



**Auditor of State  
Betty Montgomery**



JOSEPH BADGER LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY

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## **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 financial statements 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, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 25, 2005. 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*.

#### **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 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

February 25, 2005

# **Joseph Badger Local School District**

**Kinsman, Ohio**

**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended June 30, 2004

Issued by:  
Treasurer's Office  
William A. Johnson



**Joseph Badger Local School District**  
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*For the Fiscal Year Ended June 30, 2004*  
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# Joseph Badger School District



## Home of the Braves

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Phone: 330-876-1051  
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### **BOARD OF EDUCATION**

Jeff Mathews, *President*  
Kimberly Bonar, *V. P.*  
Eltha Logan  
Paula McGrath  
Joseph Toth

February 25, 2005

Board of Education Members  
Joseph Badger Local School District

We are pleased to submit to you the fifth Comprehensive Annual Financial Report (CAFR) of the Joseph Badger Local School District. This report discloses information for the fiscal year ended June 30, 2004. 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 exist four 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. Further, a five year emergency operating renewal levy of 5.4 mills passed in a special election on August 3, 2004. This operating levy was originally passed August 2, 1994 at 8.88 mills.

The 2004 fiscal year student count was 1,145. The teachers' average years of experience was 15.58 accompanied with a K-12 pupil/regular teacher ratio of 15.90. The School District employs one hundred twenty-three 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 ballot and recently renewed its second emergency levy on August 3, 2004 in a special election. According to the most recent required five year forecast, these renewals should keep the School District solvent over the next five years.

## 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 permanent improvement levy the School District is able to maintain this replacement schedule. The receipt of the Ohio Schoolnet grants 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) has provided states a framework in which their schools must operate. These massive changes include the introduction of new content standards in the areas of Math, Language Arts, Science, and Social Studies, Art, Foreign Language and Computer Technology are soon to follow. While the curriculum has undergone changes during the 2003-2004 school year, even more was accomplished pertaining to the delivery of services to the School District's students. The school year continued refining of the role of the teaching assistants, a new position created to assist teachers in a variety of aspects. They worked 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 achievement scores. However, the School District is most pleased with the positive results generated with the conclusion of the first year of All Day-Every Day Kindergarten.

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 contact 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".

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. The following school year, 2003-2004 the State once again changed the number of required indicator standards to 18 and the School District met 11 of those standards. The missed standards continue to be concentrated in fourth and sixth grade. The eighth and tenth graders met all standards. 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 missed by one student the graduation rate of 90 percent.

## Summer School

The Joseph Badger School District continued to conduct classes during the summer of 2004. In accordance with the Ohio Revised Code, classes were held for students exiting grades three, 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 fifth 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 2004 and facts that could 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 \$15,151. 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 \$450,065 by the School District's Funds for the year ended June 30, 2004, \$21,935 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 2004, investments were: Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes, Mutual Funds, 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 \$1,000,000 for each occurrence and \$3,000,000 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, 2004. 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 school districts 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, 2003. 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

**Joseph Badger Local School District  
Principal Officials  
June 30, 2004**

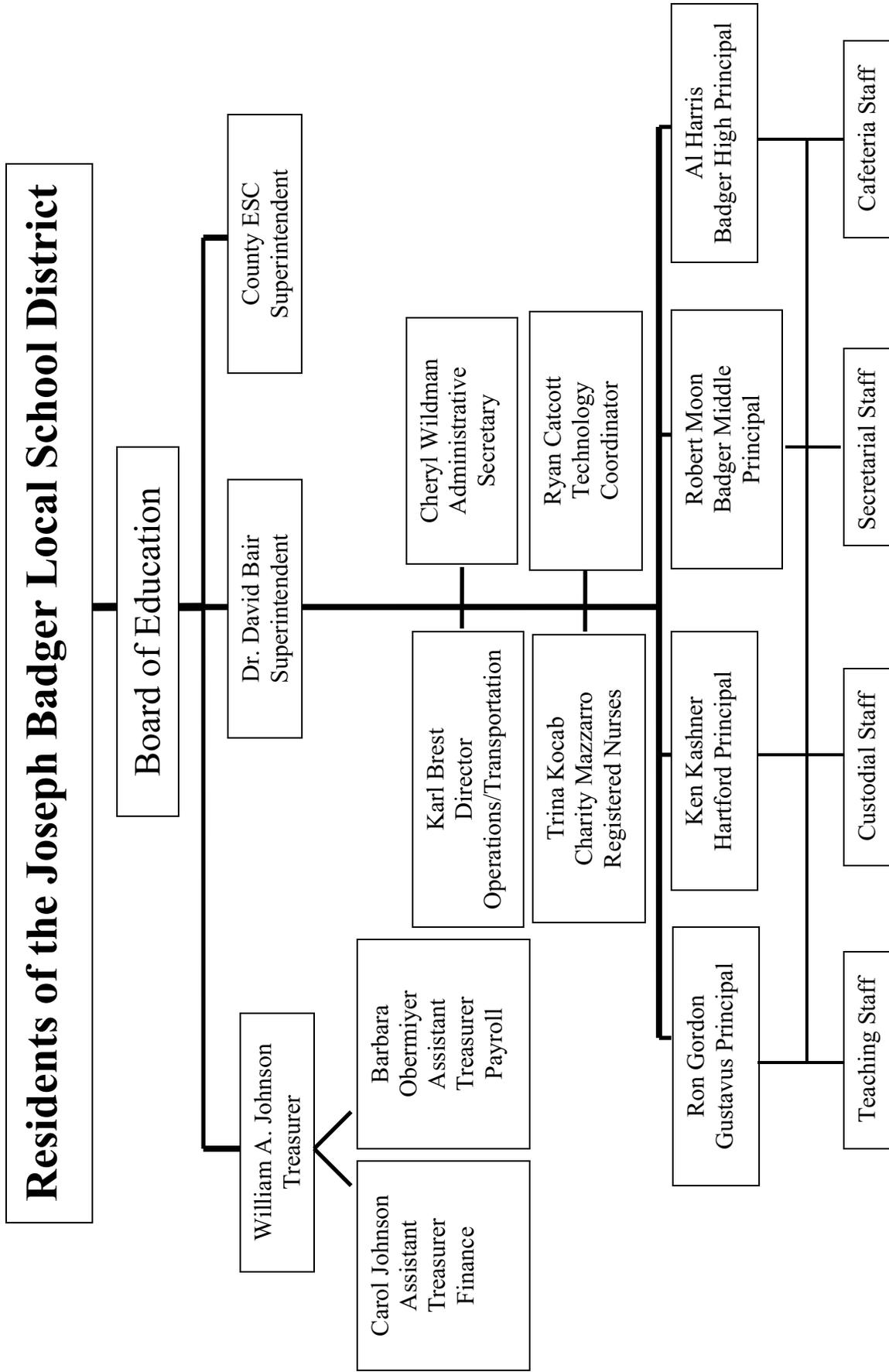
***Board of Education***

Mr. Jeff Mathews .....	President
Mrs. Kimberly Bonar .....	Vice-President
Mrs. Eltha Logan .....	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, 2003

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.



President

Executive Director



# 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, 2004 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, 2004, 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 February 25, 2005 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We 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 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 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.



**Betty Montgomery**  
Auditor of State

February 25, 2005

**Joseph Badger Local School District**  
*Management Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

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Discussion and analysis by the management of Joseph Badger Local School District is a superb tool for the district's residents to understand their local school financial status. It is indeed an honor to participate in this process. Disclosed in these next few paragraphs, tables and graphic illustrations is management's view of how our School District has performed financially and how facts could influence that performance in the future. This section is intended to paint a clear picture to our taxpayers and all others who may be interested in our School District. Please take advantage of this discussion/analysis along with the accompanying transmittal letter, financial statements and notes to better understand our School District's finances.

**FINANCIAL HIGHLIGHTS**

- ❑ The School District's total net assets increased from \$24,680,608 to \$24,700,479 an increase of \$19,871 during this year's operations. This small increase in net assets shows stable financial health. Business-type activity showed a decrease in net assets from (\$2,118) to (\$2,879) for a loss of (\$761) or (35.93) percent. The decline in fiscal health in the business-type activity has continued to slow.
- ❑ Total governmental activities revenues of \$8,877,863 were comprised of General revenues in the amount of \$8,375,640 and program revenues totaling \$502,223. 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 2 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 \$325,998 compared to \$314,939 last fiscal year. Business type expenses were \$382,131 in comparison to last year's \$370,560.
- ❑ The Bond proceeds were invested in Government Agencies in an attempt to achieve stable interest over the term of the construction project which is projected to extend until August of 2006.
- ❑ The Bond Anticipation Notes that were issued in advance of the Sale of Bonds were invested for the maximum period and paid off at the designated time.
- ❑ The School District has reviewed all of its funds and has concluded that the School Facilities Commission fund and the general fund should be the only funds depicted as major funds this year. Debt Service was dropped 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.

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**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.

Again this year it was necessary to change the funds designated as major. Last year, the School District only reported general, bond retirement and Local Ohio School Facilities Commission funds as major. After computing the major funds this year, it was apparent that the General Fund and School Facilities Commission funds were major. The School District decided to report no other funds as major.

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

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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 up from a year ago. Table 1 shows an increase from \$24,680,608 to \$24,700,479. The increase in Net Assets indicates that the School District has gained some financial health in a difficult economic environment.

**(Table 1)**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Assets</b>						
Current and Other Assets	\$36,936,079	\$47,020,068	5,117	\$7,065	\$36,941,196	\$47,027,133
Capital Assets	2,815,162	2,580,542	31,609	34,300	2,846,771	2,614,842
<b>Total Assets</b>	<b>39,751,241</b>	<b>49,600,610</b>	<b>36,726</b>	<b>41,365</b>	<b>39,787,967</b>	<b>49,641,975</b>
<b>Liabilities</b>						
Long-Term Liabilities	(10,945,588)	(10,942,678)	(5,270)	(4,701)	(10,950,858)	(10,947,379)
Other Liabilities	(4,102,295)	(13,975,206)	(34,335)	(38,782)	(4,136,630)	(14,013,988)
<b>Total Liabilities</b>	<b>(15,047,883)</b>	<b>(24,917,884)</b>	<b>(39,605)</b>	<b>(43,483)</b>	<b>(15,087,488)</b>	<b>(24,961,367)</b>
<b>Net Assets</b>						
Invested In Capital						
Assets, net	2,815,162	2,580,542	31,609	34,300	2,846,771	2,614,842
Restricted	21,310,215	21,463,520	0	0	21,310,215	21,463,520
Unrestricted (Deficit)	577,981	638,664	(34,488)	(36,418)	543,493	602,246
<b>Total Net Assets</b>	<b>\$24,703,358</b>	<b>\$24,682,726</b>	<b>(\$2,879)</b>	<b>(\$2,118)</b>	<b>\$24,700,479</b>	<b>\$24,680,608</b>

Though many Capital Assets continued the planned decrease over the next two school years, overall Capital Assets increased due to the addition of Construction In Progress to the capital assets categories. The addition of this \$429,080 asset overshadowed declines in all other categories of depreciable capital assets. The School District will make minimal investment in its soon to be demolished buildings.

