



**Auditor of State
Betty Montgomery**

JOSEPH BADGER LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

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**Auditor of State
Betty Montgomery**

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

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, each major fund, and the aggregate remaining fund information of Joseph Badger Local School District (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 27, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 27, 2005, we reported one matter related to noncompliance we deemed immaterial.

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

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

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

Betty Montgomery
Auditor of State

December 27, 2005

Joseph Badger Local School District

Kinsman, Ohio

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005

Issued by:
Treasurer's Office
William A. Johnson

Joseph Badger Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005
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Joseph Badger School District



Home of the Braves

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Kinsman, OH 44428

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BOARD OF EDUCATION

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

December 27, 2005

Board of Education Members
Joseph Badger Local School District

We are pleased to submit to you the sixth Comprehensive Annual Financial Report (CAFR) of the Joseph Badger Local School District. This report discloses information for the fiscal year ended June 30, 2005. 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 612 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. These four township schools were constructed as follows; Badger High School in Kinsman Township 1936, Badger Middle School in Vernon Township 1914, Hartford Elementary in Hartford Township 1924 and Gustavus Elementary in Gustavus Township 1928. 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. In 2002 our four sites were evaluated by the State of Ohio. The State discovered that we possess the 5th and 9th worst buildings for safety and learning environment in the entire State, which prompted the Ohio School Facilities Commission to place Joseph Badger in the exceptional needs program for building(s) replacement. In February, 2003 the community passed a Bond Issue in order to participate in shared funding that would provide a new pre-kindergarten through twelfth grade Educational Complex for the Joseph Badger Local School District. The school is scheduled to open with students in attendance, Fall 2006.

The 2005 fiscal year student count was 1,114 including Career and Technical students.. The School District employs one hundred nineteen staff members, both certified and classified. Certified staff totals sixty-eight (68) full time teachers and two teaching assistants. Of the 68 teachers, two are funded through a federal grant application. Three teachers fill Title I and Title II programs; however, the general fund supplements the federal dollar amount to sustain the program's existence.

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, the Trumbull County Schools Employee Insurance Benefits Consortium, and the Ohio School Risk Sharing Authority 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 slow and since January of 2001, the commercial valuation has only increased an average of 1.46 percent per year including a 1.03 percent decrease in January of 2003. Class I assessed value, based primarily on agricultural values and new single-family residential construction has increased 21.12 percent in the past five years with a 12.89 percent increase in January of 2003. Sudden changes in valuation during January of 2003 were due to re-valuation of the properties within the District. The local property taxing mechanism 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. Districts throughout Ohio must seek local funds by placing levies on the ballot to receive revenue growth. Because of depressed economic conditions throughout the State, particularly Northeast Ohio, 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. 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. Other funding policies of the State have caused alarm among local districts. The State has determined to fund a new system of schools that include: Community Schools, Charter Schools, Electronic Schools, Parochial Schools and in the case of open enrollment other Public Schools. The State has determined that they should fund these schools not with new funds but by removing funds from the schools where the child resides. The State has decided to remove both local taxes and State revenue associated with each departing child. These careless policies cost this School District approximately \$130,000 in open enrollment losses to neighboring public schools and \$169,000 in losses to Community Schools. The State also adopted a careless policy on student enrollment. In prior years, student enrollment was averaged over three years to allow small schools, whose enrollment can fluctuate significantly from year to year, to adapt to declining enrollment and associated declining funding gradually. The State removed three year averaging which rapidly took money from areas of declining enrollment (poor, rural and inner city), and sent that money to areas of increasing enrollment (wealthy, rich, suburban). This policy change created a hardship on this School District as we are in an area of declining enrollment. If the decline in enrollment were uniform and predictable, this School District could conceivably have made staffing cuts to match the decline in students; however, the decline in enrollment cannot be predicted with enough precision to make the proper cuts.

As a result of this State's risky policies, and according to the most recently filed five year forecast, this District could possibly be forced to place a new levy on the ballot. It is currently thought, however, that staffing cuts made at the end of next school year and just prior to moving to a new building may stave off asking the vote for new money. It is fortunate for the Joseph Badger Local School District taxpayer that the efficiencies of building a new consolidated K-12 structure may allow the staffing adjustments necessary to stay solvent without a new levy.

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 cataloguing 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. Technology training continues to be emphasized through long lasting professional activities offered through the Trumbull County Educational Service Center.

Computer Replacement

The Joseph Badger 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 2004-2005 school year, even more was accomplished pertaining to the delivery of services to the School District's students. The school year continued refining 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 children out of the classroom in order to meet in small groups. This small group work 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 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.

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.

Joseph Badger added Advanced Placement(AP) Calculus during the 2003-2004 school year and AP Chemistry effective with the 2005-2006 school year. These AP classes join AP English I and II as a unique opportunity for students who choose to take our most challenging curriculum. Accompanying the additional AP classes are three eighth grade classes that can be taken for high school credit, Algebra I, French I and Science. All eighth grade classes are advanced in nature and are taught by teachers with secondary licensure as required by statute.

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 Local Report Cards(LRC) 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. Most recently the School District was named the most improved in the greater tri-county area for the 2004-2005 school year. This ranking was a result of the School District's success and improvement, pass rate of 18 of 23 indicators on the state Local Report Card. It is obvious that the longer a student attends the Joseph Badger School District, the more improved their performance on proficiency/achievement tests. The School District also met the student attendance standard of ninety-three percent and the graduation rate standard of 90 percent.

Summer School

The Joseph Badger School District continued to conduct classes during the summer of 2005. Summer school classes were for primary grades in the past; however, there continues to be little interest and limited attendance thus classes were third grade only this past year.

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 sixth 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 2005 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 \$15,310. 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 \$334,345 by the School District’s Funds for the year ended June 30, 2005, \$57,254 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 2005, investments were: AIM Money Market Mutual Funds, Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes, STAR Ohio, an investment pool managed by the State Treasurer and a Savings Account with Sky Bank.

Risk Management

The School District participates in a shared risk pool for hospital/medical benefits for its employees. The Trumbull County School Employee Insurance Benefits Consortium (the Consortium)“pool” is comprised of sixteen Trumbull County School Districts. All risk is transferred to the Consortium and claims are paid through a common fund controlled by the Consortium. The Consortium purchases stop-loss coverage. Dental coverage benefits are through a self-insured program managed by a third-party administrator.

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 request for proposals 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, 2005. 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, 2004. 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 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, 2005**

