	Compensated Absences	(22,383)
266,854	Intergovernmental Payable	<u>(10,965)</u>
866,372	Total	(33,348)
221,497	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	
644,049		
630,654		
88,188		
204,666		
65,814		
46,389		
145,405		(13,176)
8,356,606		
(353,444)	Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets	
	General Obligation Bonds Issued	(9,999,993)
9,999,993	Bond Premium	<u>(382,341)</u>
667	Total	(10,382,334)
382,341	Bond issuance costs are recognized as deferred charges and will be amortized over the life of the bonds on the statement of activities	
4,819		
(53,319)		<u>145,405</u>
10,334,501	<i>Change in Net Assets of Governmental Activities</i>	<u><u>(\$332,199)</u></u>
9,981,057		
1,536,737		
\$11,517,794		

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, 2003

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over
				(Under)
Revenues				
Taxes	\$2,960,000	\$2,731,681	\$2,731,681	\$0
Intergovernmental	4,400,000	4,714,432	4,714,432	0
Interest	60,000	45,006	45,006	0
Tuition and Fees	40,000	30,188	30,188	0
Charges for Services	10,000	7,010	7,010	0
Contributions and Donations	33,637	2,318	2,318	0
Miscellaneous	58,000	0	0	0
<i>Total Revenues</i>	7,561,637	7,530,635	7,530,635	0
Expenditures				
Current:				
Instruction:				
Regular	3,835,026	3,763,764	3,763,764	0
Special	408,187	540,075	534,155	5,920
Vocational	91,460	64,280	64,280	0
Support Services:				
Pupils	298,878	307,640	307,640	0
Instructional Staff	207,811	237,579	237,579	0
Board of Education	197,617	268,479	268,479	0
Administration	852,436	869,764	869,764	0
Fiscal	201,857	221,780	221,780	0
Operation and Maintenance of Plant	619,432	659,068	659,068	0
Pupil Transportation	621,974	629,100	628,100	1,000
Central	70,117	86,976	86,976	0
Extracurricular Activities	148,929	143,206	143,206	0
Capital Outlay	16,817	16,611	16,611	0
<i>Total Expenditures</i>	7,570,541	7,808,322	7,801,402	6,920
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(\$8,904)	(\$277,687)	(\$270,767)	\$6,920

(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, 2003

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over
				(Under)
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	\$0	\$667	\$667	\$0
Transfers Out	(28,222)	(53,319)	(53,319)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(28,222)</u>	<u>(52,652)</u>	<u>(52,652)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(37,126)	(330,339)	(323,419)	6,920
<i>Fund Balance Beginning of Year</i>	1,940,194	1,940,194	1,940,194	0
Prior Year Encumbrances Appropriated	<u>141,579</u>	<u>141,579</u>	<u>141,579</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,044,647</u></u>	<u><u>\$1,751,434</u></u>	<u><u>\$1,758,354</u></u>	<u><u>\$6,920</u></u>

See accompanying notes to the basic financial statements

Joseph Badger Local School District

Statement of Fund Net Assets

Enterprise Fund

June 30, 2003

	<u>Food Service</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$316
Accounts Receivable	180
Inventory Held for Resale	5,435
Materials and Supplies Inventory	<u>1,134</u>
<i>Total Current Assets</i>	7,065
Capital Assets, Net	<u>34,300</u>
<i>Total Assets</i>	<u>41,365</u>
Liabilities	
Current Liabilities:	
Accrued Wages	21,110
Intergovernmental Payable	<u>17,672</u>
<i>Total Current Liabilities</i>	38,782
Long-Term Liabilities:	
Compensated Absences Payable	<u>4,701</u>
<i>Total Liabilities</i>	<u>43,483</u>
Net Assets	
Invested in Capital Assets	34,300
Unrestricted (Deficit)	<u>(36,418)</u>
<i>Total Net Assets (Deficit)</i>	<u><u>(\$2,118)</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, 2003*

	Food Service
Operating Revenues	
Sales	\$188,811
Operating Expenses	
Salaries	124,081
Fringe Benefits	95,378
Purchased Services	11,902
Cost of Sales	135,231
Depreciation	3,292
Other	676
<i>Total Operating Expenses</i>	370,560
<i>Operating Loss</i>	(181,749)
Non-Operating Revenues	
Donated Commodities	25,158
Operating Grants	100,970
<i>Total Non-Operating Revenues</i>	126,128
<i>Loss Before Transfers</i>	(55,621)
Transfers In	48,500
<i>Change in Net Assets</i>	(7,121)
<i>Net Assets Beginning of Year</i>	5,003
<i>Net Assets(Deficit) End of Year</i>	(\$2,118)

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, 2003

	Food Service
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
<i>Cash Flows from Operating Activities:</i>	
Cash Received from Customers	\$188,811
Cash Payments to Employees for Services	(123,630)
Cash Payments for Employee Benefits	(92,005)
Cash Payments to Suppliers for Goods and Services	(121,855)
Other Cash Payments	(676)
	(149,355)
 <i>Net Cash Used for Operating Activities</i>	
 <i>Cash Flows from Noncapital Financing Activities</i>	
Operating Grants Received	100,970
Transfers In	48,500
	149,470
 <i>Net Cash Provided by Noncapital Financing Activities</i>	
 Net Increase in Cash and Cash Equivalents	 115
 <i>Cash and Cash Equivalents Beginning of Year</i>	 201
 <i>Cash and Cash Equivalents End of Year</i>	 \$316
	(continued)

Joseph Badger Local School District

Statement of Cash Flows

Enterprise Fund (continued)

For the Fiscal Year Ended June 30, 2003

	<u>Food Service</u>
Reconciliation of Operating Loss to Net	
Cash Used for Operating Activities	
<i>Operating Loss</i>	<u>(\$181,749)</u>
 <i>Adjustments to Reconcile Operating</i>	
<i>Loss to Net Cash Used for Operating Activities:</i>	
Depreciation	3,292
Donated Commodities Received During Year	25,158
<i>(Increase)/Decrease in Assets:</i>	
Accounts Receivable	(180)
Inventory Held for Resale	281
Materials and Supplies Inventory	19
<i>Increase/(Decrease) in Liabilities:</i>	
Accrued Wages	451
Compensated Absences Payable	10,863
Intergovernmental Payable	<u>(7,490)</u>
 <i>Total Adjustments</i>	 <u>32,394</u>
 <i>Net Cash Used for Operating Activities</i>	 <u><u>(\$149,355)</u></u>

Non-Cash Noncapital Financing Activities:

Federal donated commodities in the amount of \$25,158 were recorded as revenue in the food service enterprise fund.

See accompanying notes to the basic financial statements

Joseph Badger Local School District

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2003

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$15,205	\$26,709
Receivables:		
Accrued Interest	14	0
<i>Total Assets</i>	<u>15,219</u>	<u>\$26,709</u>
Liabilities		
Due to Students	0	\$26,709
<i>Total Liabilities</i>	<u>0</u>	<u>\$26,709</u>
Net Assets		
Held in Trust for Scholarships	<u>15,219</u>	
<i>Total Net Assets</i>	<u>\$15,219</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, 2003

	Private Purpose Trust
	Scholarship
Additions	
Interest	\$219
Deductions	
Scholarships Awarded	388
<i>Change in Net Assets</i>	(169)
<i>Net Assets Beginning of Year</i>	15,388
<i>Net Assets End of Year</i>	\$15,219

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, 2003

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 federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by forty-six classified employees, seventy-four certificated full-time teaching personnel, and six administrators who provide services to 1,222 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 participates in six jointly governed organizations, and two public entity risk pools and is associated with a related organization. These organizations are presented in Notes 18, 19 and 20 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, 2003

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 fund provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business type activities and enterprise funds. 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, with certain limited exceptions. 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, 2003

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.

Bond Retirement Fund The bond retirement fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds issued for the construction of a new pre-kindergarten thru grade twelve building.

Ohio School Facilities Commission Fund The Ohio school facilities commission fund accounts for note proceeds and interest revenue to be used for the construction of a new pre-kindergarten thru grade twelve building.

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 college 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. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total 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 (e.g., revenues and other financing sources) and uses (e.g., 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, 2003

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 (e.g., revenues) and decreases (e.g., 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 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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, 2003, but which were levied to finance fiscal year 2004 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, 2003

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

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

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. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. During fiscal year 2003, investments were limited to AIM mutual funds, Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments other than STAR Ohio are reported at fair value which is based on quoted market prices.