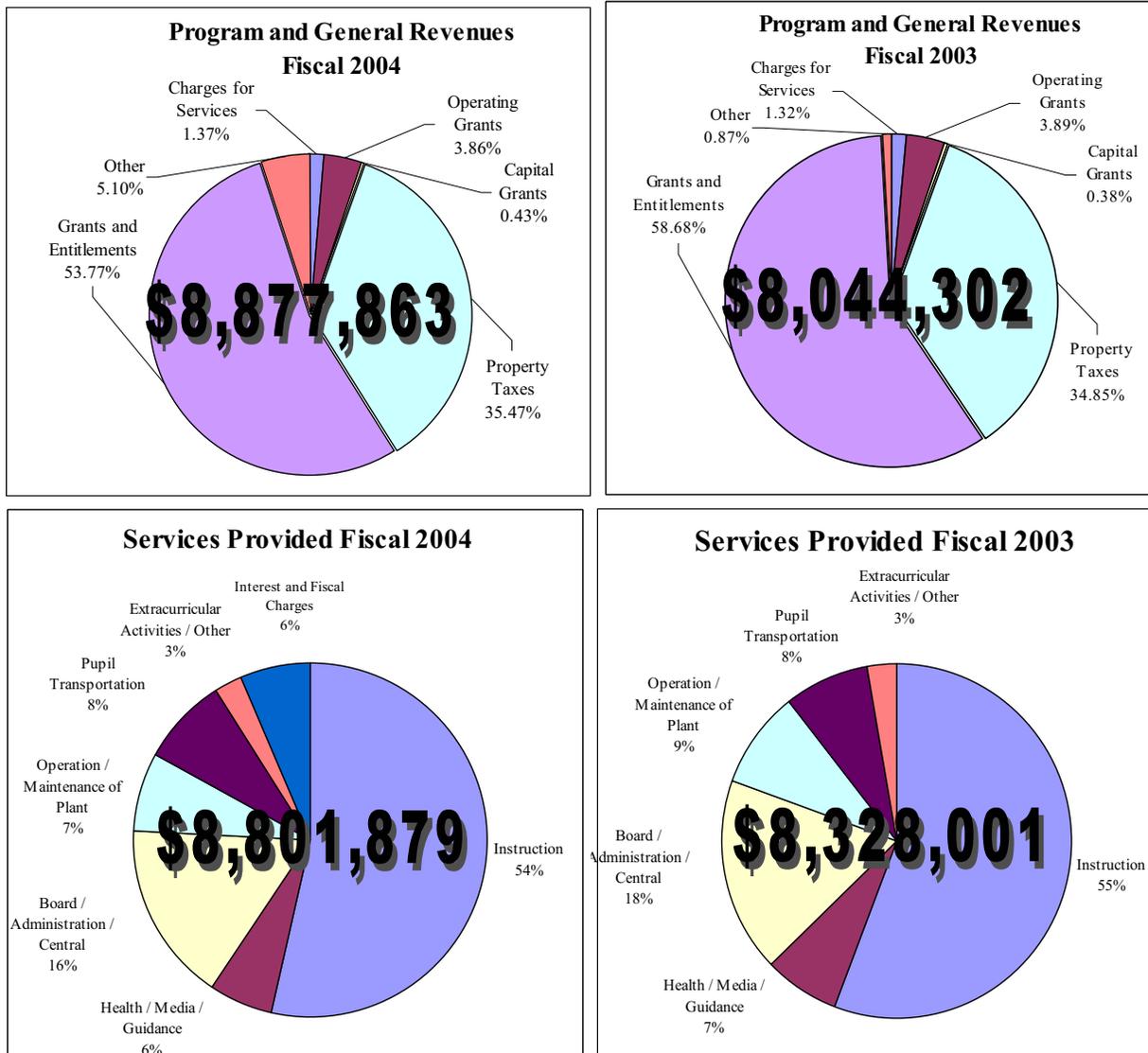
Capital Assets increased in the gross amount of \$498,707. To arrive at the net increase in Capital Assets, you must subtract this year's depreciation expense and reductions of \$266,778 for a total increase of \$231,929. In the accompanying notes you will find the detail on how this expense was distributed. The net assets of our business-type activity or school lunch program decreased from (\$2,118) to (\$2,879). This \$761 loss in Net Assets shows that management has been able to slow the loss from the previous year which

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totaled (\$7,121). Expanding the breakfast program brought more revenue and government subsidies helping slow our cafeteria losses. The duplicative cost of operating four cafeterias remains the major problem. The new K-12 building will contain only one cafeteria.

This is the fifth 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 2004 and Fiscal 2003**



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Table 2 highlights the School District's revenues and expenses. These two main components are subtracted to yield the change in net assets. This table show how this year compares to last by utilizing the full accrual method of accounting.

**(Table 2)**  
**Program Revenues and Expenses**

	Governmental Activities 2004	Governmental Activities 2003	Business- Type Activities 2004	Business- Type Activities 2003	Total 2004	Total 2003
<b>Revenues and Transfers In</b>						
Program Revenues:						
Charges for Services and Sales	\$121,253	\$106,504	\$181,068	\$188,811	\$302,321	\$295,315
Operating Grants and Contributions	342,520	312,740	144,930	126,128	487,450	438,868
Capital Grants and Contributions	38,450	30,809	0	0	38,450	30,809
Subtotal	<u>\$502,223</u>	<u>\$450,053</u>	<u>\$325,998</u>	<u>\$314,939</u>	<u>\$828,221</u>	<u>\$764,992</u>
General Revenue:						
Property Taxes	3,149,304	2,803,481	0	0	3,149,304	2,803,481
Grants and Entitlements	4,773,678	4,720,389	0	0	4,773,678	4,720,389
Investment Earnings	449,914	70,379	0	0	449,914	70,379
Other	2,744	0	20	0	2,764	0
Subtotal	<u>\$8,375,640</u>	<u>\$7,594,249</u>	<u>\$ 20</u>	<u>\$</u>	<u>\$8,375,660</u>	<u>\$7,594,249</u>
Transfers In	<u>0</u>	<u>0</u>	<u>55,352</u>	<u>48,500</u>	<u>55,352</u>	<u>48,500</u>
Total Revenues and Transfers In	<u>\$8,877,863</u>	<u>\$8,044,302</u>	<u>\$381,370</u>	<u>\$363,439</u>	<u>\$9,259,233</u>	<u>\$8,407,741</u>
<b>Program Expenses and Transfers Out</b>						
Instruction:						
Regular	\$3,958,248	\$3,829,689	\$0	\$0	\$3,958,248	\$3,829,689
Special	704,566	750,701	0	0	704,566	750,701
Vocational	67,119	63,659	0	0	67,119	63,659
Support Services:						
Pupils	237,688	322,887	0	0	237,688	322,887
Instructional Staff	260,695	257,806	0	0	260,695	257,806
Board of Education	300,559	281,985	0	0	300,559	281,985
Administration	786,608	846,826	0	0	786,608	846,826
Fiscal	228,515	224,407	0	0	228,515	224,407
Operation and Maintenance of Plant	654,594	728,040	0	0	654,594	728,040
Pupil Transportation	696,964	656,404	0	0	696,964	656,404
Central	123,709	88,758	0	0	123,709	88,758
Extracurricular Activities	220,414	230,450	0	0	220,414	230,450
Debt Service:						
Interest and Fiscal Charges	562,200	46,389	0	0	562,200	46,389
Food Service	0	0	382,131	370,560	382,131	370,560
Transfers Out	<u>55,352</u>	<u>48,500</u>	<u>0</u>	<u>0</u>	<u>55,352</u>	<u>48,500</u>
Total Expenses and Transfers Out	<u>\$8,857,231</u>	<u>\$8,376,501</u>	<u>\$382,131</u>	<u>\$370,560</u>	<u>\$9,239,362</u>	<u>\$8,747,061</u>
Increase (Decrease) in Net Assets	<u>\$20,632</u>	<u>(\$332,199)</u>	<u>(\$ 761)</u>	<u>(\$7,121)</u>	<u>\$19,871</u>	<u>(\$339,320)</u>

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**Analysis of overall financial position and results of operations**

The financial position of the Joseph Badger Local School District has improved slightly over the past fiscal year. Net Assets showed a slight increase showing stable fiscal health.

Revenue composition was changed by a large increase in investment earnings resulting from the investment of construction dollars and also a larger collection of taxes related to servicing debt. State Foundation Grant to operate schools was up minimally as the State removed a three year averaging of enrollment which strongly impacted this School District with declining enrollment. Despite an increase to per pupil funding, the School District received only a small increase in Foundation.

A quick look through expenses shows that management was able to trim costs in several categories in a move to counteract the lower than expected revenue by the State. Many of the School District cuts were made without direct impact to curriculum as retiring teachers were not replaced unless absolutely necessary. A large increase to expenses involves interest and fiscal charges related to paying off debt related to the new construction. The per pupil cost is up due to expenditures made for interest on debt and capital outlay for the new K thru 12 facility.

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 2004	Total Cost of Services 2003	Net Cost of Services 2004	Net Cost of Services 2003
Instruction	\$4,729,933	\$4,644,049	\$4,354,119	\$4,298,993
Support Services:				
Pupils and Instructional Staff	498,383	580,693	483,022	565,644
Board of Education, Administration, Fiscal and Business Services	1,315,682	1,353,218	1,295,865	1,346,208
Operation and Maintenance of Plant	654,594	728,040	647,954	724,754
Pupil Transportation	696,964	656,404	690,378	653,149
Central	123,709	88,758	88,939	87,659
Extracurricular Activities	220,414	230,450	177,179	155,152
Interest and Fiscal Charges	562,200	46,389	562,200	46,389
<b>Total Expenses</b>	<u>\$8,801,879</u>	<u>\$8,328,001</u>	<u>\$8,299,656</u>	<u>\$7,877,948</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 \$9,771,011 and expenditures of \$9,047,750.

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***General Fund Financial Activity***

One of the most significant Governmental Funds is the General Fund. The fund balance of the General Fund decreased by (\$41,354). A substantial reduction in interest revenue offset slight gains in State Foundation Revenue and Taxes. This slight gain in revenue coupled with School District cuts was enough to offset the expected increase in expenditures. The results of unexpectedly low income caused by the State budget shortfall could be disastrous, however, management made the necessary adjustment to meet the challenge.

***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 lack of significant increases in State revenue and tax revenue was accurately projected. The general fund receipts were missed by \$27,513 or .4% and actual expenditures were lower than the final estimate by only \$97,341 out of \$7.685 million. Under old laws, the School District would not be required to do a year-end revision of the associated five-year forecast, however, the May revision is now required by the State. It is this School 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**

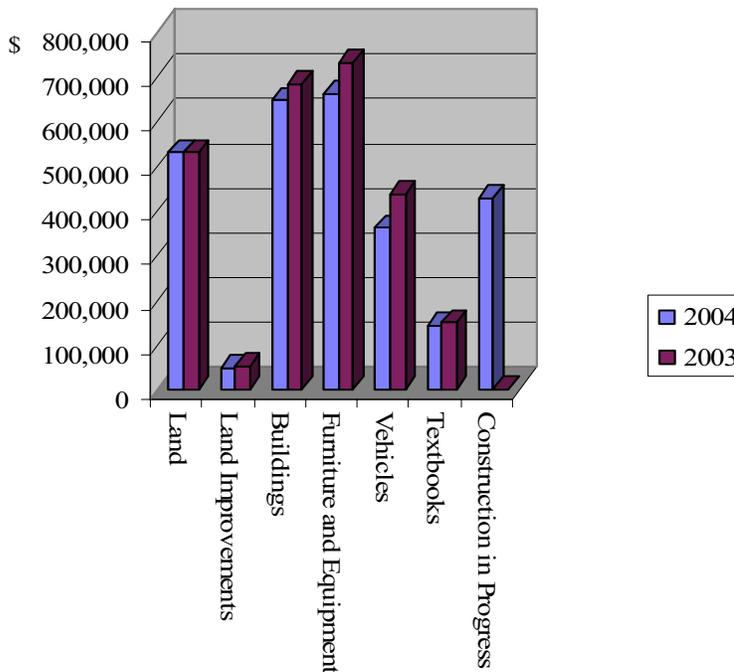
The following table shows ending balances of capital assets invested in various categories. Table 4 reflects a total increase of \$231,929. The School District's capital assets acquisitions revolved almost exclusively around Construction in Progress because the construction and furnishing of a new school is just one school year away. Though needed, the School District did not purchase a new bus as the State has cut into transportation safety by cutting funding for new busses in half. The School District will maintain safe vehicles by increased spending on vehicle maintenance.

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

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$528,682	\$528,682	\$0	\$0	\$528,682	\$528,682
Land Improvements	48,201	52,074	0	0	48,201	52,074
Buildings and Improvements	646,311	682,357	0	0	646,311	682,357
Furniture and Equipment	659,894	731,204	31,609	34,300	691,503	765,504
Vehicles	360,995	436,095	0	0	360,995	436,095
Textbooks	141,999	150,130	0	0	141,999	150,130
Construction in Progress	429,080	0	0	0	429,080	0
<b>Totals</b>	<b>\$2,815,162</b>	<b>\$2,580,542</b>	<b>\$31,609</b>	<b>\$34,300</b>	<b>\$2,846,771</b>	<b>\$2,614,842</b>

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**(Chart 2)**  
**Change in Net Assets**



The graph at the left shows the category and net worth of our School District's capital assets. Management has allowed depreciable capital assets to decline again in all categories as the District transitions to a new building.

This year, you will notice that Construction in Progress is now shown to reflect that the district is in the process of designing the new facility. It is the School District's current plan to move into the new K-12 building in August of 2006. Construction in Progress will increase as both Buildings and Furniture and Equipment decrease until the new building is completed and furnished at which time construction assets will be properly valued and categorized.

School District vehicles depreciated \$75,100 and no new busses were purchased this year. In discussions with the director of transportation, the fleet is now in dire need of vehicles; however, because the State cut new bus funding by more than 50 percent, the School District met State cuts with cuts to transportation which means the School District will only purchase one new bus next 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 \$192,851 educational dollars over the State's bus purchase allowance. See Note 9 for additional capital asset information.

**DEBT**

This fiscal year saw the School District make two major changes in its short term debt posture. The second phase of borrowing of \$150,000 in notes was completed to bring the total up to the approved \$10,150,000 limit. Bond Anticipation notes issued in the prior year were redeemed September 18, 2003.

Long term debt saw very little impact as no principal was repaid in this fiscal year. The School District made interest only payments in December 1, 2003 and June 1, 2004. As of June 30, 2004, the School District's legal debt margin was negative (\$704,532) with an unvoted debt margin of \$103,343. The School District was very proud to have an A-3 rating from Moody's. 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 the

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spring of 2006 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 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. The School District currently has two Emergency levies. This levy position is precarious because these levies 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 may attempt to replace emergency millage with income tax or other more permanent solutions.