Board of Education

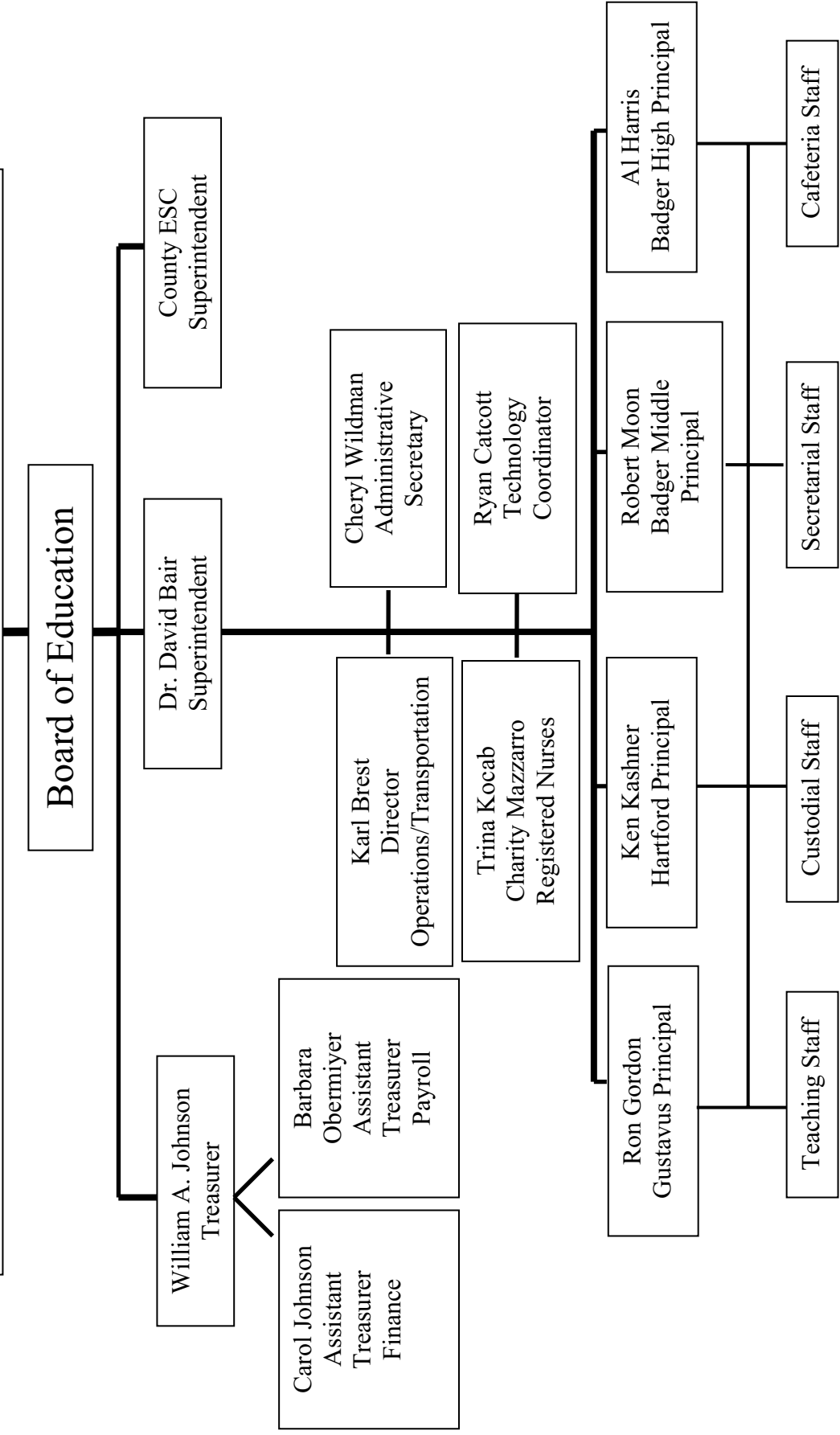
Mr. Jeff Mathews	President
Mrs. Eltha Logan	Vice-President
Mrs. Kimberly Bonar	Member
Mrs. Paula McGrath	Member
Mr. Joe Toth.....	Member

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

Residents 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, 2004

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.



Nancy L. Zielle

President

Jeffrey R. Emmer

Executive Director



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' 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, 2005 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance 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, 2005, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 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 agreements and other matters. While we did not opine on the internal control over financial reporting and compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Betty Montgomery
Auditor of State

December 27, 2005

Joseph Badger Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

Taking stock of last year is an important step to understanding the future. This School District has felt strongly that producing this report is worthwhile despite the cost in time and money. The transparency and trust built from publishing this document provides immeasurable returns. The collection of paragraphs, tables, and graphics depicts our School District's performance over the previous fiscal year. Clearly, there is a major change taking place as we transition to our new K-12 facility and simultaneously face our State's relentless tightening of money supply. Included here is management's view of what transpired in fiscal 2005 and how facts could change our future financial condition. You are welcome to review and comment on the information you will find within.

FINANCIAL HIGHLIGHTS

- ❑ The School District's total governmental net assets decreased to \$24,635,947 from \$24,703,358 a decrease of (\$67,411) during this year's operations. This decrease in net assets indicates declining financial health. Business-type activity again showed a decrease in net assets from (\$2,879) to (\$18,430) for a loss of (\$15,551) or (540.15) percent.
- ❑ Total governmental activities revenues of \$9,205,381 were comprised of General revenues in the amount of \$8,657,040 and program revenues totaling \$548,341. 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 activity showed program revenue of \$351,882 compared to \$325,998 last fiscal year. Business type expenses were \$441,914 in comparison to last year's \$382,131. The sudden increase in expenses in the business-type activity is directly related to healthcare as a \$13,534 increase in benefit costs caused larger than anticipated losses.
- ❑ The School District has reviewed all of its funds and has concluded that the School Facilities Commission fund and the general fund should again be the only funds depicted as major funds.
- ❑ The School District determined that it should withdraw from the Trumbull County Health Care Consortium for dental insurance. You may view the initial success from this endeavor in the enclosed fund reports.
- ❑ The School District decided to pay off and not to roll over construction notes in the amount of \$150,000. This money will be borrowed from the general fund if necessary and will also be paid down by any local share of construction money remaining at the end of the project. Currently, the thirty-two million dollar project is under budget.

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. These two reports help clarify one of the most important issues when analyzing a business entity. "Are you better off today than you were one year ago?" Taken with other information provided, the district-wide reports will provide an 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 9. 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.

After applying the rules for GASB major funds, it was apparent that the General Fund and School Facilities Commission funds were again the only major funds this year.

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 food service fund projections to judge how much negative impact will be placed on the general fund. Additionally, this year, the School District decided to create a dental fund whose purpose was to self insure dental expenses. It is the School District's belief that this could save money and provide flexibility of benefit levels. Proprietary funds utilize the same

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

The School District as a Trustee

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

THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Assets looks at the District as a whole. The School District's total net assets were down from a year ago. Table 1 shows an decrease from \$24,700,479 to \$24,617,517. The decrease in Net Assets indicates that the School District has lost some financial health as a result of continued lack of State support.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current and Other Assets	\$34,769,173	\$36,936,079	\$2,725	\$5,117	\$34,771,898	\$36,941,196
Capital Assets	5,241,418	2,815,162	28,918	31,609	5,270,336	2,846,771
Total Assets	40,010,591	39,751,241	31,643	36,726	40,042,234	39,787,967
Liabilities						
Long-Term Liabilities	(10,708,390)	(10,945,588)	(8,848)	(5,270)	(10,717,238)	(10,950,858)
Other Liabilities	(4,666,254)	(4,102,295)	(41,225)	(34,335)	(4,707,479)	(4,136,630)
Total Liabilities	(15,374,644)	(15,047,883)	(50,073)	(39,605)	(15,424,717)	(15,087,488)
Net Assets						
Invested In Capital						
Assets, net	5,241,418	2,815,162	28,918	31,609	5,270,336	2,846,771
Restricted	19,110,569	21,310,215	0	0	19,110,569	21,310,215
Unrestricted (Deficit)	283,960	577,981	(47,348)	(34,488)	236,612	543,493
Total Net Assets	\$24,635,947	\$24,703,358	(\$18,430)	(\$2,879)	\$24,617,517	\$24,700,479

All categories of Capital Assets decreased with the exception of Construction in Progress. Overall Capital Assets increased due to this rapid escalation in construction value. The addition of \$2,539,698 to Construction in Progress overshadows the declines in all other categories of depreciable capital assets. Due to lack of funding for school bus replacement, and textbooks, the School District also saw these net assets decrease causing future problems for the State and School District partnership.

Capital Assets increased in the gross amount of \$2,679,836. To arrive at the net increase in Capital Assets, you must combine this year's depreciation expense of (\$248,614) with residual value of \$77,604 and deletions of (\$82,570) for a total increase of \$2,423,565. In the accompanying notes you will find the detail

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on how depreciation was distributed. The net assets of our business-type activity or school lunch program decreased from (\$2,879) to (\$18,430). This (\$15,551) loss in Net Assets shows that management was unable to slow the loss from the previous year which totaled (\$761). Expanding the breakfast program brought more revenue and government subsidies, however, additional health care coverage increased expenses in excess of \$13,000. The duplicative cost of operating four cafeterias remains the major problem. The new K-12 building will contain only one cafeteria. This will mean a future savings to the general fund which currently is forced to transfer funds to the food service fund every year to avoid a negative balance.