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, 2003.

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 2003 amounted to \$42,629 includes \$37,011 assigned from other School District funds.

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 presented on the financial statements as cash equivalents.

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 is money required by State statute to be set-aside to create a reserve for budget stabilization. See Note 21 for additional information regarding set-asides.

F. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

Inventories consist of donated food, and purchased food held for resale, and materials and supplies held for consumption.

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

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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 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

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.

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.

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.

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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. The School District will repay its short term notes on a budgetary basis out of its bond retirement Fund. On a GAAP basis, the note will be repaid from the local Ohio school facilities commission capital projects fund, the fund that received the proceeds. The monies used to pay the note have been allocated accordingly. 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, unclaimed monies, property taxes, 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 set aside 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. 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. Net assets restricted for other purposes include: district managed student activities, principals' activities, and various grant activities.

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 are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

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.

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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.

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

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. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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 in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed by the Board of Education.

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 fiscal year.

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 3 – Change in Accounting Principle

For fiscal year 2003, the School District has implemented GASB Statement No. 41, “Budgetary Comparison Schedules – Perspective Differences”. GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the School District’s not being able to present budgetary comparisons for the general and each major special revenue fund. This Statement was not applicable to the School District for fiscal year 2003.

Note 4 – Accountability

The following funds have deficit fund balances/net assets as of June 30, 2003:

	<u>Amount</u>
Special Revenue Fund:	
Title I	\$8,781
Capital Projects Fund:	
Local Ohio School Facilities Commission	41,252
Enterprise Fund:	
Food Service	2,118

The special revenue and capital projects funds’ deficits are caused by the recognition of expenditures on the modified accrual basis of accounting. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

Management is currently analyzing the food service enterprise fund operations to determine appropriate steps to alleviate the deficit.

Note 5 - 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).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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

Net Change in Fund Balance	
GAAP Basis	(\$249,390)
Net Adjustment for Revenue Accruals	2,455
Net Adjustment for Expenditure Accruals	(26,358)
Adjustment for Encumbrances	<u>(50,126)</u>
Budget Basis	<u><u>(\$323,419)</u></u>

Note 6 - 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 five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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;

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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 \$1,006,079 and the bank balance was \$2,164,025. \$200,000 of the bank balance was covered by federal depository insurance and \$1,964,025 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.

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

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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 and the AIM mutual fund are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Fair Value
Federal Home Loan Bank Bonds	\$16,771,739	\$16,771,739
Federal National Mortgage Association Notes	3,482,500	3,482,500
AIM Mutual Fund		11,160
STAR Ohio		1,036,809
Total Investments	\$20,254,239	\$21,302,208

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	\$22,308,287	\$0
Investments which are part of A cash management pool:		
Federal Home Loan Bank Bonds	(16,771,739)	16,771,739
Federal National Mortgage Association Notes	(3,482,500)	3,482,500
Mutual Fund	(11,160)	11,160
STAR Ohio	(1,036,809)	1,036,809
GASB Statement 3	\$1,006,079	\$21,302,208

Note 7- Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002 on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2003 represents collection of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Joseph Badger Local School District
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For the Fiscal Year Ended June 30, 2003

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the 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, 2003 are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003 was \$10,857 in the general fund and \$225 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2002, was \$10,935 in the general fund and \$236 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second- Half Collections		2003 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural /Residential and Other Real Estate	\$79,432,970	85.31%	\$89,001,070	86.80%
Public Utility Personal	4,712,220	5.06	5,064,450	4.94
Tangible Personal Property	8,971,486	9.63	8,465,064	8.26
Total	<u>\$93,116,676</u>	<u>100.00%</u>	<u>\$102,530,584</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$38.30		\$38.30	

Note 8 - Receivables

Receivables at June 30, 2003, 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. All receivables are expected to be collected within one year.

Joseph Badger Local School District
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A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Wellness Grant	\$4,546
District Managed Student Activity	296
Title I	9,574
SchoolNet	1,516
Total Governmental Activities	\$15,932

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Balance 6/30/02	Additions	Deductions	Balance 6/30/03
Governmental Activities				
Capital Assets not being depreciated:				
Land	\$519,499	\$9,183	\$0	\$528,682
Capital Assets being depreciated:				
Land Improvements	119,808	0	0	119,808
Buildings and Improvements	2,199,623	0	0	2,199,623
Furniture and Equipment	1,492,277	88,892	(38,600)	1,542,569
Vehicles	1,094,012	53,284	(297,580)	849,716
Textbooks	392,689	28,020	0	420,709
Total Capital Assets being depreciated	5,298,409	170,196	(336,180)	5,132,425
Less Accumulated Depreciation:				
Land Improvements	(63,861)	(3,873)	0	(67,734)
Buildings and Improvements	(1,481,220)	(36,046)	0	(1,517,266)
Furniture and Equipment	(759,539)	(77,390)	25,564	(811,365)
Vehicles	(633,109)	(77,952)	297,440	(413,621)
Textbooks	(215,518)	(55,061)	0	(270,579)
Total Accumulated Depreciation	(3,153,247)	(250,322) *	323,004	(3,080,565)
Total Capital Assets being depreciated	2,145,162	(70,943)	(13,176)	2,051,860
Governmental Activities Capital Assets, Net	\$2,664,661	(\$70,943)	(\$13,176)	\$2,580,542
Business-Type Activity				
Furniture and Equipment	\$157,205	\$0	(\$677)	\$156,528
Less Accumulated Depreciation	(119,613)	(3,292)	677	(122,228)
Business-Type Activities Capital Assets, Net	\$37,592	(\$3,292)	(\$13,176)	\$34,300

Joseph Badger Local School District
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For the Fiscal Year Ended June 30, 2003

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$113,462
Special	3,831
Vocational	462
Support Services:	
Pupils	910
Instructional Staff	6,327
Board of Education	15,131
Administration	4,402
Fiscal	3,276
Operation and Maintenance of Plant	28,406
Pupil Transportation	72,723
Central	544
Extracurricular Activities	848
Total Depreciation Expense	\$250,322

Note 10 - 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 2003, 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)	\$17,603,400
Inland Marine Coverage	
Musical (\$250 deductible)	500,000
Video (\$250 deductible)	100,000
EDP (\$250 deductible)	160,000
Boiler and Machinery (\$2,500 deductible)	17,603,400
Crime Insurance (\$250 deductible)	100,000
Automobile Liability (no deductible)	2,000,000
Uninsured Motorists (no deductible)	2,000,000
General Liability	
Per Occurrence	1,000,000
Total Per Year	3,000,000

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 2003, 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 representation with other participants in the GRP. The workers' compensation experience of the

Joseph Badger Local School District
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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 11 - 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

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 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to 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, 2003, 2002, and 2001 were \$74,205, \$44,045, and \$33,212, respectively; 44.82 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a

Joseph Badger Local School District
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stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

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

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For the fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$419,968, \$313,829 and \$316,215, respectively; 82.28 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for the fiscal year 2003 were \$1,694 made by the School District and \$1,501 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, three of the members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 12 - 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 System 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, 2003, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$32,305 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 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 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, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. 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 2003, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$52,951.

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, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 13 - 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.

Joseph Badger Local School District
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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 coverage provided 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	200,000	VIII	Building Secretaries	25,000
			IX	Administrators	50,000

Note 14 – Short-Term Obligations

The School District issued \$10,000,000 in school construction bond anticipation notes on March 20, 2003 at an interest rate of 1.67 percent. The notes are backed by the full faith and credit of the Joseph Badger Local School District and mature within one year. The note liability is reflected in the local school facilities commission fund which received the proceeds. The notes were issued to provide funds for the construction of a new pre-kindergarten thru grade twelve building. As of fiscal year-end, none of the proceeds had been spent.