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 continued to cut funding this fiscal year and this trend may continue. While a substantial increase in the State's financial efforts would be justified and welcome, our forecasts do not take this possibility into account.

Insurance premiums for property and fleet decreased somewhat and health care insurance continues to be a source of concern. The health care insurance consortium to which Joseph Badger belongs has a sizable cash balance and has decided to hold premiums steady and to possibly consider a premium holiday. 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.

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**(Table 6)**  
**Business Ratios**

Dividend Divisors	Actual	Ratio	Dividend Divisors	Actual	Ratio
<b>Financial Position</b>					
<b>Net Assets to:</b>	<b>\$24,703,358</b>		<b>Fund Balance to:</b>	<b>\$12,237,511</b>	
Total General Revenues	8,375,640	2.9494	Total Revenue	9,771,011	1.2524
Total Expenses	8,801,879	2.8066	Total Expenditures	9,047,750	1.3525
<b>Change in Govt'l Net Assets to:</b>	<b>\$20,632</b>		<b>Unreserved Fund Balance to:</b>	<b>\$12,189,656</b>	
Total Revenue	8,877,863	.0023	Total Revenue	9,771,011	1.2475
Total Expenses	8,801,879	.0023	Total Expenditures	9,047,750	1.3473
<b>Liquidity</b>					
<b>Current Assets to:</b>	<b>\$36,936,079</b>		<b>Cash and Investments to:</b>	<b>\$13,126,558</b>	
Current Liabilities	4,102,295	9.0038	Current Liabilities	4,102,295	3.1998
<b>Solvency</b>					
<b>Total Liabilities to:</b>	<b>\$15,047,883</b>		<b>Total Liabilities to:</b>	<b>\$15,047,883</b>	
Total Assets	39,751,241	0.3786	Net Assets	24,703,358	.6091
<b>Total Liabilities to:</b>	<b>\$15,047,883</b>		<b>Debt Service to:</b>	<b>\$10,371,937</b>	
Total General Revenues	8,375,640	1.7966	Total Expenditures	8,801,879	1.1784
<b>Fiscal Capacity</b>					
<b>Total Liabilities x 100</b>	<b>\$1,504,788,300</b>		<b>Total Liabilities to:</b>	<b>\$15,047,883</b>	
Total Assessed Property Value	103,752,246	24.3029	Population	7,066	3,526.4483
<b>Property Tax Revenues x 100 to:</b>	<b>\$314,930,400</b>		<b>Property Tax Revenues to:</b>	<b>\$3,149,304</b>	
Total Assessed Property Value	103,752,246	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](mailto:William.Johnson@Neomin.Org).

**Joseph Badger Local School District**

*Statement of Net Assets*

June 30, 2004

	Governmental Activities	Business Type Activity	Total
<b><i>Assets:</i></b>			
Equity in Pooled Cash and Cash Equivalents	\$13,126,558	\$0	\$13,126,558
Accrued Interest Receivable	2,833	0	2,833
Intergovernmental Receivable	20,380,326	0	20,380,326
Accounts Receivable	1,286	0	1,286
Inventory Held for Resale	0	4,252	4,252
Materials and Supplies Inventory	14,810	865	15,675
Taxes Receivable	3,270,054	0	3,270,054
Deferred Charges	140,212	0	140,212
Land	957,762	0	957,762
Depreciable Capital Assets, Net of Depreciation	1,857,400	31,609	1,889,009
<i>Total Assets</i>	<u>39,751,241</u>	<u>36,726</u>	<u>39,787,967</u>
 <b><i>Liabilities:</i></b>			
Accounts Payable	4,390	0	4,390
Accrued Wages	637,988	20,807	658,795
Intergovernmental Payable	185,919	13,528	199,447
Deferred Revenue	3,093,717	0	3,093,717
Accrued Interest Payable	30,281	0	30,281
Notes Payable	150,000	0	150,000
Long Term Liabilities			
Due Within One Year	296,027	0	296,027
Due In More Than One Year	10,649,561	5,270	10,654,831
<i>Total Liabilities</i>	<u>15,047,883</u>	<u>39,605</u>	<u>15,087,488</u>
 <b><i>Net Assets:</i></b>			
Investment in Capital Assets	2,815,162	31,609	2,846,771
Restricted:			
Set Asides	33,356	0	33,356
Capital Projects	11,417,078	0	11,417,078
Debt Service	9,859,781	0	9,859,781
Unrestricted (Deficit)	577,981	(34,488)	543,493
<i>Total Net Assets (Deficit)</i>	<u>\$24,703,358</u>	<u>(\$2,879)</u>	<u>\$24,700,479</u>

See accompanying notes to the basic financial statement

**Joseph Badger Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2004

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Instruction:				
Regular	\$3,958,248	\$40,366	\$80,879	\$0
Special	704,566	4,710	249,152	0
Vocational	67,119	701	6	0
Support Services:				
Pupils	237,688	2,487	1,996	0
Instructional Staff	260,695	2,586	8,292	0
Board of Education	300,559	2,984	24	0
Administration	786,608	8,220	1,215	3,744
Fiscal	228,515	2,355	19	1,256
Operation and Maintenance of Plant	654,594	6,586	54	0
Pupil Transportation	696,964	6,533	53	0
Central	123,709	1,309	11	33,450
Extracurricular Activities	220,414	42,416	819	0
Interest and Fiscal Charges	562,200	0	0	0
<b>Total Governmental Activities</b>	<b>8,801,879</b>	<b>121,253</b>	<b>342,520</b>	<b>38,450</b>
<b>Business-Type Activity</b>				
Food Service	382,131	181,068	144,930	0
<b>Totals</b>	<b>\$9,184,010</b>	<b>\$302,321</b>	<b>\$487,450</b>	<b>\$38,450</b>

**General Revenues**

Property Taxes Levied for:

  General Purposes

  Debt Service

  Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Changes in Net Assets

*Net Assets (Deficit) 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
(\$3,837,003)	\$0	(\$3,837,003)
(450,704)	0	(450,704)
(66,412)	0	(66,412)
(233,205)	0	(233,205)
(249,817)	0	(249,817)
(297,551)	0	(297,551)
(773,429)	0	(773,429)
(224,885)	0	(224,885)
(647,954)	0	(647,954)
(690,378)	0	(690,378)
(88,939)	0	(88,939)
(177,179)	0	(177,179)
(562,200)	0	(562,200)
(8,299,656)	0	(8,299,656)
0	(56,133)	(56,133)
(8,299,656)	(56,133)	(8,355,789)
2,782,446	0	2,782,446
287,849	0	287,849
79,009	0	79,009
4,773,678	0	4,773,678
449,914	0	449,914
2,744	20	2,764
8,375,640	20	8,375,660
(55,352)	55,352	0
8,320,288	55,372	8,375,660
20,632	(761)	19,871
24,682,726	(2,118)	24,680,608
\$24,703,358	(\$2,879)	\$24,700,479

**Joseph Badger Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2004*

	<u>General</u>	<u>School Facilities Commission</u>	<u>Other Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,762,651	\$8,432,689	\$2,897,862
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	33,356	0	0
Receivables:			
Taxes	2,885,247	0	384,807
Accounts	1,286	0	0
Intergovernmental	1,458	20,378,868	0
Accrued Interest	2,833	0	0
Materials and Supplies Inventory	<u>14,810</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$4,701,641</u></u>	<u><u>\$28,811,557</u></u>	<u><u>\$3,282,669</u></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$4,390	\$0	\$0
Accrued Wages	622,629	0	15,359
Intergovernmental Payable	128,838	0	2,441
Deferred Revenue	2,872,004	20,378,868	383,041
Accrued Interest Payable	0	0	786
Notes Payable	<u>0</u>	<u>0</u>	<u>150,000</u>
<i>Total Liabilities</i>	<u>3,627,861</u>	<u>20,378,868</u>	<u>551,627</u>
<b>Fund Balances</b>			
Reserved for Unclaimed Monies	879	0	0
Reserved for Property Taxes	13,243	0	1,766
Reserved for Budget Stabilization	33,356	0	0
Unreserved, Undesignated, Reported in:			
General Fund	1,026,302	0	0
Special Revenue Funds	0	0	4,520
Debt Service Fund	0	0	143,225
Capital Projects Funds	<u>0</u>	<u>8,432,689</u>	<u>2,581,531</u>
<i>Total Fund Balances</i>	<u>1,073,780</u>	<u>8,432,689</u>	<u>2,731,042</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$4,701,641</u></u>	<u><u>\$28,811,557</u></u>	<u><u>\$3,282,669</u></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, 2004*

Total Governmental Funds	<b>Total Governmental Fund Balances</b>	\$12,237,511
	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$13,093,202	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,815,162
33,356		
3,270,054	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	
1,286	Delinquent Property Taxes	161,328
20,380,326	Intergovernmental	<u>20,378,868</u>
2,833		20,540,196
14,810		
<u>\$36,795,867</u>	Bond Issuance costs will be amortized over the life of the bonds on the statement of net assets.	140,212
	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.	(54,640)
\$4,390		
637,988		
131,279	In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due	(29,495)
23,633,913		
786		
150,000		
<u>24,558,356</u>	Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	
879	Compensated Absences	(573,651)
15,009	General Obligation Bonds	(9,999,993)
33,356	Bond Premium	(368,686)
	Accretion on Bonds	<u>(3,258)</u>
1,026,302		<u>(10,945,588)</u>
4,520		
143,225	Net Assets of Governmental Activities	<u>\$24,703,358</u>
11,014,220		
<u>12,237,511</u>		
<u>\$36,795,867</u>		

**Joseph Badger Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
For the Fiscal Year Ended June 30, 2004

	General	School Facilities Commission	Other Governmental Funds
<b>Revenues</b>			
Taxes	\$2,757,761	\$0	\$366,858
Intergovernmental	4,729,440	908,259	433,320
Interest	21,935	63,706	364,273
Tuition and Fees	22,168	0	0
Extracurricular Activities	0	0	41,521
Charges for Services	58,369	0	0
Contributions and Donations	657	0	0
Miscellaneous	2,744	0	0
<i>Total Revenues</i>	<u>7,593,074</u>	<u>971,965</u>	<u>1,205,972</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	3,832,501	0	88,877
Special	445,745	0	263,817
Vocational	66,657	0	0
Support Services:			
Pupils	234,385	0	1,976
Instructional Staff	245,533	0	7,465
Board of Education	283,904	0	0
Administration	784,313	0	8,734
Fiscal	224,093	0	2,512
Operation and Maintenance of Plant	628,410	0	0
Pupil Transportation	617,232	0	0
Central	111,835	0	0
Extracurricular Activities	159,820	0	59,638
Capital Outlay	0	422,886	19,508
Interest and Fiscal Charges	0	190,540	347,369
<i>Total Expenditures</i>	<u>7,634,428</u>	<u>613,426</u>	<u>799,896</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(41,354)</u>	<u>358,539</u>	<u>406,076</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from the Sale of Capital Assets	51,808	0	0
Transfers In	0	0	2,131,592
Transfers Out	(65,417)	(2,121,527)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(13,609)</u>	<u>(2,121,527)</u>	<u>2,131,592</u>
<i>Net Change in Fund Balance</i>	<u>(54,963)</u>	<u>(1,762,988)</u>	<u>2,537,668</u>
<i>Fund Balances</i>			
<i>Beginning of Year</i>	<u>1,128,743</u>	<u>10,195,677</u>	<u>193,374</u>
<i>Fund Balances End of Year</i>	<u>\$1,073,780</u>	<u>\$8,432,689</u>	<u>\$2,731,042</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, 2004*

Total Governmental Funds	<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$719,717
	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$3,124,619	Governmental funds report capital outlays as expenditures.	
6,071,019	However, in the statement of activities, the cost of those	
449,914	assets is allocated over their estimated useful lives as	
22,168	depreciation expense. This is the amount by which	
41,521	capital outlay expense exceeded depreciation in the	
58,369	current period.	
657		
2,744		
9,771,011	Capital Assets Additions	498,707
	Depreciation Expense	<u>(248,516)</u>
	Total	250,191
	Governmental funds only report the disposal of	
	capital assets to the extent proceeds are received	
3,921,378	from the sale. In the statement of activities,	
709,562	a gain or loss is reported for each disposal.	(15,571)
66,657		
	Revenues in the statement of activities that do not provide	
	current financial resources are not reported as revenues	
	in the funds.	
236,361	Taxes	24,685
252,998	Intergovernmental	<u>(917,833)</u>
283,904	Total	(893,148)
793,047		
226,605		
628,410		
617,232	In the statement of activities interest is accrued	
111,835	on outstanding general obligation bonds, whereas,	
219,458	in governmental funds, an interest expenditure	
442,394	is reported when due	(24,291)
537,909		
9,047,750	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.	
723,261	Compensated Absences	(13,307)
	Intergovernmental Payable	<u>(2,959)</u>
51,808	Total	(16,266)
2,131,592		
(2,186,944)	<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$20,632</u></u>
(3,544)		
719,717		
11,517,794		
<u>\$12,237,511</u>		