This is the sixth 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 2005 and Fiscal 2004

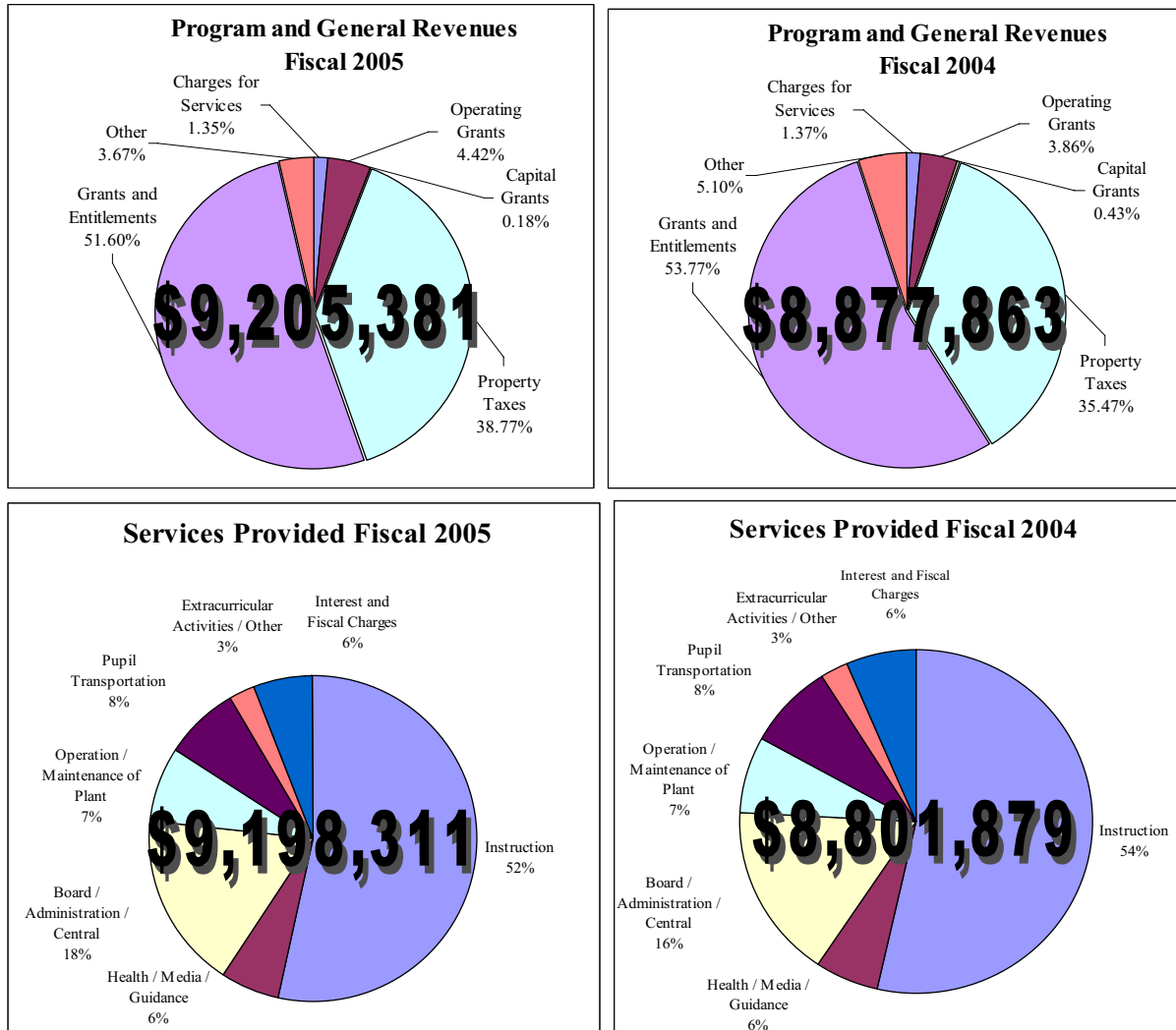


Table 2 highlights the School District's revenues and expenses. These two main components are subtracted to yield the change in net assets. This table show how this year compares to last by utilizing the full accrual method of accounting.

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(Table 2)
Program Revenues and Expenses

	Governmental Activities 2005	Governmental Activities 2004	Business- Type Activity 2005	Business- Type Activity 2004	Total 2005	Total 2004
Revenues						
Program Revenues:						
Charges for Services and Sales	\$124,090	\$121,253	\$183,155	\$181,068	\$307,245	\$302,321
Operating Grants and Contributions	407,251	342,520	168,727	144,930	575,978	487,450
Capital Grants and Contributions	17,000	38,450	0	0	17,000	38,450
Subtotal	<u>\$548,341</u>	<u>\$502,223</u>	<u>\$351,882</u>	<u>\$325,998</u>	<u>\$900,223</u>	<u>\$828,221</u>
General Revenue:						
Property Taxes	3,569,290	3,149,304	0	0	3,569,290	3,149,304
Grants and Entitlements	4,750,313	4,773,678	0	0	4,750,313	4,773,678
Investment Earnings	334,034	449,914	0	0	334,034	449,914
Other	3,403	2,744	0	20	3,403	2,764
Total General Revenue	<u>\$8,657,040</u>	<u>\$8,375,640</u>	<u>\$</u>	<u>\$ 20</u>	<u>\$8,657,040</u>	<u>\$8,375,660</u>
Total Revenues	<u>\$9,205,381</u>	<u>\$8,877,863</u>	<u>\$351,882</u>	<u>\$326,018</u>	<u>\$9,557,263</u>	<u>\$9,203,881</u>
Program Expenses and Transfers Out						
Instruction:						
Regular	\$4,162,869	\$3,958,248	\$0	\$0	\$4,162,869	\$704,566
Special	846,160	704,566	0	0	846,160	67,119
Vocational	72,687	67,119	0	0	72,687	
Support Services:						
Pupils	240,415	237,688	0	0	240,415	260,695
Instructional Staff	277,131	260,695	0	0	277,131	300,559
Board of Education	436,901	300,559	0	0	436,901	786,608
Administration	742,762	786,608	0	0	742,762	228,515
Fiscal	345,932	228,515	0	0	345,932	654,594
Operation and Maintenance of Plant	687,718	654,594	0	0	687,718	696,964
Pupil Transportation	705,038	696,964	0	0	705,038	123,709
Central	92,325	123,709	0	0	92,325	220,414
Extracurricular Activities	231,097	220,414	0	0	231,097	
Debt Service:						
Interest and Fiscal Charges	357,276	562,200	0	0	357,276	382,131
Food Service	0	0	441,914	382,131	441,914	
Total Program Expenses	<u>\$9,198,311</u>	<u>\$8,801,879</u>	<u>\$441,914</u>	<u>\$382,131</u>	<u>\$9,640,225</u>	<u>\$4,425,874</u>
Changes in Net Assets Before Transfers	\$7,070	\$75,984	(\$90,032)	(\$56,113)	(\$82,962)	\$4,778,007
Transfers	(74,481)	(55,352)	74,481	55,352	0	0
Changes in Net Assets	<u>(\$67,411)</u>	<u>\$20,632</u>	<u>(\$15,551)</u>	<u>(\$ 761)</u>	<u>(\$82,962)</u>	<u>\$4,778,007</u>

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Analysis of overall financial position and results of operations

The financial position of the Joseph Badger Local School District finally buckled under the intense pressure supplied by the State. With State support flat in the past three fiscal years, and having already made numerous cuts to staffing, the School District was want for ways to decrease expenses. The combination of lack of support from the State and lack of ways to make staffing cuts and increasing costs for bus fuel, natural gas and supplies, the School District was unable to stave off and must report declining fiscal health. Next school year will be worse, however, if we are successful at opening our new facility on time (currently we are three months ahead of schedule), we should be able, beginning in fiscal 2007, to make staffing cuts and avoid imposed fiscal watch or fiscal warning by the State and the necessity for a levy.

Revenue composition was changed by a large increase in property taxes related to servicing debt. State Foundation Grant to operate schools was down slightly as the State failed to provide adequate resources for the third consecutive year. Despite a purported increase to per pupil funding, the School District received a decrease in Foundation.

A quick look at total expenses shows that management was unable to trim costs and additionally had sizable increases in several categories. The increase in the special education category was caused by an increase in IDEA-B funding matched by an increase in the demand for more services and an increase in population served. Also, the State has segregated special education revenue and is demanding that each district spend all of the segregated revenue at the same time it is cutting revenue to regular education. Many of the School District cuts were made without direct impact to curriculum as retiring teachers were not replaced unless absolutely necessary.