Note 15 – Long-Term Obligations

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

	Principal Outstanding 6/30/02	Additions	Reductions	Principal Outstanding 6/30/03	Amount Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2003 New School Construction					
Serial Bonds 2.00%-3.90%	\$0	\$9,900,000	\$0	\$9,900,000	\$0
Capital Appreciation Bonds 3.70%	0	99,993	0	99,993	0
Unamortized Premium	0	382,341	0	382,341	0
<i>Total General Obligation Bonds</i>	<u>0</u>	<u>10,382,334</u>	<u>0</u>	<u>10,382,334</u>	<u>0</u>
Compensated Absences	<u>537,961</u>	<u>58,018</u>	<u>35,635</u>	<u>560,344</u>	<u>18,737</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$537,961</u>	<u>\$10,440,352</u>	<u>\$35,635</u>	<u>\$10,942,678</u>	<u>\$18,737</u>
Business Type Activities:					
Compensated Absences	<u>\$4,112</u>	<u>\$589</u>	<u>\$0</u>	<u>\$4,701</u>	<u>\$0</u>

Joseph Badger Local School District
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On June 24, 2003, Joseph Badger Local School District issued \$9,999,993 general obligation bonds, which included serial bonds, current interest bonds and capital appreciation bonds to fund the construction of the new pre-kindergarten thru grade twelve building. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2031. The bonds were issued at a premium of \$382,341. The final maturity amount of the capital appreciation bonds will be \$350,000. The bonds were issued to repay the short term bond anticipation notes.

All general obligation bonds will be paid from property taxes.

Compensated absences will be paid from the general, title I special revenue fund and the food service enterprise fund. There are no compensated absences due within one year for the business type activities because there is no accrued vacation and no one is expected to retire.

The School District's overall debt margin was (\$512,698) with an un-voted debt margin \$102,531 at June 30, 2003. Bonds or notes issued beyond the 9 percent limitation by virtue of certification as an approved special needs district under Ohio Revised Code Section 133.06(E). Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2003 are as follows:

	Principal	Interest
2004	\$0	\$176,970
2005	275,000	353,940
2006	280,000	348,440
2007	285,000	342,840
2008	290,000	337,140
2009-2013	1,560,000	1,586,715
2014-2018	784,993	2,369,182
2019-2023	1,920,000	1,213,751
2024-2028	2,350,000	796,575
2029-2032	2,255,000	247,465
Totals	\$9,999,993	\$7,773,018

The serial bonds maturing on December 1, 2031, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, of each of the years 2023 through 2030 (with the balance of \$600,000 to be paid at stated maturity on December 1, 2031) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Amount
2023	\$430,000
2024	450,000
2025	470,000
2026	490,000
2027	510,000
2028	530,000
2029	550,000
2030	575,000

Joseph Badger Local School District
Notes to the Basic Financial Statements
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Note 16 – Interfund Transfers

Transfers made during the year ended June 30, 2003 were as follows:

Fund Name	Transfers In	Transfers Out
General Fund	\$0	\$53,319
Safe Schools	143	0
District Managed Student Activity	4,676	0
Food Service Fund	48,500	0
Totals	\$53,319	\$53,319

Safe Schools was not fully funded by the State so local funds were needed to operate the telephone “hot line” and district managed student activity had an operating loss that was also defrayed by the general fund. A transfer was made from the general fund into the food service business type fund to provide for the payment of expenses and maintain the food service operations for the students.

Note 17 - 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, 2003.

B. Litigation

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

Note 18 - Jointly Governed Organizations

A. 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 2003, no monies were paid to the Career and Technical Center. 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

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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 \$16,965 to NEOMIN during fiscal year 2003.

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 by the Superintendent during fiscal year 2003. 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.

C. 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 2003, the School District paid \$104, 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. 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. 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.

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NEO/SERRC is governed by a 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 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 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 19 - 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 20 - 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

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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 21 - 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. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2003, only the unspent portion of certain workers' compensation refunds continues to be required to be set-aside. The following cash basis information describes the change in the year-end 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, 2002	(\$300,160)	(\$530,048)	\$33,356
Current Year Set-aside Requirement	150,746	150,746	0
Reduction Authorized by Legislative Revisions	0	0	0
Qualifying Disbursements	<u>(239,152)</u>	<u>(179,379)</u>	<u>0</u>
Totals	<u>(\$388,566)</u>	<u>(\$558,681)</u>	<u>\$33,356</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$88,406)</u>	<u>0</u>	<u>\$33,356</u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$0</u>	<u>\$0</u>	<u>\$33,356</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set aside amount to below zero. This extra amount may be used to reduce the set-aside requirement of future years.

Note 22 - 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	\$20,457,577
Taxes Receivable	339,724
Intergovernmental Receivable	11,386
Restricted Cash	<u>33,356</u>
Total Restricted Assets	<u><u>\$20,842,043</u></u>

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 23 – School Funding Decision

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

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

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

Note 24 – Subsequent Event

On November 4, 2003, the District asked voters to pass a 5.4 mill renewal levy. With voter turn out very low, the School District was shocked by the voters defeating the renewal. It was the first loss of a renewal levy in the history of the School District. Although shocking, this vote was not devastating in that the District will not begin to lose money for one full calendar year and will be able to place this issue before the voters at least two more times before any loss will occur. It is believed that the defeat was due to the dismal economic atmosphere, the extremely low voter turn out and possible rebound from passing new millage at our last election. The voter turn out was approximately 1,900 and we expect 2,900 at general elections. The Board of Education has voted to place the renewal back on the ballot March 2, 2004.

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Joseph Badger Local School District

Combining and Individual Fund Statements

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.

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 II Eisenhower Fund - This fund accounts for Federal monies used to assist the School District in improving the instruction of math and science through staff development.

Idea-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 V Fund - This fund accounts for Federal monies which support innovative programs tied to promoting challenging academic achievement standards and used to improve student academic achievement.

Title II-A Fund - This fund accounts for federal monies used to analyze classrooms within the District and helps allow the District to hire extra teachers to increase proportion of highly qualified teachers

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.

Title II-D Fund – This fund accounts for federal monies used to strengthen the use of technology.

Assistive Technology Fund – This fund accounts for money used to infuse technology into programs for special needs students.

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 fund:

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.

Permanent Improvement Fund - This fund accounts for accumulated property tax revenues to be used for the acquisition, construction or improvement of major capital facilities other than those financed by proprietary funds.

Fiduciary Fund

Agency Fund

This fund is purely custodial (assets equal liabilities) and thus does not involve the measurement of results of operations.

Student Activities Fund To account for purchases of supplies on behalf of those student activity programs which have student participation in the activity and have student involvement in the management of the program.

Joseph Badger Local School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$52,683	\$140,215	\$192,898
Taxes Receivable	0	62,231	62,231
Intergovernmental Receivable	9,870	1,516	11,386
<i>Total Assets</i>	<u>\$62,553</u>	<u>\$203,962</u>	<u>\$266,515</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$1,516	\$1,516
Accrued Wages	19,722	0	19,722
Intergovernmental Payable	2,936	0	2,936
Deferred Revenue	9,574	62,006	71,580
<i>Total Liabilities</i>	<u>32,232</u>	<u>63,522</u>	<u>95,754</u>
Fund Balances			
Reserved for Encumbrances	1,120	0	1,120
Reserved for Property Taxes	0	225	225
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	29,201	0	29,201
Capital Projects Funds	0	140,215	140,215
<i>Total Fund Balances</i>	<u>30,321</u>	<u>140,440</u>	<u>170,761</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$62,553</u>	<u>\$203,962</u>	<u>\$266,515</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, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$0	\$58,445	\$58,445
Intergovernmental	308,922	30,213	339,135
Extracurricular Activities	49,652	0	49,652
<i>Total Revenues</i>	<u>358,574</u>	<u>88,658</u>	<u>447,232</u>
Expenditures			
Current:			
Instruction:			
Regular	62,441	0	62,441
Special	234,134	0	234,134
Support Services:			
Pupils	6,195	0	6,195
Instructional Staff	8,337	0	8,337
Administration	375	0	375
Central	1,250	0	1,250
Extracurricular Activities	61,348	0	61,348
Capital Outlay	0	65,814	65,814
<i>Total Expenditures</i>	<u>374,080</u>	<u>65,814</u>	<u>439,894</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(15,506)	22,844	7,338
Other Financing Sources			
Transfers In	4,819	0	4,819
<i>Net Change in Fund Balances</i>	(10,687)	22,844	12,157
<i>Fund Balances Beginning of Year</i>	<u>41,008</u>	<u>117,596</u>	<u>158,604</u>
<i>Fund Balances End of Year</i>	<u><u>\$30,321</u></u>	<u><u>\$140,440</u></u>	<u><u>\$170,761</u></u>