**Joseph Badger Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over
				(Under)
<b>Revenues</b>				
Taxes	\$2,960,000	\$2,755,375	\$2,755,375	\$0
Intergovernmental	4,400,000	4,728,207	4,728,207	0
Interest	60,000	22,134	22,134	0
Tuition and Fees	40,000	22,058	22,058	0
Charges for Services	10,000	58,369	58,369	0
Contributions and Donations	33,637	432	432	0
Miscellaneous	58,000	2,575	2,575	0
<i>Total Revenues</i>	7,561,637	7,589,150	7,589,150	0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	3,875,753	3,800,511	3,800,511	0
Special	547,657	438,532	438,532	0
Vocational	62,994	66,660	66,660	0
Support Services:				
Pupils	270,493	231,081	231,081	0
Instructional Staff	187,363	246,741	246,741	0
Board of Education	290,109	283,662	283,662	0
Administration	781,303	782,262	782,262	0
Fiscal	204,702	223,659	223,659	0
Operation and Maintenance of Plant	642,664	629,806	629,806	0
Pupil Transportation	584,293	614,040	614,040	0
Central	90,436	111,091	111,091	0
Extracurricular Activities	140,309	159,969	159,969	0
Capital Outlay	7,279	0	0	0
<i>Total Expenditures</i>	7,685,355	7,588,014	7,588,014	0
<i>Excess of Revenues Over</i>				
<i>(Under) Expenditures</i>	(\$123,718)	\$1,136	\$1,136	\$0

(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, 2004*

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over
				(Under)
<b>Other Financing Sources (Uses)</b>				
Proceeds from the Sale of Capital Assets	\$0	\$51,808	\$51,808	\$0
Transfers Out	(60,285)	(65,417)	(65,417)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(60,285)</u>	<u>(13,609)</u>	<u>(13,609)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(184,003)	(12,473)	(12,473)	0
<i>Fund Balance Beginning of Year</i>	1,758,354	1,758,354	1,758,354	0
Prior Year Encumbrances Appropriated	<u>50,126</u>	<u>50,126</u>	<u>50,126</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,624,477</u></u>	<u><u>\$1,796,007</u></u>	<u><u>\$1,796,007</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**Joseph Badger Local School District**

*Statement of Fund Net Assets*

*Enterprise Fund*

*June 30, 2004*

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	<u>Food Service</u>
<b>Assets</b>	
Inventory Held for Resale	\$4,252
Materials and Supplies Inventory	<u>865</u>
<i>Total Current Assets</i>	5,117
Capital Assets, Net	<u>31,609</u>
<i>Total Assets</i>	<u>36,726</u>
<b>Liabilities</b>	
Current Liabilities:	
Accrued Wages	20,807
Intergovernmental Payable	<u>13,528</u>
<i>Total Current Liabilities</i>	34,335
Long-Term Liabilities:	
Compensated Absences Payable	<u>5,270</u>
<i>Total Liabilities</i>	<u>39,605</u>
<b>Net Assets</b>	
Invested in Capital Assets	31,609
Unrestricted (Deficit)	<u>(34,488)</u>
<i>Total Net Assets (Deficit)</i>	<u><u>(\$2,879)</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, 2004*

	Food Service
<b>Operating Revenues</b>	
Sales	\$181,068
Miscellaneous	20
	181,088
<b>Operating Expenses</b>	
Salaries	128,461
Fringe Benefits	89,531
Purchased Services	15,421
Cost of Sales	145,351
Depreciation	2,691
Other	676
	382,131
<i>Total Operating Expenses</i>	382,131
<i>Operating Loss</i>	(201,043)
<b>Non-Operating Revenues</b>	
Donated Commodities	27,253
Operating Grants	117,677
	144,930
<i>Total Non-Operating Revenues</i>	144,930
<i>Loss Before Transfers</i>	(56,113)
Transfers In	55,352
	(761)
<i>Change in Net Assets</i>	(761)
<i>Net Assets (Deficit) Beginning of Year</i>	(2,118)
<i>Net Assets (Deficit) End of Year</i>	(\$2,879)

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, 2004*

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	<u>Food Service</u>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<i>Cash Flows from Operating Activities:</i>	
Cash Received from Customers	\$181,068
Cash Received from Other Operating Sources	20
Cash Payments to Employees for Services	(128,764)
Cash Payments for Employee Benefits	(93,106)
Cash Payments to Suppliers for Goods and Services	(131,887)
Other Cash Payments	(676)
	<hr/>
<i>Net Cash Used for Operating Activities</i>	<u>(173,345)</u>
 <i>Cash Flows from Noncapital Financing Activities</i>	
Operating Grants Received	117,677
Transfers In	55,352
	<hr/>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>173,029</u>
 Net Decrease in Cash and Cash Equivalents	 (316)
 <i>Cash and Cash Equivalents Beginning of Year</i>	 <hr/> 316
 <i>Cash and Cash Equivalents End of Year</i>	 <hr/> <u>\$0</u>
	(continued)

**Joseph Badger Local School District**

*Statement of Cash Flows*

*Enterprise Fund (continued)*

*For the Fiscal Year Ended June 30, 2004*

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	<u>Food Service</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
<b><i>Operating Loss</i></b>	<u>(\$201,043)</u>
 <i>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</i>	
Depreciation	2,691
Donated Commodities Received During Year	27,253
<i>(Increase)/Decrease in Assets:</i>	
Accounts Receivable	180
Inventory Held for Resale	(1,183)
Materials and Supplies Inventory	(269)
<i>Increase/(Decrease) in Liabilities:</i>	
Accrued Wages	(303)
Compensated Absences Payable	569
Intergovernmental Payable	<u>(1,240)</u>
 <i>Total Adjustments</i>	 <u>27,698</u>
 <b><i>Net Cash Used for Operating Activities</i></b>	 <u><u>(\$173,345)</u></u>

**Non-Cash Noncapital Financing Activities:**

Federal donated commodities in the amount of \$27,253 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, 2004*

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	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$15,138	\$26,109
Receivables:		
Accrued Interest	13	0
<i>Total Assets</i>	<u>15,151</u>	<u>\$26,109</u>
<b>Liabilities</b>		
Due to Students	0	\$26,109
<i>Total Liabilities</i>	<u>0</u>	<u>\$26,109</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>15,151</u>	
<i>Total Net Assets</i>	<u>\$15,151</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, 2004*

	Private Purpose Trust
	Scholarship
<b>Additions</b>	
Interest	\$151
<b>Deductions</b>	
Scholarships Awarded	219
<i>Change in Net Assets</i>	(68)
<i>Net Assets Beginning of Year</i>	15,219
<i>Net Assets End of Year</i>	\$15,151

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, 2004*

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**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-five classified employees, seventy-two certificated full-time teaching personnel, and six administrators who provide services to 1,145 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 three 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
- Ohio School Risk Sharing Authority d/b/a Schools of Ohio Risk Sharing Authority(SORSA)

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

**Joseph Badger Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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establishing governmental accounting and financial reporting principles. The School District also applies 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 enterprise fund unless those pronouncements conflict with or contradict GASB pronouncements. The School District has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business type activities and enterprise fund. 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, 2004*

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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.

**School Facilities Commission Fund** The State school facilities commission fund accounts for revenue received from the State of Ohio, interest revenue and bond proceeds 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. Like

**Joseph Badger Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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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, 2004, but which were levied to finance fiscal year 2005 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, 2004*

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***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 2004, 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 are reported at fair value which is based on quoted market prices. Fair value of mutual funds is based on quoted market price.

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, 2004.

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 Locally Funded Initiative Capital Projects fund during fiscal year 2004 amounted to \$218,862, which includes \$133,954 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*  
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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.

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*Notes to the Basic Financial Statements*  
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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 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, 2004*

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***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. Prior to year end the Board of Education adopted appropriations which match actual expenditures plus encumbrances and request a certificate of estimated resources to match actual revenues.

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, 2004*

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**Note 3 – Change in Accounting Principle and Restatement of Fund Balance**

***A. Changes in Accounting Principals***

For fiscal year 2004, the School District has implemented GASB Statement No. 39, “Determining Whether Certain Organization are Component Units”. GASB Statement No. 39 states that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationship with the primary government. This Statement did not affect the report of the School District for fiscal year 2004.

***B. Restatement of Net Assets***

As of June 30, 2003, governmental net assets were understated by \$21,287,127 due to the understatement of intergovernmental receivables. As a result, governmental net assets changed from \$3,395,599 to \$24,682,726.

**Note 4 – Accountability**

The following funds have deficit fund balances/net assets as of June 30, 2004:

	<u>Amount</u>
Special Revenue Fund:	
Title I	\$13,910
Enterprise Fund:	
Food Service	2,879

The special revenue fund deficit is 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

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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).

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	(\$54,963)
Net Adjustment for Revenue Accruals	(3,924)
Net Adjustment for Expenditure Accruals	<u>46,414</u>
Budget Basis	<u><u>(\$12,473)</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

**Joseph Badger Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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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;
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".

**Joseph Badger Local School District**  
*Notes to the Basic Financial Statements*  
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**Deposits** At year-end, the carrying amount of the School District's deposits was \$1,289,567 and the bank balance was \$2,734,823. \$200,000 of the bank balance was covered by federal depository insurance and \$2,534,823 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 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	\$4,810,935	\$4,810,935
Federal National Mortgage Association Notes	4,931,875	4,931,875
AIM Mutual Fund		432,469
STAR Ohio		1,702,959
Total Investments	\$9,742,810	\$11,878,238

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	\$13,167,805	\$0
Investments which are part of A cash management pool:		
Federal Home Loan Bank Bonds	(4,810,935)	4,810,935
Federal National Mortgage Association Notes	(4,931,875)	4,931,875
Mutual Fund	(432,469)	432,469
STAR Ohio	(1,702,959)	1,702,959
GASB Statement 3	\$1,289,567	\$11,878,238

**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 2004

**Joseph Badger Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003 on the assessed value listed as of January 1, 2003, 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 2004 represents collection of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three 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, 2004 are available to finance fiscal year 2004 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, 2004 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, 2004 was \$13,243 in the general fund, \$1,389 in the bond retirement debt service fund, \$109 in the OSFC permanent improvement capital projects fund, and \$268 in the permanent improvement capital projects fund. 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.

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.

**Joseph Badger Local School District**  
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The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second- Half Collections		2004 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural /Residential and Other Real Estate	\$89,001,070	86.80%	\$90,889,060	87.95%
Public Utility Personal	5,064,450	4.94	5,151,770	4.98
Tangible Personal Property	8,465,064	8.26	7,301,917	7.07
Total	<u>\$102,530,584</u>	<u>100.00%</u>	<u>\$103,342,747</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$37.10		\$44.00	

In November 2002, the School District passed a 6.9 mill bond issue for new school construction.

**Note 8 - Receivables**

Receivables at June 30, 2004, 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 except for the State school facilities commission grant. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Wellness Grant	\$1,458
State School Facilities Commission Grant	20,378,868
Total Governmental Activities	<u>\$20,380,326</u>

**Joseph Badger Local School District**  
*Notes to the Basic Financial Statements*  
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**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Balance 6/30/03	Additions	Deductions	Balance 6/30/04
<b>Governmental Activities</b>				
Capital Assets not being depreciated:				
Land	\$528,682	\$0	\$0	\$528,682
Construction in Progress	0	429,080	0	429,080
Total Capital Assets not being depreciated	<u>528,682</u>	<u>429,080</u>	<u>0</u>	<u>957,762</u>
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	1,542,569	27,168	(54,912)	1,514,825
Vehicles	849,716	0	0	849,716
Textbooks	420,709	42,459	0	463,168
Total Capital Assets being depreciated	<u>5,132,425</u>	<u>69,627</u>	<u>(54,912)</u>	<u>5,147,140</u>
Less Accumulated Depreciation:				
Land Improvements	(67,734)	(3,873)	0	(71,607)
Buildings and Improvements	(1,517,266)	(36,046)	0	(1,553,312)
Furniture and Equipment	(811,365)	(82,907)	39,341	(854,931)
Vehicles	(413,621)	(75,100)	0	(488,721)
Textbooks	(270,579)	(50,590)	0	(321,169)
Total Accumulated Depreciation	<u>(3,080,565)</u>	<u>(248,516) *</u>	<u>39,341</u>	<u>(3,289,740)</u>
Total Capital Assets being depreciated	<u>2,051,860</u>	<u>(178,889)</u>	<u>(15,571)</u>	<u>1,857,400</u>
Governmental Activities Capital Assets, Net	<u>\$2,580,542</u>	<u>\$250,191</u>	<u>(\$15,571)</u>	<u>\$2,815,162</u>
<b>Business-Type Activity</b>				
Furniture and Equipment	\$156,528	\$0	0	\$156,528
Less Accumulated Depreciation	<u>(122,228)</u>	<u>(2,691)</u>	<u>0</u>	<u>(124,919)</u>
Business-Type Activities Capital Assets, Net	<u>\$34,300</u>	<u>(\$2,691)</u>	<u>\$0</u>	<u>\$31,609</u>

**Joseph Badger Local School District**  
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\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$107,221
Special	2,633
Vocational	462
Support Services:	
Pupils	928
Instructional Staff	6,830
Board of Education	16,655
Administration	5,333
Fiscal	3,754
Operation and Maintenance of Plant	28,077
Pupil Transportation	75,463
Central	417
Extracurricular Activities	743
Total Depreciation Expense	\$248,516

**Note 10 - Risk Management**

***A. Liability and Property***

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 2004, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for property and fleet insurance, liability insurance and inland marine coverage. Coverage provided by SORSA is as follows:

<b>General Liability</b>	
Bodily Injury, Personal Injury, Products/Completed Operations	\$1,000,000
Fire Legal Liability	500,000
Employee Benefits Liability	1,000,000
Medical Payments (\$5,000 per accident)	1,000/person
General Liability Annual Aggregate	3,000,000
<b>Educators' Legal Liability – Errors and Omissions (\$5,000 deductible)</b>	1,000,000
<b>Automobile Liability</b>	50,000
Owned/Leased Vehicles includes Hired/Non-owned (no deductible)	1,000,000
Uninsured Motorists (no deductible)	50,000
<b>Automobile Physical Damage (\$1,000 deductible)</b>	Actual Value
<b>Property Insurance Limit (Replacement Cost with \$1,000 deductible)</b>	19,890,159
Crime, Forgery, Computer Fraud, Theft, Disappearance, Destruction	50,000
Earthquake and Flood (\$100,000 deductible)	1,000,000
Unintentional Errors and Omissions	1,000,000
other property damage included (\$1,000 deductible)	Various

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.