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 2005	Total Cost of Services 2004	Net Cost of Services 2005	Net Cost of Services 2004
Instruction	\$5,081,716	\$4,729,933	\$4,636,943	\$4,354,119
Support Services:				
Pupils and Instructional Staff	517,546	498,383	508,607	483,022
Board of Education, Administration, Fiscal and Business Services	1,525,595	1,315,682	1,506,154	1,295,865
Operation and Maintenance of Plant	687,718	654,594	681,373	647,954
Pupil Transportation	705,038	696,964	698,936	690,378
Central	92,325	123,709	79,760	88,939
Extracurricular Activities	231,097	220,414	180,921	177,179
Interest and Fiscal Charges	357,276	562,200	357,276	562,200
Total Expenses	<u>\$9,198,311</u>	<u>\$8,801,879</u>	<u>\$8,649,970</u>	<u>\$8,299,656</u>

Joseph Badger Local School District
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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 \$17,302,376 and expenditures of \$11,870,296.

General Fund Financial Activity

One of the most significant Governmental Funds is the General Fund. The fund balance of the General Fund decreased for the second consecutive year by (\$281,955). Despite beating the pessimistic early estimate, the decrease in actual Intergovernmental revenue accounted for half of this loss. Property tax collections were up offsetting the loss from Intergovernmental. This shows a definite shift back to dependency on property tax a clear defiance of the orders of the Ohio Supreme Court. Interest revenue naturally increased due to the Federal Reserves current policy of moving interest rates up. This overall slight gain in revenue was not enough to offset the increase in expenditures.

General Fund Budgetary Highlights

In this fund, the forecasted expenditures presented to the Joseph Badger Board of Education in September finished on the low side. The lack of significant increases in State revenue and tax revenue was accurately projected. The general fund receipts were missed by \$12,790 or .2% and actual expenditures were higher than the original estimate by only \$366,075 out of \$7.368 million or 1.77%. This School District's year-end policy is 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. Another major fund is the school facilities commission fund where intergovernmental revenue was higher than anticipated and actual expenditures were also higher than expected.

CAPITAL ASSETS

The following table shows ending balances of capital assets invested in various categories. Table 4 reflects a total increase of \$2,423,565. 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.

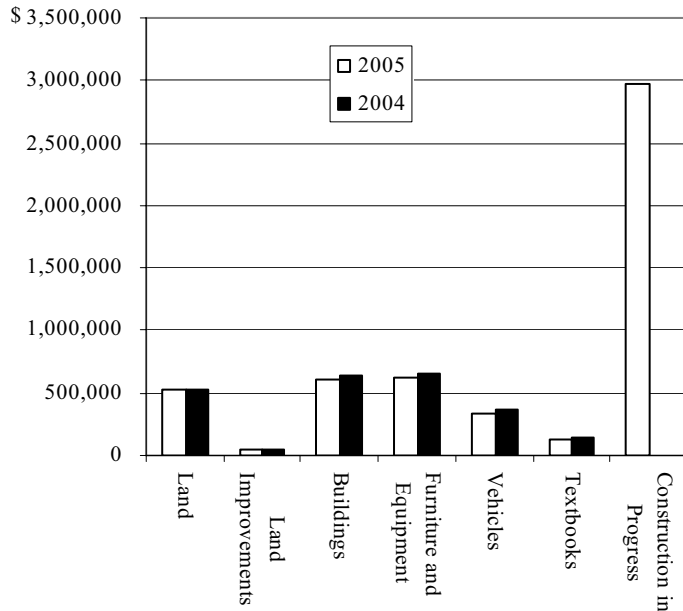
Capital Assets
(Table 4)
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$528,682	\$528,682	\$0	\$0	\$528,682	\$528,682
Land Improvements	44,328	48,201	0	0	44,328	48,201
Buildings and Improvements	610,265	646,311	0	0	610,265	646,311
Furniture and Equipment	625,631	659,894	28,918	31,609	654,549	691,503
Vehicles	339,555	360,995	0	0	339,555	360,995
Textbooks	124,179	141,999	0	0	124,179	141,999
Construction in Progress	2,968,778	429,080	0	0	2,968,778	429,080
Totals	\$5,241,418	\$2,815,162	\$28,918	\$31,609	\$5,270,336	\$2,846,771

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The School District had to purchase a new bus though the State has cut into transportation safety by cutting funding for new busses and now only provides one-third the needed revenue for bus replacement. The School District will maintain safe vehicles by increased spending on vehicle maintenance

(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 been forced by poor State funding to allow textbook and vehicles assets to decline. Management has chosen to allow land improvements, buildings and furniture and equipment categories to decline in value.

This year, you will notice the steep increase in Construction in Progress reflecting that the School District is making remarkable progress in constructing its new facility. It looks solidly like the School District will be able to occupy the new K-12 building in August of 2006. Construction in Progress will increase as buildings, land improvement, 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 only a single vehicle was purchased this year for \$53,660. In discussions with the director of transportation, the fleet is still in need of better vehicles; however, as stated, the State cut new bus funding, the School District met State cuts with cuts to transportation which means the School District will only purchase vehicles when it is no longer possible to safely operate an existing vehicle. Good management knows that the State is taking a risky strategy by under spending on capital assets, they are sacrificing the future by placing their school districts' fleets into a fully depreciated state meaning that future managers will need to invest huge sums to make up for this tactic. This will also 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

Short term notes in the amount of \$150,000 were repaid and not rolled over. The small amount of these notes coupled with the School District's relatively healthy cash balance made it apparent that the School District could loan themselves the money at the point in time where this would become necessary. The construction project could also provide some money for debt service as school district projects finishing under budget are required to apply their share of the returned funds to debt service. Currently the School District is under budget approximately \$800,000. The School District's share of these funds, \$232,000, would more than cover this debt. If in the event this money is not recovered by the School District, the note balance will be advanced to the bond fund from the General Fund and repaid each year until the entire amount is paid from ordinary tax collections.

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As of June 30, 2005, the School District's legal debt margin was negative (\$357,547) with an unvoted debt margin of \$103,752. 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

The State of Ohio continues to place pressure on the resources of local districts through budget cuts. Moving to a new building in the 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, if present staffing levels are kept, will require the passage of a new additional operating levy. The success rate of new levys has been very poor in this area. The School District is determined to do all it can to remain solvent and to avoid passing a new levy that would defy Supreme Court orders to reduce dependency on property tax. 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 is projected to 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
Financial Position					
Net Assets to:	\$24,635,947		Fund Balance to:	\$17,595,110	
Total General Revenues	8,657,040	2.8458	Total Revenue	17,302,376	.9834
Total Expenses	9,198,311	2.6783	Total Expenditures	11,870,296	1.4823
Change in Govt'l Net Assets to:	(\$67,411)		Unreserved Fund Balance to:	\$17,139,573	
Total Revenue	9,205,381	.0073	Total Revenue	17,302,376	.9906
Total Expenses	9,198,311	.0073	Total Expenditures	11,870,296	1.4439
Liquidity					
Current Assets to:	\$34,769,173		Cash and Investments to:	\$18,625,275	
Current Liabilities	4,666,254	7.4512	Current Liabilities	4,666,254	3.9915
Solvency					
Total Liabilities to:	\$15,374,644		Total Liabilities to:	\$15,374,644	
Total Assets	40,010,591	0.3843	Net Assets	24,635,947	.6241
Total Liabilities to:	\$15,374,644		Bonds Payable to:	\$10,087,223	
Total General Revenues	8,657,040	1.7760	Total Expenditures	11,870,296	.8498
Fiscal Capacity					
Total Liabilities x 100	\$1,537,464,400		Total Liabilities to:	\$15,374,644	
Total Assessed Property Value	103,342,747	14.8773	Population	7,066	2,175.8624
Property Tax Revenues x 100 to:	\$356,929,000		Property Tax Revenues to:	\$3,569,290	
Total Assessed Property Value	103,342,747	3.4538	Population	7,066	505.1359