Joseph Badger Local School District

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2003

	<u>Principal's</u>	<u>EMIS</u>	<u>District Managed Student Activity</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$7,629	\$5,000	\$18,148
Intergovernmental Receivable	<u>0</u>	<u>0</u>	<u>296</u>
<i>Total Assets</i>	<u><u>\$7,629</u></u>	<u><u>\$5,000</u></u>	<u><u>\$18,444</u></u>
Liabilities and Fund Balances			
Liabilities			
Accrued Wages	\$0	\$0	\$0
Intergovernmental Payable	0	0	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
Fund Balances			
Reserved for Encumbrances	1,120	0	0
Unreserved, Undesignated, (Deficit)	<u>6,509</u>	<u>5,000</u>	<u>18,444</u>
<i>Total Fund Equity</i>	<u><u>7,629</u></u>	<u><u>5,000</u></u>	<u><u>18,444</u></u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$7,629</u></u>	<u><u>\$5,000</u></u>	<u><u>\$18,444</u></u>

<u>School Net Professional Development</u>	<u>Summer Intervention</u>	<u>Title I</u>	<u>Title II-A</u>
\$501	\$988	\$8,320	\$10,544
<u>0</u>	<u>0</u>	<u>9,574</u>	<u>0</u>
<u>\$501</u>	<u>\$988</u>	<u>\$17,894</u>	<u>\$10,544</u>
\$0	\$0	\$14,807	\$4,915
0	494	2,294	148
<u>0</u>	<u>0</u>	<u>9,574</u>	<u>0</u>
<u>0</u>	<u>494</u>	<u>26,675</u>	<u>5,063</u>
0	0	0	0
<u>501</u>	<u>494</u>	<u>(8,781)</u>	<u>5,481</u>
<u>501</u>	<u>494</u>	<u>(8,781)</u>	<u>5,481</u>
<u>\$501</u>	<u>\$988</u>	<u>\$17,894</u>	<u>\$10,544</u>

(continued)

Joseph Badger Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2003

	<u>Assistive Technology</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,553	\$52,683
Intergovernmental Receivable	<u>0</u>	<u>9,870</u>
<i>Total Assets</i>	<u><u>\$1,553</u></u>	<u><u>\$62,553</u></u>
Liabilities and Fund Balances		
Liabilities		
Accrued Wages	\$0	\$19,722
Intergovernmental Payable	0	2,936
Deferred Revenue	<u>0</u>	<u>9,574</u>
<i>Total Liabilities</i>	<u>0</u>	<u>32,232</u>
Fund Balances		
Reserved for Encumbrances	0	1,120
Unreserved, Undesignated, (Deficit)	<u>1,553</u>	<u>29,201</u>
<i>Total Fund Equity</i>	<u>1,553</u>	<u>30,321</u>
Total Liabilities and Fund Balances	<u><u>\$1,553</u></u>	<u><u>\$62,553</u></u>

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, 2003*

	Principal's	EMIS	District Managed Student Activity	DPPF
Revenues				
Intergovernmental	\$0	\$5,000	\$0	\$10,811
Interest	0	0	0	0
Extracurricular Activities	18,229	0	31,423	0
Contributions and Donations	0	0	0	0
<i>Total Revenues</i>	<u>18,229</u>	<u>5,000</u>	<u>31,423</u>	<u>10,811</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	0	0
Special	0	0	0	10,811
Support Services:				
Pupils	0	5,000	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Central	0	0	0	0
Extracurricular Activities	24,914	0	36,434	0
<i>Total Expenditures</i>	<u>24,914</u>	<u>5,000</u>	<u>36,434</u>	<u>10,811</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(6,685)	0	(5,011)	0
Other Financing Sources				
Transfers In	0	0	4,676	0
<i>Net Change in Fund Balances</i>	(6,685)	0	(335)	0
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>14,314</u>	<u>5,000</u>	<u>18,779</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$7,629</u>	<u>\$5,000</u>	<u>\$18,444</u>	<u>\$0</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, 2003

	School Net			
	Professional Development	Summer Intervention	Safe Schools	Title II Eisenhower
Revenues				
Intergovernmental	\$3,250	\$0	\$1,003	\$0
Interest	0	0	0	0
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	0	0	0
<i>Total Revenues</i>	<u>3,250</u>	<u>0</u>	<u>1,003</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	0	6,564	0	777
Special	0	0	0	0
Support Services:				
Pupils	0	0	1,195	0
Instructional Staff	4,574	0	0	0
Administration	375	0	0	0
Central	1,250	0	0	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>6,199</u>	<u>6,564</u>	<u>1,195</u>	<u>777</u>
Excess of Revenues Over (Under) Expenditures	(2,949)	(6,564)	(192)	(777)
Other Financing Sources				
Transfers In	0	0	143	0
<i>Net Change in Fund Balances</i>	(2,949)	(6,564)	(49)	(777)
<i>Fund Balances Beginning of Year</i>	<u>3,450</u>	<u>7,058</u>	<u>49</u>	<u>777</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$501</u>	<u>\$494</u>	<u>\$0</u>	<u>\$0</u>

IDEA-B	Title I	Title V	Title II-A	Drug Free	Title II-D	Assistive Technology	Total Nonmajor Special Revenue Funds
\$102,869	\$119,996	\$6,208	\$49,520	\$5,426	\$3,286	\$1,553	\$308,922
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	49,652
0	0	0	0	0	0	0	0
<u>102,869</u>	<u>119,996</u>	<u>6,208</u>	<u>49,520</u>	<u>5,426</u>	<u>3,286</u>	<u>1,553</u>	<u>358,574</u>
0	0	2,445	43,943	5,426	3,286	0	62,441
102,869	120,454	0	0	0	0	0	234,134
0	0	0	0	0	0	0	6,195
0	0	3,763	0	0	0	0	8,337
0	0	0	0	0	0	0	375
0	0	0	0	0	0	0	1,250
0	0	0	0	0	0	0	61,348
<u>102,869</u>	<u>120,454</u>	<u>6,208</u>	<u>43,943</u>	<u>5,426</u>	<u>3,286</u>	<u>0</u>	<u>374,080</u>
0	(458)	0	5,577	0	0	1,553	(15,506)
0	0	0	0	0	0	0	4,819
0	(458)	0	5,577	0	0	1,553	(10,687)
0	(8,323)	0	(96)	0	0	0	41,008
<u>\$0</u>	<u>(\$8,781)</u>	<u>\$0</u>	<u>\$5,481</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,553</u>	<u>\$30,321</u>

Jospeh Badger Local School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2003

	School Net	Permanent Improvement	Total Nonmajor Capital Projects Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$0	\$140,215	\$140,215
Taxes Receivable	0	62,231	62,231
Intergovernmental Receivable	1,516	0	1,516
	<u>\$1,516</u>	<u>\$202,446</u>	<u>\$203,962</u>
<i>Total Assets</i>			
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$1,516	\$0	\$1,516
Deferred Revenue	0	62,006	62,006
	<u>1,516</u>	<u>62,006</u>	<u>63,522</u>
<i>Total Liabilities</i>			
 Fund Balances			
Reserved for Property Taxes	0	225	225
Unreserved, Undesignated	0	140,215	140,215
	<u>0</u>	<u>140,440</u>	<u>140,440</u>
<i>Total Fund Balances</i>			
<i>Total Liabilities and Fund Balances</i>	<u>\$1,516</u>	<u>\$202,446</u>	<u>\$203,962</u>

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, 2003*

	School Net	Permanent Improvement	Total Nonmajor Capital Projects Funds
Revenues			
Taxes	\$0	\$58,445	\$58,445
Intergovernmental	24,256	5,957	30,213
<i>Total Revenues</i>	24,256	64,402	88,658
Expenditures			
Capital Outlay	34,160	31,654	65,814
<i>Net Change in Fund Balances</i>	(9,904)	32,748	22,844
<i>Fund Balances Beginning of Year</i>	9,904	107,692	117,596
<i>Fund Balances End of Year</i>	\$0	\$140,440	\$140,440

Joseph Badger Local School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2003

	Beginning Balance 06/30/02	Additions	Deductions	Ending Balance 06/30/03
<i>Student Managed Activities</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$19,774	\$32,618	\$25,683	\$26,709
Liabilities				
Due to Students	\$19,774	\$32,618	\$25,683	\$26,709

**Individual Fund Schedules of Revenues, Expenditures/Expenses
And Changes in Fund Balances/Fund Equity –
Budget (Non-GAAP Basis) and Actual**