**Joseph Badger Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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***B. Workers' Compensation***

For fiscal year 2004, 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 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 10 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 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 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, 2004, 2003, and 2002 were \$86,505, \$74,205, and \$44,045, respectively; 31.96 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

**Joseph Badger Local School District**  
*Notes to the Basic Financial Statements*  
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***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 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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 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 2004, the portion used to fund pension obligations was 13 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, 2004, 2003, and 2002 were \$481,409, \$419,968 and \$313,892, respectively; 82.55 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for the fiscal year 2004 were \$6,350 made by the School District and \$6,584 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, 2004, 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, 2004*

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**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.

STRS retirees who participated in the DB or Combined plans and their 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. All 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, 2004, 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 \$37,031 for fiscal year 2004.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2004, the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 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, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll, a decrease of .92 percent from fiscal year 2003. 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 2004, the minimum pay was established at \$25,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$46,726.

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, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 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’s bond anticipation note activity, including amount outstanding and interest rate, is as follows:

	Outstanding 6/30/03	Additions	Deletions	Outstanding 6/30/04
<b>Local OSFC</b>				
2003 1.67%				
School Construction Notes	\$10,000,000	\$0	\$10,000,000	\$0
2004 1.25%				
School Construction Note	0	150,000	0	150,000
Total Short Term Obligations	<u>\$10,000,000</u>	<u>\$150,000</u>	<u>\$10,000,000</u>	<u>\$150,000</u>

The notes were backed by the full faith and credit of the Joseph Badger Local School District. The note liability was reflected in the LFI capital projects fund which received the proceeds. The notes were issued to provide funds for the construction of school facilities.

**Joseph Badger Local School District**  
*Notes to the Basic Financial Statements*  
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**Note 15 – Long-Term Obligations**

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

	Principal Outstanding 6/30/03	Additions	Reductions	Principal Outstanding 6/30/04	Amount Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2004 New School Construction					
Serial Bonds 2.00%-3.90%	\$9,900,000	\$0	\$0	\$9,900,000	\$275,000
Capital Appreciation Bonds 3.70%	99,993	0	0	99,993	0
Accretion on Capital Appreciation Bonds	0	3,258	0	3,258	0
Unamortized Premium	382,341	0	13,655	368,686	0
<i>Total General Obligation Bonds</i>	<u>10,382,334</u>	<u>3,258</u>	<u>13,655</u>	<u>10,371,937</u>	<u>0</u>
Compensated Absences	<u>560,344</u>	<u>292,725</u>	<u>279,418</u>	<u>573,651</u>	<u>21,027</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$10,942,678</u>	<u>\$295,983</u>	<u>\$293,073</u>	<u>\$10,945,588</u>	<u>\$296,027</u>
Business Type Activities:					
Compensated Absences	<u>\$4,701</u>	<u>\$9,340</u>	<u>\$8,771</u>	<u>\$5,270</u>	<u>\$0</u>

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 (\$704,532) with an un-voted debt margin \$103,343 at June 30, 2004. 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, 2004 are as follows:

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	<u>Principal</u>	<u>Interest</u>
2005	\$275,000	\$351,190
2007	280,000	345,640
2008	285,000	339,990
2009	290,000	334,240
2010	300,000	328,340
2011-2015	1,595,000	1,680,667
2016-2020	804,993	2,179,544
2021-2025	1,995,000	1,103,204
2026-2030	2,450,000	642,850
2031-2032	<u>1,725,000</u>	<u>113,412</u>
Totals	<u>\$9,999,993</u>	<u>\$7,419,077</u>

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:

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

**Note 16 – Interfund Transfers**

Transfers made during the year ended June 30, 2004 were as follows:

<b>Fund Name</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$0	\$65,417
Local OSFC	0	2,121,527
District Managed Student Activity	8,572	0
Summer Intervention	1,493	0
L.F.I.	2,121,527	0
Food Service	<u>55,352</u>	<u>0</u>
Totals	<u>\$2,186,944</u>	<u>\$2,186,944</u>

Summer Intervention was not fully funded by the State so local funds were needed to complete the needed summer instruction and district managed student activity had an operating loss that was also

**Joseph Badger Local School District**  
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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. The transfer from the Local OSFC to Locally Funded Initiative was to simplify a requirement by the State that says interest on the construction project needs to be tracked separately. The required Locally Funded Initiative fund was established and the proper funding was transferred.

**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, 2004.

***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 2004, 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 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 \$16,605 to NEOMIN during fiscal year 2004.

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 2004. The degree of control

**Joseph Badger Local School District**  
*Notes to the Basic Financial Statements*  
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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 2004, the School District paid \$823, 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.

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

**Joseph Badger Local School District**  
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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 Pools***

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.

The School District also participates in the Schools of Ohio Risk Sharing Authority (SORSA). SORSA is created and organized pursuant to, and as authorized by, Section 2744.081 of the Ohio Revised Code. SORSA provides a joint self-insurance pool to assist members in reducing losses and injuries to persons and property which might result from claims being made against the School District, its employees or officers. All Revenues are generated from charges for services. The governance consists of 9 Directors elected from the pool of 65 members, serving two year terms. Officers are selected from the 9 Directors for a one year term.

**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 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.

**Joseph Badger Local School District**  
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*For the Fiscal Year Ended June 30, 2004*

**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, 2004, 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.

	Textbooks	Capital Acquisition	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2003	(\$388,566)	(\$558,681)	\$33,356
Current Year Set-aside Requirement	150,746	150,746	0
Current Year Offsets	0	(10,489,467)	0
Qualifying Disbursements	(167,738)	(57,754)	0
Totals	(\$405,558)	(\$10,955,156)	\$33,356
Set-aside Balance Carried Forward to Future Fiscal Years	(\$16,992)	(\$10,955,156)	\$33,356
Set-aside Reserve Balance as of June 30, 2004	\$0	\$0	\$33,356

The School District had qualifying disbursements during the fiscal year that reduced both the textbook and the capital acquisition set aside amounts to below zero. These extra amounts may be used to reduce the set-aside requirement of future years.

**Note 22 – 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.

## 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.

***Student 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.

***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.

***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

(continued)

## Joseph Badger Local School District

### *Nonmajor Special Revenue Funds*

(continued)

***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.

### *Nonmajor Debt Service Fund*

The debt service fund accounts for the accumulation of, resources for, and the payment of, general long-term debt principal and interest.

***Bond Retirement Fund*** - This fund accounts for property tax monies used for the payment of principal and interest and fiscal charges on general obligation debt.

### *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.

***Ohio School Facilities Commission(OSFC)Permanent Improvement Fund*** - This fund accounts for accumulated property tax revenues to be used for the maintenance of the newly constructed K-12 school building

***Locally Funded Initiative (LFI) Fund*** - This fund accounts for interest revenue to be used to construct additional capital facilities needed for the new K-12 facility.

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**Joseph Badger Local School District***Combining Balance Sheet**Nonmajor Governmental Funds**June 30, 2004*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$22,320	\$143,225	\$2,732,317	\$2,897,862
Taxes Receivable	0	302,574	82,233	384,807
<i>Total Assets</i>	<u>\$22,320</u>	<u>\$445,799</u>	<u>\$2,814,550</u>	<u>\$3,282,669</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accrued Wages	\$15,359	\$0	\$0	\$15,359
Intergovernmental Payable	2,441	0	0	2,441
Deferred Revenue	0	301,185	81,856	383,041
Accrued Interest Payable	0	0	786	786
Notes Payable	0	0	150,000	150,000
<i>Total Liabilities</i>	<u>17,800</u>	<u>301,185</u>	<u>232,642</u>	<u>551,627</u>
<b>Fund Balances</b>				
Reserved for Property Taxes	0	1,389	377	1,766
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	4,520	0	0	4,520
Debt Service Fund	0	143,225	0	143,225
Capital Projects Funds	0	0	2,581,531	2,581,531
<i>Total Fund Balances</i>	<u>4,520</u>	<u>144,614</u>	<u>2,581,908</u>	<u>2,731,042</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$22,320</u>	<u>\$445,799</u>	<u>\$2,814,550</u>	<u>\$3,282,669</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, 2004*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$0	\$287,849	\$79,009	\$366,858
Intergovernmental	355,632	35,324	42,364	433,320
Interest	0	145,411	218,862	364,273
Extracurricular Activities	41,521	0	0	41,521
<i>Total Revenues</i>	<u>397,153</u>	<u>468,584</u>	<u>340,235</u>	<u>1,205,972</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	88,877	0	0	88,877
Special	263,817	0	0	263,817
Support Services:				
Pupils	1,976	0	0	1,976
Instructional Staff	7,465	0	0	7,465
Administration	8,734	0	0	8,734
Fiscal	2,512	0	0	2,512
Extracurricular Activities	59,638	0	0	59,638
Capital Outlay	0	0	19,508	19,508
Debt Service:				
Interest and Fiscal Charges	0	346,583	786	347,369
<i>Total Expenditures</i>	<u>433,019</u>	<u>346,583</u>	<u>20,294</u>	<u>799,896</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(35,866)	122,001	319,941	406,076
<b>Other Financing Sources</b>				
Transfers In	10,065	0	2,121,527	2,131,592
<i>Net Change in Fund Balances</i>	(25,801)	122,001	2,441,468	2,537,668
<i>Fund Balances Beginning of Year</i>	<u>30,321</u>	<u>22,613</u>	<u>140,440</u>	<u>193,374</u>
<i>Fund Balances End of Year</i>	<u><u>\$4,520</u></u>	<u><u>\$144,614</u></u>	<u><u>\$2,581,908</u></u>	<u><u>\$2,731,042</u></u>

**Joseph Badger Local School District**

*Combining Balance Sheet*

*Nonmajor Special Revenue Funds*

*June 30, 2004*

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	<u>Principal's</u>	<u>District Managed Student Activity</u>	<u>School Net Professional Development</u>	<u>Title I</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$5,551	\$10,977	\$1,902	\$3,890	\$22,320
<i>Total Assets</i>	<u>\$5,551</u>	<u>\$10,977</u>	<u>\$1,902</u>	<u>\$3,890</u>	<u>\$22,320</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accrued Wages	\$0	\$0	\$0	\$15,359	\$15,359
Intergovernmental Payable	0	0	0	2,441	2,441
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,800</u>	<u>17,800</u>
<b>Fund Balances</b>					
Unreserved, Undesignated, (Deficit)	<u>5,551</u>	<u>10,977</u>	<u>1,902</u>	<u>(13,910)</u>	<u>4,520</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,551</u>	<u>\$10,977</u>	<u>\$1,902</u>	<u>\$3,890</u>	<u>\$22,320</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, 2004*

	Principal's	EMIS	District Managed Student Activity	DPPF
<b>Revenues</b>				
Intergovernmental	\$0	\$5,000	\$0	\$10,811
Extracurricular Activities	14,698	0	26,823	0
<i>Total Revenues</i>	14,698	5,000	26,823	10,811
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	0	0	0
Special	0	0	0	10,811
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	7,488	0	0
Fiscal	0	2,512	0	0
Extracurricular Activities	16,776	0	42,862	0
<i>Total Expenditures</i>	16,776	10,000	42,862	10,811
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,078)	(5,000)	(16,039)	0
<b>Other Financing Sources</b>				
Transfers In	0	0	8,572	0
<i>Net Change in Fund Balances</i>	(2,078)	(5,000)	(7,467)	0
<i>Fund Balances (Deficit) Beginning of Year</i>	7,629	5,000	18,444	0
<i>Fund Balances (Deficit) End of Year</i>	\$5,551	\$0	\$10,977	\$0