Contacting the School District's Financial Management

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

Joseph Badger Local School District

Statement of Net Assets

June 30, 2005

	Governmental Activities	Business Type Activity	Total
<i>Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$18,637,476	\$0	\$18,637,476
Accrued Interest Receivable	15,906	0	15,906
Intergovernmental Receivable	12,230,957	0	12,230,957
Inventory Held for Resale	0	1,914	1,914
Materials and Supplies Inventory	13,517	811	14,328
Taxes Receivable	3,736,298	0	3,736,298
Deferred Charges	135,019	0	135,019
Non-depreciable Capital Assets	3,497,460	0	3,497,460
Depreciable Capital Assets, Net of Depreciation	1,743,958	28,918	1,772,876
<i>Total Assets</i>	<u>40,010,591</u>	<u>31,643</u>	<u>40,042,234</u>
<i>Liabilities:</i>			
Accounts Payable	2,066	0	2,066
Contracts Payable	186,695	0	186,695
Accrued Wages	652,541	26,062	678,603
Intergovernmental Payable	235,339	15,163	250,502
Deferred Revenue	3,554,085	0	3,554,085
Accrued Interest Payable	29,037	0	29,037
Claims Payable	6,491	0	6,491
Long Term Liabilities			
Due Within One Year	318,384	2,482	320,866
Due In More Than One Year	10,390,006	6,366	10,396,372
<i>Total Liabilities</i>	<u>15,374,644</u>	<u>50,073</u>	<u>15,424,717</u>
<i>Net Assets:</i>			
Investment in Capital Assets	5,241,418	28,918	5,270,336
Restricted:			
Set Asides	39,125	0	39,125
Capital Projects	19,032,171	0	19,032,171
Debt Service	22,545	0	22,545
Other Purposes	16,728	0	16,728
Unrestricted (Deficit)	283,960	(47,348)	236,612
<i>Total Net Assets (Deficit)</i>	<u>\$24,635,947</u>	<u>(\$18,430)</u>	<u>\$24,617,517</u>

See accompanying notes to the basic financial statement

Joseph Badger Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$4,162,869	\$36,411	\$83,417	\$0
Special	846,160	4,968	319,277	0
Vocational	72,687	700	0	0
Support Services:				
Pupils	240,415	2,310	1,132	0
Instructional Staff	277,131	2,572	2,925	0
Board of Education	436,901	4,029	0	0
Administration	742,762	7,141	0	0
Fiscal	345,932	3,271	0	5,000
Operation and Maintenance of Plant	687,718	6,345	0	0
Pupil Transportation	705,038	6,102	0	0
Central	92,325	565	0	12,000
Extracurricular Activities	231,097	49,676	500	0
Interest and Fiscal Charges	357,276	0	0	0
Total Governmental Activities	9,198,311	124,090	407,251	17,000
Business-Type Activity				
Food Service	441,914	183,155	168,727	0
Totals	\$9,640,225	\$307,245	\$575,978	\$17,000

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
(\$4,043,041)	\$0	(\$4,043,041)
(521,915)	0	(521,915)
(71,987)	0	(71,987)
(236,973)	0	(236,973)
(271,634)	0	(271,634)
(432,872)	0	(432,872)
(735,621)	0	(735,621)
(337,661)	0	(337,661)
(681,373)	0	(681,373)
(698,936)	0	(698,936)
(79,760)	0	(79,760)
(180,921)	0	(180,921)
(357,276)	0	(357,276)
(8,649,970)	0	(8,649,970)
0	(90,032)	(90,032)
(8,649,970)	(90,032)	(8,740,002)
2,866,940	0	2,866,940
447,599	0	447,599
254,751	0	254,751
4,750,313	0	4,750,313
334,034	0	334,034
3,403	0	3,403
8,657,040	0	8,657,040
(74,481)	74,481	0
8,582,559	74,481	8,657,040
(67,411)	(15,551)	(82,962)
24,703,358	(2,879)	24,700,479
\$24,635,947	(\$18,430)	\$24,617,517

Joseph Badger Local School District

Balance Sheet

Governmental Funds

June 30, 2005

	<u>General</u>	<u>School Facilities Commission</u>	<u>Other Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,580,399	\$14,217,665	\$2,788,086
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	39,125	0	0
Receivables:			
Taxes	2,993,626	0	742,672
Intergovernmental	0	12,230,248	709
Accrued Interest	15,906	0	0
Materials and Supplies Inventory	13,517	0	0
<i>Total Assets</i>	<u>\$4,642,573</u>	<u>\$26,447,913</u>	<u>\$3,531,467</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$1,966	\$0	\$100
Contracts Payable	0	186,695	0
Accrued Wages	634,080	0	18,461
Intergovernmental Payable	234,163	0	1,176
Deferred Revenue	2,980,539	12,230,248	739,415
<i>Total Liabilities</i>	<u>3,850,748</u>	<u>12,416,943</u>	<u>759,152</u>
Fund Balances			
Reserved for Encumbrances	17,565	381,390	234
Reserved for Textbooks	5,769	0	0
Reserved for Unclaimed Monies	879	0	0
Reserved for Property Taxes	13,087	0	3,257
Reserved for Budget Stabilization	33,356	0	0
Unreserved, Undesignated (Deficit), Reported in:			
General Fund	721,169	0	0
Special Revenue Funds	0	0	(2,658)
Debt Service Fund	0	0	26,965
Capital Projects Funds	0	13,649,580	2,744,517
<i>Total Fund Balances</i>	<u>791,825</u>	<u>14,030,970</u>	<u>2,772,315</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,642,573</u>	<u>\$26,447,913</u>	<u>\$3,531,467</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, 2005*

Total Governmental Funds	Total Governmental Fund Balances	\$17,595,110
	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$18,586,150	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,241,418
39,125		
3,736,298	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	
12,230,957	Delinquent Property Taxes	165,869
15,906	Intergovernmental	12,230,248
13,517		
<u>\$34,621,953</u>	Bond Issuance costs will be amortized over the life of the bonds on the statement of net assets.	12,396,117
		135,019
\$2,066	The internal service funds are used by management to charge the costs of insurance to individual funds The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	5,710
186,695		
652,541		
235,339	In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas, in governmental funds, an interest expenditure is reported when due	(29,037)
15,950,202		
<u>17,026,843</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.	
399,189	Compensated Absences	(621,167)
5,769	General Obligation Bonds	(9,724,993)
879	Bond Premium	(355,031)
16,344	Accretion on Bonds	(7,199)
33,356		
721,169		<u>(10,708,390)</u>
(2,658)		
26,965	Net Assets of Governmental Activities	<u>\$24,635,947</u>
16,394,097		
<u>17,595,110</u>		
<u>\$34,621,953</u>		

Joseph Badger Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	School Facilities Commission	Other Governmental Funds
Revenues			
Taxes	\$2,862,399	\$0	\$702,350
Intergovernmental	4,618,695	8,148,620	508,285
Interest	57,254	176,054	100,726
Tuition and Fees	21,948	0	0
Extracurricular Activities	0	0	48,498
Charges for Services	54,144	0	0
Miscellaneous	3,403	0	0
<i>Total Revenues</i>	<u>7,617,843</u>	<u>8,324,674</u>	<u>1,359,859</u>
Expenditures			
Current:			
Instruction:			
Regular	3,708,552	0	82,775
Special	511,934	0	324,610
Vocational	72,225	0	0
Support Services:			
Pupils	239,644	0	1,132
Instructional Staff	258,560	0	4,524
Board of Education	415,722	0	0
Administration	734,554	0	0
Fiscal	322,324	0	5,000
Operation and Maintenance of Plant	662,490	0	0
Pupil Transportation	642,741	0	0
Central	73,624	0	0
Extracurricular Activities	174,902	0	57,197
Capital Outlay	0	2,726,393	214,138
Debt Service:			
Principal Retirement	0	0	275,000
Interest and Fiscal Charges	0	0	362,255
<i>Total Expenditures</i>	<u>7,817,272</u>	<u>2,726,393</u>	<u>1,326,631</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(199,429)</u>	<u>5,598,281</u>	<u>33,228</u>
Other Financing Sources (Uses)			
Transfers In	0	0	8,045
Transfers Out	(82,526)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(82,526)</u>	<u>0</u>	<u>8,045</u>
<i>Net Change in Fund Balance</i>	(281,955)	5,598,281	41,273
<i>Fund Balances Beginning of Year</i>	<u>1,073,780</u>	<u>8,432,689</u>	<u>2,731,042</u>
<i>Fund Balances End of Year</i>	<u>\$791,825</u>	<u>\$14,030,970</u>	<u>\$2,772,315</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, 2005*

Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds	\$5,357,599
	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$3,564,749		
13,275,600	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay expense exceeded depreciation in the	
334,034	Capital Assets Additions	2,679,836
21,948	Depreciation Expense	(248,614)
48,498	Total	2,431,222
54,144		
3,403		
17,302,376	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(4,966)
	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
3,791,327	Taxes	4,541
836,544	Intergovernmental	(8,148,620)
72,225	Total	(8,144,079)
240,776		
263,084	In the statement of activities interest is accrued on outstanding bonds, bond accretion, bond premium, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds an interest expenditure is reported when due and premiums and issuance costs are reported when bonds are issued.	
415,722	Accrued Interest	458
734,554	Annual Accretion	(3,941)
327,324	Amortization of Premium on Bonds	13,655
662,490	Amortization of Issuance Costs	(5,193)
642,741	Total	4,979
73,624		
232,099		
2,940,531		
275,000		
362,255		
11,870,296	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.	
5,432,080	Compensated Absences	(47,516)
	Intergovernmental Payable	54,640
8,045	Total	7,124
(82,526)		
(74,481)	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	275,000
5,357,599		
12,237,511	The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund are allocated among the governmental activities.	5,710
\$17,595,110		
	<i>Change in Net Assets of Governmental Activities</i>	(\$67,411)

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, 2005

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Revenues				
Taxes	\$2,960,000	\$2,862,555	\$2,862,555	\$0
Intergovernmental	4,412,916	4,619,928	4,619,928	0
Interest	59,000	44,181	44,181	0
Tuition and Fees	50,300	22,058	22,058	0
Charges for Services	10,000	54,369	54,369	0
Contributions and Donations	33,637	0	0	0
Miscellaneous	68,020	3,572	3,572	0
<i>Total Revenues</i>	7,593,873	7,606,663	7,606,663	0
Expenditures				
Current:				
Instruction:				
Regular	3,644,144	3,706,746	3,706,746	0
Special	563,800	517,334	517,334	0
Vocational	23,350	70,487	70,487	0
Support Services:				
Pupils	169,930	234,305	234,305	0
Instructional Staff	229,270	252,708	252,708	0
Board of Education	257,500	415,163	415,163	0
Administration	705,195	714,214	714,214	0
Fiscal	302,881	312,654	312,654	0
Operation and Maintenance of Plant	619,775	644,895	644,895	0
Pupil Transportation	639,300	619,927	619,927	0
Central	68,100	76,423	76,423	0
Extracurricular Activities	145,028	169,492	169,492	0
<i>Total Expenditures</i>	7,368,273	7,734,348	7,734,348	0
<i>Excess of Revenues Over (Under) Expenditures</i>	\$225,600	(\$127,685)	(\$127,685)	\$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, 2005

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Other Financing Uses				
Transfers Out	(\$60,000)	(\$82,526)	(\$82,526)	\$0
<i>Net Change in Fund Balance</i>	165,600	(210,211)	(210,211)	0
<i>Fund Balance Beginning of Year</i>	1,796,007	1,796,007	1,796,007	0
<i>Fund Balance End of Year</i>	\$1,961,607	\$1,585,796	\$1,585,796	\$0

See accompanying notes to the basic financial statements

Joseph Badger Local School District

Statement of Fund Net Assets

Proprietary Funds

June 30, 2005

	Business-Type Activity Enterprise Fund	Governmental Activity Internal Service Fund
Assets		
Equity in Pooled Cash and Cash Equivalents	\$0	\$12,201
Inventory Held for Resale	1,914	0
Materials and Supplies Inventory	811	0
<i>Total Current Assets</i>	2,725	12,201
Capital Assets, Net	28,918	0
<i>Total Assets</i>	31,643	12,201
Liabilities		
Current Liabilities:		
Accrued Wages	26,062	0
Intergovernmental Payable	15,163	0
Compensated Absences Payable	2,482	0
Claims Payable	0	6,491
<i>Total Current Liabilities</i>	43,707	6,491
Long-Term Liabilities:		
Compensated Absences Payable	6,366	0
<i>Total Liabilities</i>	50,073	6,491
Net Assets		
Invested in Capital Assets	28,918	0
Unrestricted (Deficit)	(47,348)	5,710
<i>Total Net Assets (Deficit)</i>	(\$18,430)	\$5,710

See accompanying notes to the basic financial statements

Joseph Badger Local School District

*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2005*

	Business-Type Activity Enterprise Fund	Governmental Activity Internal Service Fund
Operating Revenues		
Charges for Services	\$0	\$47,084
Sales	183,155	0
<i>Total Operating Revenues</i>	<u>183,155</u>	<u>47,084</u>
Operating Expenses		
Salaries	138,259	0
Fringe Benefits	111,855	0
Purchased Services	13,259	4,548
Cost of Sales	175,174	0
Claims	0	36,826
Depreciation	2,691	0
Other	676	0
<i>Total Operating Expenses</i>	<u>441,914</u>	<u>41,374</u>
<i>Operating Income (Loss)</i>	<u>(258,759)</u>	<u>5,710</u>
Non-Operating Revenues		
Donated Commodities	52,661	0
Operating Grants	116,066	0
<i>Total Non-Operating Revenues</i>	<u>168,727</u>	<u>0</u>
<i>Loss Before Transfers</i>	(90,032)	5,710
Transfers In	74,481	0
<i>Change in Net Assets</i>	(15,551)	5,710
<i>Net Assets (Deficit) Beginning of Year</i>	<u>(2,879)</u>	<u>0</u>
<i>Net Assets (Deficit) End of Year</i>	<u>(\$18,430)</u>	<u>\$5,710</u>

See accompanying notes to the basic financial statements

Joseph Badger Local School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2005

	Business-Type Activity Enterprise Fund	Governmental Activity Internal Service Fund
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash Flows from Operating Activities:</i>		
Cash Received from Customers	\$183,155	\$0
Cash Received from Interfund Services	0	47,084
Cash Payments to Employees for Services	(133,004)	0
Cash Payments for Employee Benefits	(106,642)	0
Cash Payments for Claims	0	(30,335)
Cash Payments to Suppliers for Goods and Services	(133,380)	(4,548)
Other Cash Payments	(676)	0
<i>Net Cash Provided By (Used for) Operating Activities</i>	<u>(190,547)</u>	<u>12,201</u>
<i>Cash Flows from Noncapital Financing Activities</i>		
Operating Grants Received	116,066	0
Transfers In	74,481	0
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>190,547</u>	<u>0</u>
Net Increase in Cash and Cash Equivalents	0	12,201
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>0</u>	<u>0</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$0</u>	<u>\$12,201</u>

(continued)

Joseph Badger Local School District
Statement of Cash Flows
Proprietary Funds (continued)
For the Fiscal Year Ended June 30, 2005

	Business-Type Activity Enterprise Fund	Governmental Activity Internal Service Fund
	<u>Fund</u>	<u>Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used for) Operating Activities		
<i>Operating Income (Loss)</i>	<u>(\$258,759)</u>	<u>\$5,710</u>
<i>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</i>		
Depreciation	2,691	0
Donated Commodities Received During Year	52,661	0
Inventory Held for Resale	2,338	0
Materials and Supplies Inventory	54	0
<i>Increase/(Decrease) in Liabilities:</i>		
Accrued Wages	5,255	0
Compensated Absences Payable	3,578	0
Intergovernmental Payable	1,635	0
Claims Payable	0	6,491
<i>Total Adjustments</i>	<u>68,212</u>	<u>6,491</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u><u>(\$190,547)</u></u>	<u><u>\$12,201</u></u>

Non-Cash Noncapital Financing Activities:

Federal donated commodities in the amount of \$52,661 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, 2005

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$15,273	\$30,777
Receivables:		
Accrued Interest	37	0
<i>Total Assets</i>	<u>15,310</u>	<u>\$30,777</u>
Liabilities		
Due to Students	0	\$30,777
<i>Total Liabilities</i>	<u>0</u>	<u>\$30,777</u>
Net Assets		
Held in Trust for Scholarships	<u>15,310</u>	
<i>Total Net Assets</i>	<u>\$15,310</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, 2005

	Private Purpose Trust
	Scholarship
Additions	
Interest	\$311
Deductions	
Scholarships Awarded	152
<i>Change in Net Assets</i>	159
<i>Net Assets Beginning of Year</i>	15,151
<i>Net Assets End of Year</i>	\$15,310

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, 2005

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, sixty-nine certificated full-time teaching personnel, and six administrators who provide services to 1,114 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, 2005

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 activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the 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. The internal service fund is presented on the face of the proprietary fund statements. 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

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financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following 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 either enterprise or internal service.