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, 2003

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Revenues				
Taxes	\$2,960,000	\$2,731,681	\$2,731,681	\$0
Intergovernmental	4,400,000	4,714,432	4,714,432	0
Interest	60,000	45,006	45,006	0
Tuition and Fees	40,000	30,188	30,188	0
Charges for Services	10,000	7,010	7,010	0
Contributions and Donations	33,637	2,318	2,318	0
Miscellaneous	58,000	0	0	0
<i>Total Revenues</i>	<i>7,561,637</i>	<i>7,530,635</i>	<i>7,530,635</i>	<i>0</i>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	2,722,327	2,644,816	2,644,816	0
Fringe Benefits	925,446	950,301	950,301	0
Purchased Services	35,802	35,172	35,172	0
Materials and Supplies	124,758	95,941	95,941	0
Capital Outlay - New	26,693	37,534	37,534	0
Total Regular	3,835,026	3,763,764	3,763,764	0
Special:				
Salaries and Wages	97,073	105,134	105,134	0
Fringe Benefits	21,717	24,261	24,261	0
Purchased Services	284,083	406,453	400,533	5,920
Materials and Supplies	5,314	4,227	4,227	0
Total Special	408,187	540,075	534,155	5,920
Vocational:				
Salaries and Wages	40,474	44,624	44,624	0
Fringe Benefits	50,986	19,656	19,656	0
Total Vocational	91,460	64,280	64,280	0
Total Instruction	\$4,334,673	\$4,368,119	\$4,362,199	\$5,920

(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, 2003

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Support Services:				
Pupils:				
Salaries and Wages	\$223,455	\$227,139	\$227,139	\$0
Fringe Benefits	50,986	54,815	54,815	0
Purchased Services	16,375	15,475	15,475	0
Materials and Supplies	8,062	8,328	8,328	0
Capital Outlay - New	0	1,883	1,883	0
Total Pupils	298,878	307,640	307,640	0
Instructional Staff:				
Salaries and Wages	145,056	172,742	172,742	0
Fringe Benefits	38,979	54,589	54,589	0
Purchased Services	1,856	1,704	1,704	0
Materials and Supplies	20,694	8,544	8,544	0
Capital Outlay - New	1,226	0	0	0
Total Instructional Staff	207,811	237,579	237,579	0
Board of Education:				
Salaries and Wages	2,802	4,280	4,280	0
Fringe Benefits	586	826	826	0
Purchased Services	180,879	241,560	241,560	0
Materials and Supplies	653	1,190	1,190	0
Capital Outlay - New	0	0	0	0
Other	12,697	20,623	20,623	0
Total Board of Education	197,617	268,479	268,479	0
Administration:				
Salaries and Wages	499,026	514,253	514,253	0
Fringe Benefits	215,217	225,322	225,322	0
Purchased Services	46,572	43,538	43,538	0
Materials and Supplies	6,468	5,894	5,894	0
Capital Outlay - New	6,355	1,255	1,255	0
Other	78,798	79,502	79,502	0
Total Administration	852,436	869,764	869,764	0
Fiscal:				
Salaries and Wages	111,615	117,281	117,281	0
Fringe Benefits	56,788	62,262	62,262	0
Purchased Services	7,445	27,350	27,350	0
Materials and Supplies	2,947	1,184	1,184	0
Capital Outlay - New	3,395	0	0	0
Other	19,667	13,703	13,703	0
Total Fiscal	\$201,857	\$221,780	\$221,780	\$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, 2003

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Operation and Maintenance of Plant:				
Salaries and Wages	\$207,314	\$210,194	\$210,194	\$0
Fringe Benefits	125,544	131,907	131,907	0
Purchased Services	235,067	245,219	245,219	0
Materials and Supplies	41,917	34,926	34,926	0
Capital Outlay - New	2,869	1,616	1,616	0
Other	6,721	35,206	35,206	0
Total Operation and Maintenance of Plant	619,432	659,068	659,068	0
Pupil Transportation:				
Salaries and Wages	192,430	198,404	198,404	0
Fringe Benefits	137,228	153,927	153,927	0
Purchased Services	146,352	120,379	119,379	1,000
Materials and Supplies	78,405	81,200	81,200	0
Capital Outlay - New	56,949	53,284	53,284	0
Other	10,610	21,906	21,906	0
Total Pupil Transportation	621,974	629,100	628,100	1,000
Central:				
Salaries and Wages	42,925	43,342	43,342	0
Fringe Benefits	11,969	12,566	12,566	0
Purchased Services	13,155	17,701	17,701	0
Materials and Supplies	2,068	13,367	13,367	0
Total Central	70,117	86,976	86,976	0
Total Support Services	3,070,122	3,280,386	3,279,386	1,000
Extracurricular Activities:				
Academic and Subject Oriented:				
Salaries and Wages	33,015	29,983	29,983	0
Fringe Benefits	2,642	2,122	2,122	0
Total Academic and Subject Oriented	35,657	32,105	32,105	0
Sports Oriented:				
Salaries and Wages	96,415	94,215	94,215	0
Fringe Benefits	16,857	16,886	16,886	0
Total Sports Oriented	113,272	111,101	111,101	0
Total Extracurricular Activities	\$148,929	\$143,206	\$143,206	\$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, 2003

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Capital Outlay:				
Building Improvement Services:				
Capital Outlay - New	\$307	\$0	\$0	\$0
Site Acquisition Services:				
Capital Outlay - New	0	9,183	9,183	0
Architecture and Engineering Services:				
Purchased Services	16,510	7,428	7,428	0
Total Capital Outlay	16,817	16,611	16,611	0
<i>Total Expenditures</i>	7,570,541	7,808,322	7,801,402	6,920
<i>Excess of Revenues Under Expenditures</i>	(8,904)	(277,687)	(270,767)	6,920
Other Financing Sources (Uses)				
Sale of Fixed Assets	0	667	667	0
Transfers Out	(28,222)	(53,319)	(53,319)	0
<i>Total Other Financing Sources (Uses)</i>	(28,222)	(52,652)	(52,652)	0
<i>Net Change in Fund Balance</i>	(37,126)	(330,339)	(323,419)	6,920
<i>Fund Balance at Beginning of Year</i>	1,940,194	1,940,194	1,940,194	0
Prior Year Encumbrances Appropriated	141,579	141,579	141,579	0
<i>Fund Balance at End of Year</i>	\$2,044,647	\$1,751,434	\$1,758,354	\$6,920

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$22,613	\$22,613	\$22,613	\$0
Expenditures				
Debt Service:				
Cost of Issuance	145,405	145,405	145,405	0
<i>Net Change in Fund Balance</i>	<u>(122,792)</u>	<u>(122,792)</u>	<u>(122,792)</u>	<u>0</u>
Other Financing Sources				
Proceeds of Bonds	9,999,993	9,999,993	9,999,993	0
Premium on Bonds	382,341	382,341	382,341	0
Total Other Financing Sources	<u>10,382,334</u>	<u>10,382,334</u>	<u>10,382,334</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	10,259,542	10,259,542	10,259,542	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$10,259,542</u></u>	<u><u>\$10,259,542</u></u>	<u><u>\$10,259,542</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
Local OSFC Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Interest	\$0	\$0	\$5,137	\$5,137
<i>Total Expenditures</i>	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	5,137	5,137
Other Financing Sources				
Proceeds of Notes	0	0	10,000,000	10,000,000
<i>Net Change in Fund Balance</i>	0	0	10,005,137	10,005,137
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$10,005,137	\$10,005,137

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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Sales	\$194,950	\$188,811	\$188,811	\$0
Interest	50	0	0	0
Operating Grants	100,000	100,970	100,970	0
<i>Total Revenues</i>	295,000	289,781	289,781	0
Expenses				
Salaries:				
Food Service Operations	108,033	123,630	123,630	0
Fringe Benefits:				
Food Service Operations	91,360	92,005	92,005	0
Purchased Services:				
Food Service Operations	9,933	11,902	11,902	0
Materials and Supplies:				
Food Service Operations	109,692	109,953	109,953	0
Capital Outlay:				
Capital Outlay - Replacement:				
Food Service Operations	172	0	0	0
Other:				
Food Service Operations	685	676	676	0
<i>Total Expenses</i>	319,875	338,166	338,166	0
<i>Excess of Revenues Under Expenses</i>	(24,875)	(48,385)	(48,385)	0
Transfers In	50,000	48,500	48,500	0
<i>Net Change in Fund Balance</i>	25,125	115	115	0
<i>Fund Balance Beginning of Year</i>	201	201	201	0
<i>Fund Balance End of Year</i>	\$25,326	\$316	\$316	\$0