(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, 2004*

	School Net Professional Development	Student Intervention	Safe Schools
<b>Revenues</b>			
Intergovernmental	\$2,925	\$23,167	\$1,976
Extracurricular Activities	0	0	0
<i>Total Revenues</i>	<u>2,925</u>	<u>23,167</u>	<u>1,976</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	0	23,908	0
Special	0	0	0
Support Services:			
Pupils	0	0	1,976
Instructional Staff	1,524	0	0
Administration	0	1,246	0
Fiscal	0	0	0
Extracurricular Activities	0	0	0
<i>Total Expenditures</i>	<u>1,524</u>	<u>25,154</u>	<u>1,976</u>
Excess of Revenues Over (Under) Expenditures	1,401	(1,987)	0
<b>Other Financing Sources</b>			
Transfers In	0	1,493	0
<i>Net Change in Fund Balances</i>	1,401	(494)	0
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>501</u>	<u>494</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$1,902</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

IDEA-B	Title I	Title V	Title II-A	Drug Free	Title II-D	Total Nonmajor Special Revenue Funds
\$124,352	\$123,525	\$6,472	\$49,218	\$5,150	\$3,036	\$355,632
0	0	0	0	0	0	41,521
124,352	123,525	6,472	49,218	5,150	3,036	397,153
0	0	6,472	48,758	5,150	4,589	88,877
124,352	128,654	0	0	0	0	263,817
0	0	0	0	0	0	1,976
0	0	0	5,941	0	0	7,465
0	0	0	0	0	0	8,734
0	0	0	0	0	0	2,512
0	0	0	0	0	0	59,638
124,352	128,654	6,472	54,699	5,150	4,589	433,019
0	(5,129)	0	(5,481)	0	(1,553)	(35,866)
0	0	0	0	0	0	10,065
0	(5,129)	0	(5,481)	0	(1,553)	(25,801)
0	(8,781)	0	5,481	0	1,553	30,321
\$0	(\$13,910)	\$0	\$0	\$0	\$0	\$4,520

**Jospeh Badger Local School District**

*Combining Balance Sheet*

*Nonmajor Capital Projects Funds*

*June 30, 2004*

	<u>School Net</u>	<u>Permanent Improvement</u>	<u>OSFC Permanent Improvement</u>	<u>L.F.I.</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$21,450	\$201,710	\$24,962	\$2,484,195	\$2,732,317
Taxes Receivable	<u>0</u>	<u>58,409</u>	<u>23,824</u>	<u>0</u>	<u>82,233</u>
<i>Total Assets</i>	<u>\$21,450</u>	<u>\$260,119</u>	<u>\$48,786</u>	<u>\$2,484,195</u>	<u>\$2,814,550</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Deferred Revenue	\$0	\$58,141	\$23,715	\$0	\$81,856
Accrued Interest Payable	0	0	0	786	786
Notes Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>150,000</u>
<i>Total Liabilities</i>	<u>0</u>	<u>58,141</u>	<u>23,715</u>	<u>150,786</u>	<u>232,642</u>
<b>Fund Balances</b>					
Reserved for Property Taxes	0	268	109	0	377
Unreserved, Undesignated	<u>21,450</u>	<u>201,710</u>	<u>24,962</u>	<u>2,333,409</u>	<u>2,581,531</u>
<i>Total Fund Balances</i>	<u>21,450</u>	<u>201,978</u>	<u>25,071</u>	<u>2,333,409</u>	<u>2,581,908</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$21,450</u>	<u>\$260,119</u>	<u>\$48,786</u>	<u>\$2,484,195</u>	<u>\$2,814,550</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, 2004*

	School Net	Permanent Improvement	OSFC Permanent Improvement	L.F.I	Total Nonmajor Capital Projects Funds
<b>Revenues</b>					
Taxes	\$0	\$56,344	\$22,665	\$0	\$79,009
Intergovernmental	33,450	6,133	2,781	0	42,364
Interest	0	0	0	218,862	218,862
<i>Total Revenues</i>	<u>33,450</u>	<u>62,477</u>	<u>25,446</u>	<u>218,862</u>	<u>340,235</u>
<b>Expenditures</b>					
Capital Outlay	12,000	939	375	6,194	19,508
Interest and Fiscal Charges	0	0	0	786	786
<i>Total Expenditures</i>	<u>12,000</u>	<u>939</u>	<u>375</u>	<u>6,980</u>	<u>20,294</u>
<i>Excess of Revenues Over Expenditures</i>	21,450	61,538	25,071	211,882	319,941
<b>Other Financing Sources:</b>					
Transfers In	0	0	0	2,121,527	2,121,527
<i>Net Change in Fund Balances</i>	21,450	61,538	25,071	2,333,409	2,441,468
<i>Fund Balances Beginning of Year</i>	0	140,440	0	0	140,440
<i>Fund Balances End of Year</i>	<u>\$21,450</u>	<u>\$201,978</u>	<u>\$25,071</u>	<u>\$2,333,409</u>	<u>\$2,581,908</u>

***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.

*Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For the Fiscal Year Ended June 30, 2004*

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	Beginning Balance 06/30/03	Additions	Deductions	Ending Balance 06/30/04
<b><i>Student Managed Activities</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$26,709	\$38,658	\$39,258	\$26,109
<b>Liabilities</b>				
Due to Students	\$26,709	\$38,658	\$39,258	\$26,109

**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, 2004*

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$2,960,000	\$2,755,375	\$2,755,375	\$0
Intergovernmental	4,400,000	4,728,207	4,728,207	0
Interest	60,000	22,134	22,134	0
Tuition and Fees	40,000	22,058	22,058	0
Charges for Services	10,000	58,369	58,369	0
Contributions and Donations	33,637	432	432	0
Miscellaneous	58,000	2,575	2,575	0
<i>Total Revenues</i>	<u>7,561,637</u>	<u>7,589,150</u>	<u>7,589,150</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	2,746,311	2,690,885	2,690,885	0
Fringe Benefits	927,312	945,549	945,549	0
Purchased Services	45,576	41,753	41,753	0
Materials and Supplies	115,771	113,052	113,052	0
Capital Outlay - New	40,783	9,272	9,272	0
Total Regular	<u>3,875,753</u>	<u>3,800,511</u>	<u>3,800,511</u>	<u>0</u>
Special:				
Salaries and Wages	124,399	126,432	126,432	0
Fringe Benefits	23,776	28,184	28,184	0
Purchased Services	396,945	281,998	281,998	0
Materials and Supplies	2,537	1,918	1,918	0
Total Special	<u>547,657</u>	<u>438,532</u>	<u>438,532</u>	<u>0</u>
Vocational:				
Salaries and Wages	43,731	47,218	47,218	0
Fringe Benefits	19,263	19,442	19,442	0
Total Vocational	<u>62,994</u>	<u>66,660</u>	<u>66,660</u>	<u>0</u>
Total Instruction	<u>\$4,486,404</u>	<u>\$4,305,703</u>	<u>\$4,305,703</u>	<u>\$0</u>

(continued)

**Joseph Badger Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Support Services:				
Pupils:				
Salaries and Wages	\$200,800	\$159,873	\$159,873	\$0
Fringe Benefits	47,634	54,025	54,025	0
Purchased Services	15,181	12,463	12,463	0
Materials and Supplies	6,878	4,720	4,720	0
Total Pupils	270,493	231,081	231,081	0
Instructional Staff:				
Salaries and Wages	122,807	178,724	178,724	0
Fringe Benefits	52,497	52,446	52,446	0
Purchased Services	1,670	1,647	1,647	0
Materials and Supplies	10,389	13,088	13,088	0
Capital Outlay - New	0	836	836	0
Total Instructional Staff	187,363	246,741	246,741	0
Board of Education:				
Salaries and Wages	4,194	6,265	6,265	0
Fringe Benefits	810	1,337	1,337	0
Purchased Services	263,728	268,971	268,971	0
Materials and Supplies	1,166	978	978	0
Other	20,211	6,111	6,111	0
Total Board of Education	290,109	283,662	283,662	0
Administration:				
Salaries and Wages	448,127	457,959	457,959	0
Fringe Benefits	206,315	203,334	203,334	0
Purchased Services	42,667	38,185	38,185	0
Materials and Supplies	5,776	2,672	2,672	0
Capital Outlay - New	2,107	2,777	2,777	0
Other	76,311	77,335	77,335	0
Total Administration	781,303	782,262	782,262	0
Fiscal:				
Salaries and Wages	114,936	119,892	119,892	0
Fringe Benefits	61,016	62,921	62,921	0
Purchased Services	26,803	24,299	24,299	0
Materials and Supplies	1,160	1,480	1,480	0
Capital Outlay - New	0	533	533	0
Other	787	14,534	14,534	0
Total Fiscal	\$204,702	\$223,659	\$223,659	\$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, 2004*

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
<b>Operation and Maintenance of Plant:</b>				
Salaries and Wages	\$203,492	\$217,444	\$217,444	\$0
Fringe Benefits	128,269	128,902	128,902	0
Purchased Services	240,520	249,745	249,745	0
Materials and Supplies	34,297	24,660	24,660	0
Capital Outlay - New	1,584	0	0	0
Other	34,502	9,055	9,055	0
<b>Total Operation and Maintenance of Plant</b>	<b>642,664</b>	<b>629,806</b>	<b>629,806</b>	<b>0</b>
<b>Pupil Transportation:</b>				
Salaries and Wages	194,436	214,450	214,450	0
Fringe Benefits	150,849	150,773	150,773	0
Purchased Services	142,965	153,492	153,492	0
Materials and Supplies	79,576	88,407	88,407	0
Other	16,467	6,918	6,918	0
<b>Total Pupil Transportation</b>	<b>584,293</b>	<b>614,040</b>	<b>614,040</b>	<b>0</b>
<b>Central:</b>				
Salaries and Wages	42,475	44,209	44,209	0
Fringe Benefits	17,515	20,878	20,878	0
Purchased Services	17,347	29,792	29,792	0
Materials and Supplies	13,099	14,969	14,969	0
Capital Outlay - New	0	1,243	1,243	0
<b>Total Central</b>	<b>90,436</b>	<b>111,091</b>	<b>111,091</b>	<b>0</b>
<b>Total Support Services</b>	<b>3,051,363</b>	<b>3,122,342</b>	<b>3,122,342</b>	<b>0</b>
<b>Extracurricular Activities:</b>				
<b>Academic and Subject Oriented:</b>				
Salaries and Wages	29,352	31,307	31,307	0
Fringe Benefits	2,079	2,771	2,771	0
<b>Total Academic and Subject Oriented</b>	<b>31,431</b>	<b>34,078</b>	<b>34,078</b>	<b>0</b>
<b>Sports Oriented:</b>				
Salaries and Wages	92,330	106,825	106,825	0
Fringe Benefits	16,548	19,066	19,066	0
<b>Total Sports Oriented</b>	<b>108,878</b>	<b>125,891</b>	<b>125,891</b>	<b>0</b>
<b>Total Extracurricular Activities</b>	<b>\$140,309</b>	<b>\$159,969</b>	<b>\$159,969</b>	<b>\$0</b>

(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, 2004*

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Capital Outlay:				
Architecture and Engineering Services:				
Purchased Services	\$7,279	\$0	\$0	\$0
<i>Total Expenditures</i>	<u>7,685,355</u>	<u>7,588,014</u>	<u>7,588,014</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(123,718)</u>	<u>1,136</u>	<u>1,136</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	51,808	51,808	0
Transfers Out	(60,285)	(65,417)	(65,417)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(60,285)</u>	<u>(13,609)</u>	<u>(13,609)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(184,003)	(12,473)	(12,473)	0
<i>Fund Balance at Beginning of Year</i>	1,758,354	1,758,354	1,758,354	0
Prior Year Encumbrances Appropriated	50,126	50,126	50,126	0
<i>Fund Balance at End of Year</i>	<u><u>\$1,624,477</u></u>	<u><u>\$1,796,007</u></u>	<u><u>\$1,796,007</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 Facilities Commission Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$500,000	\$908,259	\$908,259	\$0
Interest	58,228	63,706	63,706	0
<i>Total Revenues</i>	558,228	971,965	971,965	0
<b>Expenditures</b>				
Capital Outlay:				
<i>Facilities Acquisition and</i>				
<i>Construction Services:</i>				
Architecture and Engineering				
Services:				
Purchased Services	481,400	324,210	324,210	0
Building Acquisition and				
Construction Services:				
Purchased Services	18,600	98,676	98,676	0
<i>Total Expenditures</i>	500,000	422,886	422,886	0
<i>Excess of Revenues Over Expenditures</i>	58,228	549,079	549,079	0
<b>Other Financing Uses</b>				
Operating Transfers Out	(261,098)	(2,121,527)	(2,121,527)	0
<i>Net Change in Fund Balance</i>	(202,870)	(1,572,448)	(1,572,448)	0
<i>Fund Balance at Beginning of Year</i>	10,005,137	10,005,137	10,005,137	0
<i>Fund Balance at End of Year</i>	\$9,802,267	\$8,432,689	\$8,432,689	\$0