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.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District utilizes an internal service fund to account for the operation of the School District's self insurance program for employee dental benefits.

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

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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 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 proprietary activities.

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, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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 2005, investments were limited to AIM Money Market 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, 2005.

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 School Facilities Commission Capital Projects fund during fiscal year 2005 amounted to \$176,054.

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 externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund is money required by State statute to be set-aside for the purchase of textbooks and other instructional material and 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 and purchased food held for resale, and materials and supplies held for consumption.

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G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The 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 and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

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and employee wage rates at fiscal year end taking into consideration any limits specified in the School District's termination policy. The entire liability is reported on the government-wide financial statements.

J. Accrued Liabilities and Long-term Obligations

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

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

K. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, textbooks 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. The government-wide statement of net assets reports \$19,110,569 of restricted net assets, of which \$212,268 is restricted by enabling legislation. 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.

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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 capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

O. Interfund Activity

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

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

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 requested a certificate of estimated resources to match actual revenues.

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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.

Note 3 - Change in Accounting Principle and Restatement of Prior Year Fund Balances

A. Changes in Accounting Principles

For fiscal year 2005, the School District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers."

GASB Statement No. 40 establishes disclosure requirements for investment credit risk, interest rate risk, deposit custodial risk and foreign currency risk.

GASB Statement No. 46 clarifies when net assets should be considered restricted based upon enabling legislation.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 46 and GASB Technical Bulletin No. 2004-2 did not affect the presentation of the financial statements of the School District.

Note 4 – Accountability and Compliance

A. Accountability

The following funds have deficit fund balances/net assets as of June 30, 2005:

	<u>Amount</u>
Special Revenue Funds:	
Title I	\$19,243
Title II-A	212
Enterprise Fund:	
Food Service	18,430

The special revenue fund deficits are caused by the recognition of expenditures on the modified accrual basis of accounting. The title I shortfall will be alleviated beginning fiscal year 2007, as only one full time

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instructor will be needed after the move to the new building. 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 also certain that the deficit in food service will be alleviated when the School District merges the four cafeterias into one at the beginning of Fiscal 2007.

B. Compliance

The schoolnet professional development, title II-A and bond retirement funds had original appropriations in excess of estimated resources and carryover balances in the amounts of \$1,575, \$783 and \$17,070, respectively, contrary to Section 5705.39, Revised Code. The violations were corrected by fiscal year end and management has indicated that appropriations will be closely monitored to ensure no future violations.

Note 5 - Budgetary Basis of Accounting

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

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

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	(\$281,955)
Net Adjustment for Revenue Accruals	(11,180)
Net Adjustment for Expenditure Accruals	116,652
Adjustment for Encumbrances	<u>(33,728)</u>
Budget Basis	<u><u>(\$210,211)</u></u>

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Note 6 - Deposits and Investments

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

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

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

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

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$241,460 of the School District's bank balance of \$341,460 was

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uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

As of June 30, 2005, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
AIM Money Market Mutual Funds	\$584,568	29 Days
Federal Home Loan Bank Bonds	5,000,399	217 Days
Federal National Mortgage Association Notes	5,000,394	July 2, 2008
STAROhio	7,763,082	33 days
Total Portfolio	\$18,348,443	

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

Credit Risk The AIM Money Market Mutual Fund, Federal Home Loan Bank Bonds, and the Federal National Mortgage Association Notes all carry a rating of AAA by Standard & Poor's and STAR Ohio also carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

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

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Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30,2005:

<u>Investment</u>	<u>Percentage of Investments</u>
AIM Money Market Mutual Funds	3.19%
Federal Home Loan Bank Bonds	27.25%
Federal National Mortgage Association Notes	27.25%
STAR Ohio	42.31%

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 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004 on the assessed value listed as of January 1, 2004, 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 2005 represents collection of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 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 2005(other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. 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, 2005 are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 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

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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, 2005 was \$13,087 in the general fund, \$2,779 in the bond retirement debt service fund, \$215 in the OSFC permanent improvement capital projects fund, and \$263 in the permanent improvement capital projects fund. 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.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred. The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second- Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural /Residential and Other Real Estate	\$90,889,060	87.95%	\$92,613,830	89.27%
Public Utility Personal	5,151,770	4.98	4,413,860	4.25
Tangible Personal Property	<u>7,301,917</u>	<u>7.07</u>	<u>6,724,556</u>	<u>6.48</u>
Total	<u>\$103,342,747</u>	<u>100.00%</u>	<u>\$103,752,246</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$44.00		\$44.20	

Note 8 - Receivables

Receivables at June 30, 2005, 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:

Governmental Activities	Amount
Student Intervention Grant	\$709
State School Facilities Commission Grant	<u>12,230,248</u>
Total Governmental Activities	<u>\$12,230,957</u>

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 9 - Capital Assets

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

	Balance 6/30/04	Additions	Deductions	Balance 6/30/05
Governmental Activities				
Capital Assets not being depreciated:				
Land	\$528,682	\$0	\$0	\$528,682
Construction in Progress	429,080	2,539,698	0	2,968,778
Total Capital Assets not being depreciated	957,762	2,539,698	0	3,497,460
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	1,514,825	50,756	(54,490)	1,511,091
Vehicles	849,716	53,660	(28,080)	875,296
Textbooks	463,168	35,722	0	498,890
Total Capital Assets being depreciated	5,147,140	140,138	(82,570)	5,204,708
Less Accumulated Depreciation:				
Land Improvements	(71,607)	(3,873)	0	(75,480)
Buildings and Improvements	(1,553,312)	(36,046)	0	(1,589,358)
Furniture and Equipment	(854,931)	(80,053)	49,524	(885,460)
Vehicles	(488,721)	(75,100)	28,080	(535,741)
Textbooks	(321,169)	(53,542)	0	(374,711)
Total Accumulated Depreciation	(3,289,740)	(248,614) *	77,604	(3,460,750)
Total Capital Assets being depreciated	1,857,400	(108,476)	(4,966)	1,743,958
Governmental Activities Capital Assets, Net	\$2,815,162	\$2,431,222	(\$4,966)	\$5,241,418
Business-Type Activity				
Furniture and Equipment	\$156,528	\$0	0	\$156,528
Less Accumulated Depreciation	(124,919)	(2,691)	0	(127,610)
Business-Type Activities Capital Assets, Net	\$31,609	(\$2,691)	\$0	\$28,918

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$106,661
Special	2,370
Vocational	462
Support Services:	
Pupils	928
Instructional Staff	7,013
Board of Education	16,655
Administration	6,038
Fiscal	3,496
Operation and Maintenance of Plant	28,077
Pupil Transportation	75,463
Central	541
Extracurricular Activities	910
Total Depreciation Expense	\$248,614

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 2005, 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:

General Liability	
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
Educators' Legal Liability – Errors and Omissions (\$5,000 deductible)	1,000,000
Automobile Liability	50,000
Owned/Leased Vehicles includes Hired/Non-owned (no deductible)	1,000,000
Uninsured Motorists (no deductible)	50,000
Automobile Physical Damage (\$1,000 deductible)	Actual Value
Property Insurance Limit (Replacement Cost with \$1,000 deductible)	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, 2005

B. Workers' Compensation

For fiscal year 2005, 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.

The School District has elected to provide dental coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a dental plan with a \$75 family and \$25 single deductible. A third party administrator, Professional Benefits Administrators, located in Austintown, Ohio, reviews all dental claims which are then paid by the School District. The School District pays into the self-insurance internal service fund \$70.90 per family coverage or \$19.78 per single coverage per month for the dental plan. The premiums are paid by the fund that pays the salary for the employee and are based on historical cost information.

The claims liability estimated by the third party administrator to be \$6,491 reported in the internal service fund at June 30, 2005 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The Change in the fund's claims liability amount for 2005 was:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2004	\$0	\$36,826	\$30,335	\$6,491

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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 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 43215-3476 or by calling (614) 222-5853.