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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Extracurricular Activities	<u>\$18,229</u>	<u>\$18,229</u>	<u>\$18,229</u>	<u>\$0</u>
Expenditures				
Current:				
<i>Extracurricular Activities:</i>				
School and Public Service				
Co-Curricular Activities:				
Purchased Services	2,000	3,756	3,756	0
Materials and Supplies	<u>17,287</u>	<u>22,278</u>	<u>22,278</u>	<u>0</u>
<i>Total Expenditures</i>	<u>19,287</u>	<u>26,034</u>	<u>26,034</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,058)	(7,805)	(7,805)	0
<i>Fund Balance at Beginning of Year</i>	13,027	13,027	13,027	0
Prior Year Encumbrances Appropriated	<u>1,287</u>	<u>1,287</u>	<u>1,287</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$13,256</u></u>	<u><u>\$6,509</u></u>	<u><u>\$6,509</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
Educational Management Information Systems Fund (EMIS)
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	5,000	5,000	5,000	0
Expenditures				
Current:				
<i>Support Services:</i>				
Pupils:				
Capital Outlay - New	5,000	5,000	5,000	0
Administration:				
Capital Outlay - Replacement	5,000	0	0	0
<i>Total Expenditures</i>	10,000	5,000	5,000	0
<i>Net Change in Fund Balance</i>	(5,000)	0	0	0
<i>Fund Balance at Beginning of Year</i>	5,000	5,000	5,000	0
<i>Fund Balance at End of Year</i>	\$0	\$5,000	\$5,000	\$0

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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Extracurricular Activities	\$34,805	\$31,127	\$31,127	\$0
Contributions and Donations	1,000	0	0	0
<i>Total Revenues</i>	<u>35,805</u>	<u>31,127</u>	<u>31,127</u>	<u>0</u>
Expenditures				
Current:				
<i>Extracurricular Activities:</i>				
Academic and Subject Oriented				
Activities:				
Purchased Services	1,000	1,667	1,667	0
Materials and Supplies	4,200	6,381	6,381	0
Total Academic and Subject Oriented	<u>5,200</u>	<u>8,048</u>	<u>8,048</u>	<u>0</u>
Sports Oriented Activities:				
Purchased Services	22,412	17,073	17,073	0
Materials and Supplies	7,725	9,703	9,703	0
Capital Outlay - New	1,610	1,610	1,610	0
Total Sports Oriented Activities	<u>31,747</u>	<u>28,386</u>	<u>28,386</u>	<u>0</u>
<i>Total Expenditures</i>	<u>36,947</u>	<u>36,434</u>	<u>36,434</u>	<u>0</u>
<i>Excess of Revenues (Under) Expenditures</i>	(1,142)	(5,307)	(5,307)	0
Other Financing Sources				
Transfers In	0	4,676	4,676	0
<i>Net Change in Fund Balance</i>	(1,142)	(631)	(631)	0
<i>Fund Balance at Beginning of Year</i>	18,123	18,123	18,123	0
Prior Year Encumbrances Appropriated	656	656	656	0
<i>Fund Balance at End of Year</i>	<u>\$17,637</u>	<u>\$18,148</u>	<u>\$18,148</u>	<u>\$0</u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
DPPF Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
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>	\$10,811	\$0	\$0	\$0

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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Intergovernmental	\$3,250	\$3,250	\$3,250	\$0
Expenditures				
Current:				
<i>Support Services:</i>				
Instructional Staff:				
Purchased Services	1,975	4,574	4,574	0
Administration:				
Purchased Services	750	375	375	0
Central:				
Purchased Services	525	1,250	1,250	0
<i>Total Expenditures</i>	<u>3,250</u>	<u>6,199</u>	<u>6,199</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(2,949)	(2,949)	0
<i>Fund Balance at Beginning of Year</i>	<u> </u>	<u>3,450</u>	<u>3,450</u>	<u>0</u>
<i>Fund Balance(Deficit) at End of Year</i>	<u>\$0</u>	<u>\$501</u>	<u>\$501</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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$0	\$0	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Salaries and Wages	5,251	4,263	4,263	0
Fringe Benefits	674	674	674	0
Purchased Services	97	97	97	0
Materials and Supplies	1,530	1,530	1,530	0
<i>Total Expenditures</i>	7,552	6,564	6,564	0
<i>Net Change in Fund Balance</i>	(7,552)	(6,564)	(6,564)	0
<i>Fund Balance at Beginning of Year</i>	6,626	6,626	6,626	0
Prior Year Encumbrances Appropriated	926	926	926	0
<i>Fund Balance at End of Year</i>	\$0	\$988	\$988	\$0

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, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Over (Under)
Revenues				
Intergovernmental	\$1,004	\$1,004	\$1,004	\$0
Expenditures				
Current:				
<i>Support Services:</i>				
Pupils:				
Purchased Services	1,195	1,195	1,195	0
<i>Net Change in Fund Balance</i>	(191)	(191)	(191)	0
Other Financing Sources				
Transfers In	143	143	143	0
<i>Net Change in Fund Balance</i>	(48)	(48)	(48)	0
<i>Fund Balance at Beginning of Year</i>	48	48	48	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 II Eisenhower Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Over (Under)
Revenues				
Intergovernmental	\$0	\$0	\$0	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	777	777	777	0
<i>Net Change in Fund Balance</i>	(777)	(777)	(777)	0
<i>Fund Balance at Beginning of Year</i>	777	777	777	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
IDEA-B Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Intergovernmental	\$102,869	\$102,869	\$102,869	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Special:				
Purchased Services	<u>102,869</u>	<u>102,869</u>	<u>102,869</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><u>\$0</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
Title I Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Intergovernmental	\$119,996	\$119,996	\$119,996	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Special:				
Salaries and Wages	79,875	85,415	85,415	0
Fringe Benefits	40,228	31,855	31,855	0
Purchased Services	0	405	405	0
Materials and Supplies	4,223	2,338	2,338	0
Capital Outlay - New	2,500	0	0	0
<i>Total Expenditures</i>	126,826	120,013	120,013	0
<i>Net Change in Fund Balance</i>	(6,830)	(17)	(17)	0
<i>Fund Balance at Beginning of Year</i>	8,302	8,302	8,302	0
Prior Year Encumbrances Appropriated	35	35	35	0
<i>Fund Balance at End of Year</i>	<u>\$1,507</u>	<u>\$8,320</u>	<u>\$8,320</u>	<u>\$0</u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title V Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Intergovernmental	\$6,208	\$6,208	\$6,208	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Capital Outlay - New	0	2,445	2,445	0
<i>Support Services:</i>				
Instructional Staff:				
Capital Outlay - New	6,208	3,763	3,763	0
<i>Total Expenditures</i>	6,208	6,208	6,208	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>	<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 II-A Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$49,520	\$49,520	\$49,520	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Salaries and Wages	37,699	29,967	29,967	0
Fringe Benefits	5,964	4,254	4,254	0
Purchased Services	0	9,043	9,043	0
Total Regular	43,663	43,264	43,264	0
<i>Support Services:</i>				
Instructional Staff:				
Purchased Services	4,000	0	0	0
<i>Total Expenditures</i>	47,663	43,264	43,264	0
<i>Net Change in Fund Balance</i>	1,857	6,256	6,256	0
<i>Fund Balance at Beginning of Year</i>	4,288	4,288	4,288	0
<i>Fund Balance at End of Year</i>	\$6,145	\$10,544	\$10,544	\$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, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Over (Under)
Revenues				
Intergovernmental	\$5,426	\$5,426	\$5,426	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	5,426	5,426	5,426	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 II-D Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Revenues				
Intergovernmental	\$3,286	\$3,286	\$3,286	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	3,286	3,286	3,286	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>	<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
Assistive Technology Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Intergovernmental	\$1,553	\$1,553	\$1,553	\$0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,553	1,553	1,553	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>\$1,553</u></u>	<u><u>\$1,553</u></u>	<u><u>\$1,553</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
School Net Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$22,740	\$22,740	\$22,740	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Materials and Supplies	4,980	5,115	5,115	0
Capital Outlay - New	4,924	27,529	27,529	0
<i>Total Expenditures</i>	9,904	32,644	32,644	0
<i>Net Change in Fund Balance</i>	12,836	(9,904)	(9,904)	0
<i>Fund Balance at Beginning of Year</i>	9,904	9,904	9,904	0
<i>Fund Balance at End of Year</i>	\$22,740	\$0	\$0	\$0