**Joseph Badger Local School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Sales	\$160,000	\$181,068	\$181,068	\$0
Other Revenues	0	20	20	0
Operating Grants	125,000	117,677	117,677	0
<i>Total Revenues</i>	285,000	298,765	298,765	0
<b>Expenses</b>				
Salaries:				
Food Service Operations	121,100	128,764	128,764	0
Fringe Benefits:				
Food Service Operations	89,400	93,106	93,106	0
Purchased Services:				
Food Service Operations	14,400	15,421	15,421	0
Materials and Supplies:				
Food Service Operations	116,900	116,466	116,466	0
Capital Outlay:				
Capital Outlay - Replacement:				
Food Service Operations	0	0	0	0
Other:				
Food Service Operations	676	676	676	0
<i>Total Expenses</i>	342,476	354,433	354,433	0
<i>Excess of Revenues Under Expenses</i>	(57,476)	(55,668)	(55,668)	0
Transfers In	60,000	55,352	55,352	0
<i>Net Change in Fund Balance</i>	2,524	(316)	(316)	0
<i>Fund Balance Beginning of Year</i>	316	316	316	0
<i>Fund Balance End of Year</i>	\$2,840	\$0	\$0	\$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, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Extracurricular Activities	<u>\$18,229</u>	<u>\$14,698</u>	<u>\$14,698</u>	<u>\$0</u>
<b>Expenditures</b>				
Current:				
<i>Extracurricular Activities:</i>				
School and Public Service				
Co-Curricular Activities:				
Purchased Services	2,634	3,126	3,126	0
Materials and Supplies	<u>18,683</u>	<u>13,650</u>	<u>13,650</u>	<u>0</u>
<i>Total Expenditures</i>	<u>21,317</u>	<u>16,776</u>	<u>16,776</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(3,088)	(2,078)	(2,078)	0
<i>Fund Balance at Beginning of Year</i>	6,509	6,509	6,509	0
Prior Year Encumbrances Appropriated	<u>1,120</u>	<u>1,120</u>	<u>1,120</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$4,541</u></u>	<u><u>\$5,551</u></u>	<u><u>\$5,551</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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$5,000	\$5,000	\$5,000	\$0
<b>Expenditures</b>				
Current:				
<i>Support Services:</i>				
Administration:				
Capital Outlay - Replacement	7,488	7,488	7,488	0
Fiscal:				
Capital Outlay - New	2,512	2,512	2,512	0
<i>Total Expenditures</i>	10,000	10,000	10,000	0
<i>Net Change in Fund Balance</i>	(5,000)	(5,000)	(5,000)	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	\$0	\$0	\$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, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Extracurricular Activities	\$34,805	\$27,119	\$27,119	\$0
Contributions and Donations	1,000	0	0	0
<i>Total Revenues</i>	<u>35,805</u>	<u>27,119</u>	<u>27,119</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
<i>Extracurricular Activities:</i>				
Academic and Subject Oriented Activities:				
Purchased Services	2,100	3,438	3,438	0
Materials and Supplies	10,000	5,131	5,131	0
Total Academic and Subject Oriented Activities	<u>12,100</u>	<u>8,569</u>	<u>8,569</u>	<u>0</u>
Sports Oriented Activities:				
Purchased Services	20,028	21,183	21,183	0
Materials and Supplies	11,125	13,110	13,110	0
Total Sports Oriented Activities	<u>31,153</u>	<u>34,293</u>	<u>34,293</u>	<u>0</u>
<i>Total Expenditures</i>	<u>43,253</u>	<u>42,862</u>	<u>42,862</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(7,448)</u>	<u>(15,743)</u>	<u>(15,743)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	12,270	12,270	0
Transfers Out	0	(3,698)	(3,698)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>8,572</u>	<u>8,572</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(7,448)</u>	<u>(7,171)</u>	<u>(7,171)</u>	<u>0</u>
<i>Fund Balance at Beginning of Year</i>	<u>18,148</u>	<u>18,148</u>	<u>18,148</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$10,700</u>	<u>\$10,977</u>	<u>\$10,977</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, 2004*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Over (Under)
<b>Revenues</b>				
Intergovernmental	\$10,811	\$10,811	\$10,811	\$0
<b>Expenditures</b>				
Current:				
<i>Instruction:</i>				
Special Instruction:				
Purchased Services	10,811	10,811	10,811	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*  
*School Net Professional Development Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<b>Revenues</b>				
Intergovernmental	\$3,250	\$2,925	\$2,925	\$0
<b>Expenditures</b>				
Current:				
<i>Support Services:</i>				
Instructional Staff:				
Purchased Services	<u>501</u>	<u>1,524</u>	<u>1,524</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	2,749	1,401	1,401	0
<i>Fund Balance at Beginning of Year</i>	<u>501</u>	<u>501</u>	<u>501</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$3,250</u></u>	<u><u>\$1,902</u></u>	<u><u>\$1,902</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*  
*Student Intervention Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
<b>Revenues</b>				
Intergovernmental	\$23,674	\$23,167	\$23,167	\$0
<b>Expenditures</b>				
Current:				
<i>Instruction:</i>				
Regular:				
Salaries and Wages	20,000	17,349	17,349	0
Fringe Benefits	2,800	2,889	2,889	0
Purchased Services	0	785	785	0
Materials and Supplies	0	3,379	3,379	0
Total Instruction	22,800	24,402	24,402	0
Administration:				
Salaries and Wages	988	997	997	0
Fringe Benefits	0	249	249	0
Total Administration	988	1,246	1,246	0
<i>Total Expenditures</i>	23,788	25,648	25,648	0
<i>Excess of Revenues Under Expenditures</i>	(114)	(2,481)	(2,481)	0
<b>Other Financing Sources</b>				
Transfers In	1,493	1,493	1,493	0
<i>Net Change in Fund Balance</i>	1,379	(988)	(988)	0
<i>Fund Balance at Beginning of Year</i>	988	988	988	0
<i>Fund Balance at End of Year</i>	\$2,367	\$0	\$0	\$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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$1,147	\$1,976	\$1,976	\$0
<b>Expenditures</b>				
Current:				
<i>Support Services:</i>				
Pupils:				
Purchased Services	1,147	1,976	1,976	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
<b>Other Financing Sources</b>				
Transfers In	143	0	0	0
<i>Net Change in Fund Balance</i>	143	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	<u>\$143</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*  
*IDEA-B Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Over (Under)
<b>Revenues</b>				
Intergovernmental	\$125,268	\$124,352	\$124,352	\$0
<b>Expenditures</b>				
Current:				
<i>Instruction:</i>				
Special:				
Purchased Services	125,268	124,352	124,352	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0	\$0

**Joseph Badger Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Title I Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$124,324	\$123,525	\$123,525	\$0
<b>Expenditures</b>				
Current:				
<i>Instruction:</i>				
Special:				
Salaries and Wages	90,000	96,595	96,595	0
Fringe Benefits	30,900	30,916	30,916	0
Purchased Services	445	444	444	0
Materials and Supplies	1,000	0	0	0
<i>Total Expenditures</i>	122,345	127,955	127,955	0
<i>Net Change in Fund Balance</i>	1,979	(4,430)	(4,430)	0
<i>Fund Balance at Beginning of Year</i>	8,320	8,320	8,320	0
<i>Fund Balance at End of Year</i>	\$10,299	\$3,890	\$3,890	\$0

**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, 2004*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Over (Under)
<b>Revenues</b>				
Intergovernmental	\$6,472	\$6,472	\$6,472	\$0
<b>Expenditures</b>				
Current:				
<i>Instruction:</i>				
Regular:				
Salaries and Wages	6,472	6,472	6,472	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-A Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$49,217	\$49,218	\$49,218	\$0
<b>Expenditures</b>				
Current:				
<i>Instruction:</i>				
Regular:				
Salaries and Wages	48,114	51,865	51,865	0
Fringe Benefits	0	1,956	1,956	0
Total Regular	48,114	53,821	53,821	0
<i>Support Services:</i>				
Instructional Staff:				
Purchased Services	4,000	5,941	5,941	0
<i>Total Expenditures</i>	52,114	59,762	59,762	0
<i>Net Change in Fund Balance</i>	(2,897)	(10,544)	(10,544)	0
<i>Fund Balance at Beginning of Year</i>	10,544	10,544	10,544	0
<i>Fund Balance at End of Year</i>	\$7,647	\$0	\$0	\$0

**Joseph Badger Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Drug Free Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<b>Revenues</b>				
Intergovernmental	\$5,426	\$5,150	\$5,150	\$0
<b>Expenditures</b>				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	<u>5,150</u>	<u>5,150</u>	<u>5,150</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	276	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>\$276</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 II-D Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$2,447	\$3,036	\$3,036	\$0
<b>Expenditures</b>				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	1,483	4,589	4,589	0
<i>Net Change in Fund Balance</i>	964	(1,553)	(1,553)	0
<i>Fund Balance at Beginning of Year</i>	1,553	1,553	1,553	0
<i>Fund Balance at End of Year</i>	<u>\$2,517</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*  
*Bond Retirement Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$246,969	\$286,460	\$286,460	\$0
Intergovernmental	30,524	35,324	35,324	0
Interest	0	145,411	145,411	0
<i>Total Revenues</i>	<u>277,493</u>	<u>467,195</u>	<u>467,195</u>	<u>0</u>
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	10,000,000	10,000,000	10,000,000	0
Interest and Fiscal Charges	377,548	583,512	583,512	0
Total Debt Service	<u>10,377,548</u>	<u>10,583,512</u>	<u>10,583,512</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(10,100,055)	(10,116,317)	(10,116,317)	0
<i>Fund Balance Beginning of Year</i>	<u>10,259,542</u>	<u>10,259,542</u>	<u>10,259,542</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$159,487</u></u>	<u><u>\$143,225</u></u>	<u><u>\$143,225</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, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$34,966	\$34,966	\$34,966	\$0
<b>Expenditures</b>				
Current:				
<i>Instruction:</i>				
Regular:				
Capital Outlay - New	1,516	1,516	1,516	0
Central:				
Capital Outlay - New	12,000	12,000	12,000	0
<i>Total Expenditures</i>	<u>13,516</u>	<u>13,516</u>	<u>13,516</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	21,450	21,450	21,450	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>\$21,450</u></u>	<u><u>\$21,450</u></u>	<u><u>\$21,450</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*  
*Permanent Improvement Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$63,000	\$56,301	\$56,301	\$0
Intergovernmental	831	6,133	6,133	0
<i>Total Revenues</i>	63,831	62,434	62,434	0
<b>Expenditures</b>				
Current:				
Support Services:				
Administration:				
Other	200	83	83	0
Fiscal:				
Other	1,000	856	856	0
Total Support Services	1,200	939	939	0
Capital Outlay:				
Building Improvement Services:				
Capital Outlay - New	20,000	0	0	0
<i>Total Expenditures</i>	21,200	939	939	0
<i>Net Change in Fund Balance</i>	42,631	61,495	61,495	0
<i>Fund Balance Beginning of Year</i>	140,215	140,215	140,215	0
<i>Fund Balance End of Year</i>	\$182,846	\$201,710	\$201,710	\$0

**Joseph Badger Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*OSFC Permanent Improvement Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$22,556	\$22,556	\$22,556	\$0
Intergovernmental	2,781	2,781	2,781	0
<i>Total Revenues</i>	25,337	25,337	25,337	0
<b>Expenditures</b>				
Current:				
Fiscal:				
Other	375	375	375	0
<i>Net Change in Fund Balance</i>	24,962	24,962	24,962	0
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	\$24,962	\$24,962	\$24,962	\$0

**Joseph Badger Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Locally Funded Initiative (LFI) Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Interest	\$218,862	\$218,862	\$218,862	\$0
<b>Expenditures</b>				
Capital Outlay:				
<i>Facilities Acquisition and</i>				
<i>Construction Services:</i>				
Architecture and Engineering				
Services:				
Purchased Services	6,194	6,194	6,194	0
<i>Excess of Revenues Over Expenditures</i>	212,668	212,668	212,668	0
<b>Other Financing Sources</b>				
Proceeds of Notes	0	150,000	150,000	0
Transfers In	0	2,121,527	2,121,527	0
Total Other Financing Sources	0	2,271,527	2,271,527	0
<i>Net Change in Fund Balance</i>	212,668	2,484,195	2,484,195	0
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	<u>\$212,668</u>	<u>\$2,484,195</u>	<u>\$2,484,195</u>	<u>\$0</u>