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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Taxes	\$63,000	\$58,456	\$58,456	\$0
Intergovernmental	831	5,957	5,957	0
<i>Total Revenues</i>	63,831	64,413	64,413	0
Expenditures				
Current:				
Support Services:				
Administration:				
Other	1,000	104	104	0
Fiscal:				
Other	10,000	854	854	0
Total Support Services	11,000	958	958	0
Capital Outlay:				
Building Improvement Services:				
Capital Outlay - New	82,742	30,696	30,696	0
<i>Total Expenditures</i>	93,742	31,654	31,654	0
<i>Net Change in Fund Balance</i>	(29,911)	32,759	32,759	0
<i>Fund Balance Beginning of Year</i>	84,714	84,714	84,714	0
Prior Year Encumbrances Appropriated	22,742	22,742	22,742	0
<i>Fund Balance End of Year</i>	\$77,545	\$140,215	\$140,215	\$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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$229	\$229	\$229	\$0
Expenses				
Other:				
Community Services	<u>200</u>	<u>388</u>	<u>388</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	29	(159)	(159)	0
<i>Fund Balance Beginning of Year</i>	<u>15,364</u>	<u>15,364</u>	<u>15,364</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$15,393</u></u>	<u><u>\$15,205</u></u>	<u><u>\$15,205</u></u>	<u><u>\$0</u></u>

Joseph Badger Local School District
Governmental Activities
Revenues by Source and Expenses by Function
Last Four Fiscal Years

	2003	2002	2001	2000
	Full	Full	Full	Full
	Accrual	Accrual	Accrual	Accrual
Program Revenues				
Charges for Services	\$106,504	\$86,606	\$83,505	\$53,581
Operating Grants and Contributions	312,740	269,385	295,623	302,526
Capital Grants and Contributions	30,809	2,000	79,807	32,851
General Revenues				
Taxes	2,803,481	2,760,963	2,556,186	2,632,853
Intergovernmental	4,720,389	4,775,137	4,300,266	4,133,565
Investment Earnings	70,379	78,565	159,079	145,316
Tuition and Fees	0	0	0	0
Extracurricular Activities	0	0	0	0
Charges for Services	0	0	0	0
Gifts and Donations	0	0	0	0
Miscellaneous	0	30,573	38,506	55,765
<i>Total</i>	<u>\$8,044,302</u>	<u>\$8,003,229</u>	<u>\$7,512,972</u>	<u>\$7,356,457</u>
Expenses				
Instruction:				
Regular	\$3,829,689	\$3,792,508	\$3,578,852	\$3,369,166
Special	750,701	602,471	587,040	371,262
Vocational	63,659	58,150	50,628	51,646
Support Services:				
Pupils	322,887	269,551	264,410	252,287
Instructional Staff	257,806	207,527	168,253	122,148
Board of Education	281,985	180,336	136,730	73,278
Administration	846,826	981,924	764,260	663,633
Fiscal	224,407	189,586	235,506	162,282
Business	0	2,263	0	13,312
Operation and				
Maintenance of Plant	728,040	698,596	606,097	542,027
Pupil Transportation	656,404	629,915	581,336	534,694
Central	88,758	81,144	58,765	59,176
Operation of Non-				
Instructional Services	0	0	384	5,917
Extracurricular Activities	230,450	212,423	178,163	164,067
Interest	46,389	0	604	2,054
<i>Total</i>	<u>\$8,328,001</u>	<u>\$7,906,394</u>	<u>\$7,211,028</u>	<u>\$6,386,949</u>

Source: School District Financial Records

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

	2003	2002	2001	2000
Revenues				
Taxes	\$2,790,048	\$2,765,343	\$2,662,042	\$2,508,773
Intergovernmental	5,053,567	5,028,676	4,682,584	4,399,456
Interest	70,379	78,565	159,079	145,316
Tuition and Fees	30,188	29,332	30,594	23,142
Extracurricular Activities	49,652	62,456	60,198	47,629
Charges for Services	7,010	303	1,455	7,935
Contributions and Donations	2,318	5,580	9,370	31,361
Miscellaneous	0	30,573	38,506	55,765
<i>Total</i>	<u>\$8,003,162</u>	<u>\$8,000,828</u>	<u>\$7,643,828</u>	<u>\$7,219,377</u>
Expenditures				
Current:				
Instruction:				
Regular	\$3,806,052	\$3,819,281	\$3,566,085	\$3,415,766
Special	746,122	576,124	584,370	375,925
Vocational	65,191	57,887	50,628	51,646
Adult/Continuing	0	0	0	0
Other	0	0	0	0
Support Services:				
Pupils	308,753	268,240	264,151	252,029
Instructional Staff	250,600	206,845	171,924	117,031
Board of Education	266,854	175,876	136,730	73,278
Administration	866,372	954,362	756,221	690,388
Fiscal	221,497	190,276	246,416	165,827
Business	0	2,263	0	13,312
Operation and				
Maintenance of Plant	644,049	596,697	582,599	512,193
Pupil Transportation	630,654	648,736	511,125	687,102
Central	88,188	80,396	65,241	59,134
Operation of Non-				
Instructional Services	0	0	0	5,642
Extracurricular Activities	204,666	211,537	177,866	162,593
Capital Outlay	65,814	72,888	434,249	110,140
Debt Service	46,389	0	20,725	22,175
<i>Total</i>	<u>\$8,211,201</u>	<u>\$7,861,408</u>	<u>\$7,568,330</u>	<u>\$6,714,181</u>

Source: School District Financial Records

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds

(2) 1994 and 1995 reported on a Cash Basis; All others on Modified Accrual Basis.

1999	1998	1997	1996	1995 (2)	1994 (2)
\$2,241,953	\$2,245,706	\$2,199,996	\$2,141,869	\$1,858,151	\$1,524,755
3,890,414	3,577,581	3,411,258	3,312,296	2,877,040	2,867,342
109,592	106,023	89,767	61,823	48,112	29,016
22,561	20,655	12,155	2,428	14,351	4,523
0	0	0	0	0	0
4,144	463	462	238	0	0
1,693	460	740	1,435	0	0
1,163	33,634	10	7,979	15,349	20,066
<u>\$6,271,520</u>	<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>
\$3,083,849	\$3,191,030	\$2,999,696	\$2,771,499	\$2,400,699	\$2,364,623
480,366	213,896	241,043	173,832	163,499	220,937
38,677	114,210	113,268	114,914	118,006	145,201
298	862	0	0	0	0
0	0	0	0	5,227	1,842
189,608	121,543	137,951	119,497	109,520	86,300
116,663	101,547	99,117	89,944	106,099	106,174
93,661	22,540	32,697	107,051	16,272	20,097
658,573	609,947	606,953	572,405	578,787	519,603
158,635	128,076	120,882	110,785	105,003	100,465
0	0	2,592	0	0	0
496,086	490,689	538,129	444,897	436,773	427,624
429,756	506,864	614,100	430,925	487,035	436,586
32,632	33,625	18,769	0	0	0
0	0	0	0	0	0
108,433	95,730	90,412	85,666	74,508	72,540
3,914	0	0	330	875	185
0	0	0	3,998	0	0
<u>\$5,891,150</u>	<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>

Joseph Badger Local School District
Property Tax Levies and Collections
Last Nine Calendar Years (1)

Year (2)	Total Tax Levy	Current Collections	Percent of Total Taxes Collected	Delinquent Collections	Total Collections	Total Tax Collections		Outstanding Delinquent Taxes (3)	Outstanding Delinquent Taxes To Total Tax Levy
						As a Percent of Total Tax Levy	As a Percent of Total Tax Levy		
2002	\$2,994,509	\$2,925,509	97.70%	\$103,875	\$3,029,384	101.16%	101.16%	\$185,234	6.19%
2001	\$3,016,427	\$2,904,513	96.29%	\$121,474	\$3,025,987	100.32%	100.32%	\$198,400	6.58%
2000	2,926,898	2,834,162	96.83	70,844	2,905,006	99.25	99.25	195,059	6.66
1999	2,598,515	2,553,491	98.27	90,952	2,644,443	101.77	101.77	173,009	6.66
1998	2,523,387	2,463,731	97.64	80,130	2,543,861	100.81	100.81	180,377	7.15
1997	2,503,458	2,441,668	97.53	135,535	2,577,203	102.95	102.95	212,682	8.50
1996	2,448,537	2,372,321	96.89	93,700	2,466,021	100.71	100.71	240,382	9.82
1995	2,427,226	2,338,370	96.34	75,028	2,413,398	99.43	99.43	190,762	7.86
1994	1,861,318	1,785,659	95.94	115,739	1,901,398	102.15	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. 2003 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		
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
2003	\$89,001,070	\$254,288,771	\$5,064,450	\$5,755,057	\$8,465,064	\$33,860,256	\$102,530,584	\$293,904,084	35%
2002	79,432,970	226,951,343	4,712,220	5,354,795	8,971,486	35,885,944	93,116,676	268,192,082	0
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