**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, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$229	\$152	\$152	\$0
<b>Expenses</b>				
Other:				
Community Services	<u>220</u>	<u>219</u>	<u>219</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	9	(67)	(67)	0
<i>Fund Balance Beginning of Year</i>	<u>15,205</u>	<u>15,205</u>	<u>15,205</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$15,214</u></u>	<u><u>\$15,138</u></u>	<u><u>\$15,138</u></u>	<u><u>\$0</u></u>

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

	2004	2003	2002	2001	2000
	Full	Full	Full	Full	Full
	Accrual	Accrual	Accrual	Accrual	Accrual
<b>Program Revenues</b>					
Charges for Services	\$121,253	\$106,504	\$86,606	\$83,505	\$53,581
Operating Grants and Contributions	342,520	312,740	269,385	295,623	302,526
Capital Grants and Contributions	38,450	30,809	2,000	79,807	32,851
<b>General Revenues</b>					
Taxes	3,149,304	2,803,481	2,760,963	2,556,186	2,632,853
Intergovernmental	4,773,678	4,720,389	4,775,137	4,300,266	4,133,565
Investment Earnings	449,914	70,379	78,565	159,079	145,316
Tuition and Fees	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Charges for Services	0	0	0	0	0
Gifts and Donations	0	0	0	0	0
Miscellaneous	2,744	0	30,573	38,506	55,765
<i>Total</i>	<u>\$8,877,863</u>	<u>\$8,044,302</u>	<u>\$8,003,229</u>	<u>\$7,512,972</u>	<u>\$7,356,457</u>
<b>Expenses</b>					
Instruction:					
Regular	\$3,958,248	\$3,829,689	\$3,792,508	\$3,578,852	\$3,369,166
Special	704,566	750,701	602,471	587,040	371,262
Vocational	67,119	63,659	58,150	50,628	51,646
Support Services:					
Pupils	237,688	322,887	269,551	264,410	252,287
Instructional Staff	260,695	257,806	207,527	168,253	122,148
Board of Education	300,559	281,985	180,336	136,730	73,278
Administration	786,608	846,826	981,924	764,260	663,633
Fiscal	228,515	224,407	189,586	235,506	162,282
Business	0	0	2,263	0	13,312
Operation and					
Maintenance of Plant	654,594	728,040	698,596	606,097	542,027
Pupil Transportation	696,964	656,404	629,915	581,336	534,694
Central	123,709	88,758	81,144	58,765	59,176
Operation of Non-					
Instructional Services	0	0	0	384	5,917
Extracurricular Activities	220,414	230,450	212,423	178,163	164,067
Interest	562,200	46,389	0	604	2,054
<i>Total</i>	<u>\$8,801,879</u>	<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)*

	2004	2003	2002	2001
<b>Revenues</b>				
Taxes	\$3,124,619	\$2,790,048	\$2,765,343	\$2,662,042
Intergovernmental	6,071,019	5,053,567	5,028,676	4,682,584
Interest	449,914	70,379	78,565	159,079
Tuition and Fees	22,168	30,188	29,332	30,594
Extracurricular Activities	41,521	49,652	62,456	60,198
Charges for Services	58,369	7,010	303	1,455
Contributions and Donations	657	2,318	5,580	9,370
Miscellaneous	2,744	0	30,573	38,506
<i>Total</i>	<u>\$9,771,011</u>	<u>\$8,003,162</u>	<u>\$8,000,828</u>	<u>\$7,643,828</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	\$3,921,378	\$3,806,052	\$3,819,281	\$3,566,085
Special	709,562	746,122	576,124	584,370
Vocational	66,657	65,191	57,887	50,628
Adult/Continuing	0	0	0	0
Other	0	0	0	0
Support Services:				
Pupils	236,361	308,753	268,240	264,151
Instructional Staff	252,998	250,600	206,845	171,924
Board of Education	283,904	266,854	175,876	136,730
Administration	793,047	866,372	954,362	756,221
Fiscal	226,605	221,497	190,276	246,416
Business	0	0	2,263	0
Operation and				
Maintenance of Plant	628,410	644,049	596,697	582,599
Pupil Transportation	617,232	630,654	648,736	511,125
Central	111,835	88,188	80,396	65,241
Operation of Non-				
Instructional Services	0	0	0	0
Extracurricular Activities	219,458	204,666	211,537	177,866
Capital Outlay	442,394	65,814	72,888	434,249
Debt Service	537,909	46,389	0	20,725
<i>Total</i>	<u>\$9,047,750</u>	<u>\$8,211,201</u>	<u>\$7,861,408</u>	<u>\$7,568,330</u>

Source: School District Financial Records

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

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

2000	1999	1998	1997	1996	1995 (2)
\$2,508,773	\$2,241,953	\$2,245,706	\$2,199,996	\$2,141,869	\$1,858,151
4,399,456	3,890,414	3,577,581	3,411,258	3,312,296	2,877,040
145,316	109,592	106,023	89,767	61,823	48,112
23,142	22,561	20,655	12,155	2,428	14,351
47,629	0	0	0	0	0
7,935	4,144	463	462	238	0
31,361	1,693	460	740	1,435	0
55,765	1,163	33,634	10	7,979	15,349
<u>\$7,219,377</u>	<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>
\$3,415,766	\$3,083,849	\$3,191,030	\$2,999,696	\$2,771,499	\$2,400,699
375,925	480,366	213,896	241,043	173,832	163,499
51,646	38,677	114,210	113,268	114,914	118,006
0	298	862	0	0	0
0	0	0	0	0	5,227
252,029	189,608	121,543	137,951	119,497	109,520
117,031	116,663	101,547	99,117	89,944	106,099
73,278	93,661	22,540	32,697	107,051	16,272
690,388	658,573	609,947	606,953	572,405	578,787
165,827	158,635	128,076	120,882	110,785	105,003
13,312	0	0	2,592	0	0
512,193	496,086	490,689	538,129	444,897	436,773
687,102	429,756	506,864	614,100	430,925	487,035
59,134	32,632	33,625	18,769	0	0
5,642	0	0	0	0	0
162,593	108,433	95,730	90,412	85,666	74,508
110,140	3,914	0	0	330	875
22,175	0	0	0	3,998	0
<u>\$6,714,181</u>	<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>

**Joseph Badger Local School District**  
*Property Tax Levies and Collections*  
*Last Ten Calendar Years*

Year (1)	Total Tax Levy	Current Collections	Percent of Total Taxes		Delinquent Collections	Total Collections	Total Tax Collections		Outstanding Delinquent Taxes (2)	Outstanding Delinquent Taxes To Total Tax Levy
			Collected	Delinquent			As a Percent of Total Tax Levy	Delinquent Taxes (2)		
2003	\$3,136,410	\$3,047,462	97.16%	\$112,035	\$3,159,497	100.74%	\$181,508	5.79%		
2002	2,994,509	2,925,509	97.70	103,875	3,029,384	101.16	185,234	6.19		
2001	3,016,427	2,904,513	96.29	121,474	3,025,987	100.32	198,400	6.58		
2000	2,926,898	2,834,162	96.83	70,844	2,905,006	99.25	195,059	6.66		
1999	2,598,515	2,553,491	98.27	90,952	2,644,443	101.77	173,009	6.66		
1998	2,523,387	2,463,731	97.64	80,130	2,543,861	100.81	180,377	7.15		
1997	2,503,458	2,441,668	97.53	135,535	2,577,203	102.95	212,682	8.50		
1996	2,448,537	2,372,321	96.89	93,700	2,466,021	100.71	240,382	9.82		
1995	2,427,226	2,338,370	96.34	75,028	2,413,398	99.43	190,762	7.86		
1994	1,861,318	1,785,659	95.94	115,739	1,901,398	102.15	189,840	10.20		

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

(1) Represents collection year. 2004 information cannot be presented because all collections have not been made by June 30.

(2) 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)	
2004	\$90,889,060	\$259,683,029	\$5,151,770	\$5,854,284	\$7,301,917	\$29,207,668	\$103,342,747	\$294,744,981	35%
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	35
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

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 23 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	Total
2004	\$44.00	\$10.35	\$12.00	\$5.80	\$14.00	\$7.70	\$15.30	\$2.40	\$0.00	\$0.00	\$0.00	\$0.00
2003	37.10	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

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*

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<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>
2004	\$9,999,993	\$103,342,747	7,066	9.68%	\$1,415.23
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

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, 2004*

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Assessed Valuation	<u>\$103,342,747</u>
Overall Debt Limit - 9% of Assessed Value (1)	9,300,847
Amount of Debt Applicable to Debt Limit	
School Construction Notes	150,000
General Obligation Bonds	9,999,993
Less: Amount Available in Debt Service Fund	<u>(144,614)</u>
Amount of Debt Subject to Limit	<u>10,005,379</u>
<i>Overall Debt Margin (1)</i>	<u><u>(\$704,532)</u></u>
Unvoted Debt Limit - .10% of Assessed Value (2)	\$103,343
Amount of Debt Applicable	<u>0</u>
<i>Unvoted Debt Margin</i>	<u><u>\$103,343</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, 2003*

Jurisdiction	General Obligation Debt Outstanding (1)	Percentage Applicable to School District (2)	Amount Applicable to School District
<b>Direct:</b>			
Joseph Badger Local School District	\$9,999,993	100.00%	\$9,999,993
<b>Overlapping:</b>			
Trumbull County	15,260,499	2.80	427,294
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>15,260,499</u>		<u>427,294</u>
Total	<u><u>\$25,260,492</u></u>		<u><u>\$10,427,287</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 2004 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*

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Year	Principal	Interest	Total Debt Service (1)	Total General Governmental Expenditures	Ratio of Debt Service to Governmental Fund Expenditures (Percentage)
2004	\$0	\$353,940	\$353,940	\$9,047,750	3.91%
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

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)
2004	233,518	1,044	2,184	2,126	1,712	1,145	7.6%
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

(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*

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Year	Property Value (Real Estate Only) (1)	Financial Institution Deposits Banks (2)
2003	\$90,889,060	\$155,492,500
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

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, 2003*

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<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Target Stamped Product	\$771,590	0.85%
Richard B. Thompson	659,670	0.74
W I Miller & Sons	495,400	0.55
National Dairy Products	325,500	0.36
Stanwade Metal Products	315,640	0.35
Harnett, David L.	314,390	0.35
Kepner, Nancy M.	285,800	0.31
Miller, R Lawrence	266,530	0.29
Massassauga Rattlesnake	261,670	0.30
Logan, Arlene B.	<u>249,770</u>	<u>0.27</u>
Total	<u>\$3,945,960</u>	<u>4.34%</u>
Total Real Estate Valuation	<u>\$90,889,060</u>	

Source: Trumbull County Auditor

(1) Assessed values are for the 2004 collection year.

**Joseph Badger Local School District**

*Principal Taxpayers*

*Tangible Personal Property Tax*

*December 31, 2003*

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<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Kraft Foods, Inc.	\$1,933,260	26.48%
Target Stamped Products	1,598,830	21.90
Terry Harmon Motors	672,809	9.21
Palmer Donavin Manufacturing Co.	407,140	5.58
Stanwade Metal Products	389,920	5.35
Cope Farm Equipment	118,920	1.63
Century Cable Holdings	113,570	1.56
A G Birrell Co.	106,350	1.46
Horodyski Brothers Co.	104,014	1.42
Kinsman Supply and Rental	<u>102,970</u>	<u>1.41</u>
Total	<u>\$5,547,783</u>	<u>75.98%</u>
Total Assessed Value	<u>\$7,301,917</u>	

Source: Trumbull County Auditor

(1) Assessed values are for the 2004 collection year.

**Joseph Badger Local School District**

*Principal Taxpayers*

*Public Utilities Tax*

*December 31, 2003*

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<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Ohio Edison Company	\$2,118,660	41.12%
United Telephone	1,815,050	35.23
American Transmission Services	455,930	8.85
Norfolk Southern Combined	528,850	10.28
Eastern Natural Gas	116,310	2.07
CSX Transportation	<u>106,550</u>	<u>2.26</u>
Total	<u>\$5,141,350</u>	<u>99.80%</u>
Total Assessed Value	<u>\$5,151,770</u>	

Source: Trumbull County Auditor

(1) Assessed values are for the 2004 collection year.

**Joseph Badger Local School District**

*Per Pupil Cost*

*Last Ten Fiscal Years*

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<u>Year</u>	<u>General Governmental Expenditures (1)</u>	<u>Average Daily Membership</u>	<u>Per Pupil Cost</u>
2004	\$9,047,750	1,145	\$7,902
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

Source: School District Financial Records.

(1) 1996 through 2004 on Modified Accrual Basis.  
1995 based on Cash Basis.

**Joseph Badger Local School District**

*Teacher Education And Experience*

*June 30, 2004*

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<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	36	50%
Master's Degree	<u>36</u>	<u>50%</u>
Total	<u><u>72</u></u>	<u><u>100%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	16	22%
6 - 10	13	18%
11 and over	<u>43</u>	<u>60%</u>
	<u><u>72</u></u>	<u><u>100%</u></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  
APRIL 5, 2005**