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 capital assets and 24 percent of actual value for inventory

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	Orangeville Village	JVS Levy	Debt Service			
									School	County	Townships	Included in Total Levy
2003	\$38.30	\$10.35	\$12.20	\$5.80	\$14.00	\$7.70	\$14.30	\$2.40	\$0.00	\$0.00	\$0.00	\$0.00
2002	38.30	10.35	12.20	5.80	14.00	7.70	14.30	2.40	0.00	0.00	0.00	0.00
2001	38.40	10.35	12.20	5.80	14.00	7.70	14.30	2.40	0.00	0.00	0.00	0.00
2000	38.41	10.35	9.20	5.80	14.00	7.70	14.30	2.40	0.00	0.00	0.00	0.00
1999	41.58	9.30	9.20	5.80	14.00	7.70	N/A	2.40	0.00	0.00	0.00	0.00
1998	35.25	9.30	9.20	5.80	14.00	7.70	N/A	2.40	0.36	0.00	0.00	0.36
1997	35.27	9.30	9.20	5.80	14.00	6.20	N/A	2.40	0.20	0.00	0.00	0.20
1996	37.39	9.30	9.20	5.80	13.00	6.20	N/A	2.40	0.50	0.00	0.00	0.50
1995	37.62	9.30	9.20	7.80	13.00	6.20	N/A	2.40	0.60	0.00	0.00	0.60
1994	40.00	9.30	6.20	7.80	13.00	6.20	N/A	2.40	0.00	0.00	0.00	0.00

Source: Trumbull County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained
N/A: Information was not available

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>
2003	\$9,999,993	\$102,530,584	7,066	9.75%	\$1,415.23
2002	0	93,116,676	7,066	0.00	0.00
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

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, 2003

Assessed Valuation		<u>\$102,530,584</u>
Overall Debt Limit - 9% of Assessed Value (1)		<u>9,227,753</u>
Amount of Debt Applicable to Debt Limit		
School Construction Notes	10,000,000	
General Obligation Bonds	9,999,993	
Less: Amount Available in Debt Service Fund	<u>(10,259,542)</u>	
Amount of Debt Subject to Limit		<u>9,740,451</u>
<i>Overall Debt Margin (1)</i>		<u><u>(\$512,698)</u></u>
Unvoted Debt Limit - .10% of Assessed Value (2)		\$102,531
Amount of Debt Applicable		<u>0</u>
<i>Unvoted Debt Margin</i>		<u><u>\$102,531</u></u>

Source: Trumbull County Auditor and School District Financial Records

(1) Bonds or notes issued beyond the 9% limitation by virtue of certification as an approved special needs district under Ohio Revised Code Section 133.06 (E)

(2) 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, 2002

Jurisdiction	General Obligation Debt Outstanding (1)	Percentage Applicable to School District (2)	Amount Applicable to School District
Direct:			
Joseph Badger Local School District	\$9,999,993	100.00%	\$9,999,993
Overlapping:			
Trumbull County	18,174,159	2.80	508,876
Gustavus Township	0	100.00	0
Hartford Township	0	100.00	0
Kinsman Township	0	100.00	0
Vernon Township	0	100.00	0
Orangeville Village	0	100.00	0
Total Overlapping	<u>18,174,159</u>		<u>508,876</u>
Total	<u><u>\$28,174,152</u></u>		<u><u>\$10,508,869</u></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 2003 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

Year	Principal	Interest	Total Debt Service (1)	Total General Governmental Expenditures	Ratio of Debt Service to Governmental Fund Expenditures (Percentage)
2003	\$0	\$0	\$0	\$8,211,201	0.00%
2002	\$0	\$0	\$0	\$7,861,408	0.00%
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

Source: School District Financial Records

Joseph Badger Local School District

Demographic Statistics

Last Ten Years

Year	Trumbull County Population (1)	Gustavus Township Population (2)	Hartford Township Population (2)	Kinsman Township Population (2)	Vernon Township Population (2)	School Enrollment (3)	Unemployment Rate (4)
2003	233,518	1,044	2,184	2,126	1,712	1,222	6.4%
2002	225,116	1,044	2,184	2,126	1,712	1,202	5.1
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
(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)
2002	\$89,001,070	\$153,594,500
2001	79,432,970	146,731,300
2000	77,973,410	136,630,100
1999	76,319,190	156,658,200
1998	58,327,417	157,324,600
1997	57,765,271	154,597,700
1996	57,087,115	111,942,800
1995	51,706,717	149,499,000
1994	51,036,902	125,417,000
1993	50,240,150	111,817,000

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, 2002

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Target Stamped Product	\$771,590	0.87%
Richard B. Thompson	622,390	0.71
W I Miller & Sons	398,760	0.45
National Dairy Products	325,500	0.37
Stanwade Metal Products	315,640	0.35
Harnett, David L.	314,390	0.35
Massassauga Rattlesnake	298,560	0.35
Kepner, Nancy M.	285,800	0.32
Logan, Arlene B.	249,770	0.28
Miller, Forest H.	<u>240,490</u>	<u>0.27</u>
Total	<u>\$3,822,890</u>	<u>4.30%</u>
Total Real Estate Valuation	<u>\$89,001,070</u>	

Source: Trumbull County Auditor

(1) Assessed values are for the 2003 collection year.

Joseph Badger Local School District

Principal Taxpayers

Tangible Personal Property Tax

December 31, 2002

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Kraft Foods, Inc.	\$2,142,440	25.31%
Target Stamped Products	1,865,300	22.04
Terry Harmon Motors	458,700	5.42
Stanwade Metal Products	403,300	4.77
Palmer Donavin Manufacturing Co.	392,280	4.63
Kinsman Supply and Rental	115,250	1.36
Horodyski Brothers Co.	107,520	1.27
A G Birrell Co.	106,350	1.26
Cope Farm Equipment	102,510	1.21
Advanced Health Service	<u>101,990</u>	<u>1.20</u>
Total	<u>\$5,795,640</u>	<u>68.47%</u>
Total Assessed Value	<u>\$8,465,064</u>	

Source: Trumbull County Auditor

(1) Assessed values are for the 2003 collection year.

Joseph Badger Local School District

Principal Taxpayers

Public Utilities Tax

December 31, 2002

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Ohio Edison Company	\$2,185,520	43.15%
United Telephone	1,819,320	35.92
American Transmission Services	468,600	9.25
Norfolk Southern Combined	365,240	7.22
Eastern Natural Gas	115,640	2.13
CSX Transportation	<u>108,090</u>	<u>2.28</u>
Total	<u><u>\$5,062,410</u></u>	<u><u>99.96%</u></u>
Total Assessed Value	<u><u>\$5,064,450</u></u>	

Source: Trumbull County Auditor

(1) Assessed values are for the 2003 collection year.

Joseph Badger Local School District

Per Pupil Cost

Last Ten Fiscal Years

<u>Year</u>	<u>General Governmental Expenditures (1)</u>	<u>Average Daily Membership</u>	<u>Per Pupil Cost</u>
2003	\$8,211,201	1,222	\$6,719
2002	\$7,861,408	1,202	\$6,540
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

Source: School District Financial Records.

(1) 1996 through 2003 on Modified Accrual Basis.
All other years based on Cash Basis.

Joseph Badger Local School District

Teacher Education And Experience

June 30, 2003

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	38	51%
Master's Degree	<u>36</u>	<u>49%</u>
Total	<u>74</u>	<u>100%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	16	22%
6 - 10	11	15%
11 and over	<u>47</u>	<u>64%</u>
	<u>74</u>	<u>100%</u>

Source: School District Personnel Records.



**Auditor of State
Betty Montgomery**

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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
MARCH 4, 2004**