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 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$119,652, \$74,205 and \$44,045 respectively; 63.42 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

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, 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 an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions 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

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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, 2005, 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. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004 and 2003 were \$534,340, \$481,409 and \$419,968 respectively; 86.16 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$6,694 made by the School District and \$6,376 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/State Teachers Retirement System. As of June 30, 2005, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - 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-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded 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 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, 2005, 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 \$41,085 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004, (the latest information available) 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. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. 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 2005, the minimum pay was established at \$27,400, however, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2005 school year the School District, paid \$38,827 to fund health care benefits, including the surcharge.

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 annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), 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.

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 \$.12 per \$1,000 for the first \$50,000 and \$.19 per \$1,000 after that. The coverage provided follows:

Class	Class Description	Amount of Coverage	Class	Class Description	Amount of Coverage
I	Full Time Certified	\$50,000	VI	Classified Cafeteria Aide	12,500
II	Full Time Classified	25,000	VII	Half Day Custodial	12,500
III	Part Time Certified	25,000	VIII	Building Secretaries	25,000
IV	Treasurer	200,000	IX	Administrators	50,000
V	Half Day Classified	\$12,500	X	Superintendent	100,000

Note 14 – Short-Term Obligations

As of June 30, 2005, the School District had paid its remaining balance of \$150,000 on a school construction note. The note was 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 note was issued to provide funds for the construction of school facilities.

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 15 – Long-Term Obligations

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

	Principal Outstanding 6/30/04	Additions	Reductions	Principal Outstanding 6/30/05	Amount Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2004 New School Construction					
Serial Bonds 2.00%-3.90%	\$9,900,000	\$0	\$275,000	\$9,625,000	\$280,000
Capital Appreciation Bonds 3.70%	99,993	0	0	99,993	0
Accretion on Capital Appreciation Bonds	3,258	3,941	0	7,199	0
Unamortized Premium	368,686	0	13,655	355,031	0
<i>Total General Obligation Bonds</i>	<u>10,371,937</u>	<u>3,941</u>	<u>288,655</u>	<u>10,087,223</u>	<u>280,000</u>
Compensated Absences	<u>573,651</u>	<u>152,257</u>	<u>104,741</u>	<u>621,167</u>	<u>38,384</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$10,945,588</u>	<u>\$156,198</u>	<u>\$393,396</u>	<u>\$10,708,390</u>	<u>\$318,384</u>
Business Type Activities:					
Compensated Absences	<u>\$5,270</u>	<u>\$6,181</u>	<u>\$2,603</u>	<u>\$8,848</u>	<u>\$2,482</u>

On June 24, 2003, Joseph Badger Local School District issued \$9,999,993 in 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 is \$2,482 in compensated absences due within one year for the business type activities although there is no accrued vacation, one retirement is expected.

The School District’s overall debt margin was (\$357,547) with an un-voted debt margin \$103,752 at June 30, 2005. Bonds were 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, 2005 are as follows:

Joseph Badger Local School District
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	Principal	Interest
2006	\$280,000	\$345,640
2007	285,000	339,990
2008	290,000	334,240
2009	300,000	328,340
2010	305,000	321,832
2011-2015	1,329,651	1,954,360
2016-2020	1,135,341	1,834,410
2021-2025	2,075,000	1,022,658
2026-2030	2,550,000	535,350
2031-2032	1,175,000	51,062
Totals	\$9,724,993	\$7,067,882

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

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

Note 16 – Interfund Transfers

Transfers made during the year ended June 30, 2005 were as follows:

Fund Name	Transfers In	Transfers Out
General Fund	\$0	\$82,526
District Managed Student Activity	8,045	0
Food Service	74,481	0
Totals	\$82,526	\$82,526

District managed student activity special revenue fund had an operating loss that was 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.

Joseph Badger Local School District
Notes to the Basic Financial Statements
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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, 2005.

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 2005, 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 \$16,019 to NEOMIN during fiscal year 2005.

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 2005. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information can be obtained from the Trumbull County Educational Service Center, at 347 North Park Avenue, Warren, Ohio, 44481.

Joseph Badger Local School District
Notes to the Basic Financial Statements
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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 2005, the School District paid \$846, 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 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.

Joseph Badger Local School District
Notes to the Basic Financial Statements
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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.

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

Joseph Badger Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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, 2005, 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, 2004	(\$16,992)	(\$10,955,156)	\$33,356
Current Year Set-aside Requirement	154,295	154,295	0
Current Year Offsets	0	0	0
Qualifying Disbursements	(131,534)	(56,728)	0
Totals	\$5,769	(\$10,857,589)	\$33,356
Set-aside Balance Carried Forward to Future Fiscal Years	\$5,769	(\$10,857,589)	\$33,356
Set-aside Reserve Balance as of June 30, 2005	\$5,769	\$0	\$33,356

The School District had qualifying disbursements during the fiscal year that reduced the capital acquisition set aside amount to below zero. This extra amount may be used to reduce the set-aside requirement of future years. The total reserve balance for the two set-asides at the end of the fiscal year was \$39,125.

Note 22 – Contractual Commitments

At June 30, 2005 the School District had \$22,364,643 in contractual commitments for the construction of the new K-12 facility.

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 taxes and 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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$16,604	\$26,965	\$2,744,517	\$2,788,086
Taxes Receivable	0	636,333	106,339	742,672
Intergovernmental Receivable	709	0	0	709
<i>Total Assets</i>	<u>\$17,313</u>	<u>\$663,298</u>	<u>\$2,850,856</u>	<u>\$3,531,467</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$100	\$0	\$0	\$100
Accrued Wages	18,461	0	0	18,461
Intergovernmental Payable	1,176	0	0	1,176
Deferred Revenue	0	633,554	105,861	739,415
<i>Total Liabilities</i>	<u>19,737</u>	<u>633,554</u>	<u>105,861</u>	<u>759,152</u>
Fund Balances				
Reserved for Encumbrances	234	0	0	234
Reserved for Property Taxes	0	2,779	478	3,257
Unreserved, Undesignated (Deficit), Reported in:				
Special Revenue Funds	(2,658)	0	0	(2,658)
Debt Service Fund	0	26,965	0	26,965
Capital Projects Funds	0	0	2,744,517	2,744,517
<i>Total Fund Balances</i>	<u>(2,424)</u>	<u>29,744</u>	<u>2,744,995</u>	<u>2,772,315</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$17,313</u>	<u>\$663,298</u>	<u>\$2,850,856</u>	<u>\$3,531,467</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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$0	\$447,599	\$254,751	\$702,350
Intergovernmental	411,751	72,337	24,197	508,285
Interest	0	1,360	99,366	100,726
Extracurricular Activities	48,498	0	0	48,498
<i>Total Revenues</i>	<u>460,249</u>	<u>521,296</u>	<u>378,314</u>	<u>1,359,859</u>
Expenditures				
Current:				
Instruction:				
Regular	82,775	0	0	82,775
Special	324,610	0	0	324,610
Support Services:				
Pupils	1,132	0	0	1,132
Instructional Staff	4,524	0	0	4,524
Fiscal	5,000	0	0	5,000
Extracurricular Activities	57,197	0	0	57,197
Capital Outlay	0	0	214,138	214,138
Debt Service:				
Principal Retirement	0	275,000	0	275,000
Interest and Fiscal Charges	0	361,166	1,089	362,255
<i>Total Expenditures</i>	<u>475,238</u>	<u>636,166</u>	<u>215,227</u>	<u>1,326,631</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(14,989)	(114,870)	163,087	33,228
Other Financing Sources				
Transfers In	8,045	0	0	8,045
<i>Net Change in Fund Balances</i>	(6,944)	(114,870)	163,087	41,273
<i>Fund Balances Beginning of Year</i>	<u>4,520</u>	<u>144,614</u>	<u>2,581,908</u>	<u>2,731,042</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$2,424)</u>	<u>\$29,744</u>	<u>\$2,744,995</u>	<u>\$2,772,315</u>

Joseph Badger Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	<u>Principal's</u>	<u>District Managed Student Activity</u>	<u>School Net Professional Development</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$7,633	\$8,341	\$303
Intergovernmental Receivable	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$7,633</u></u>	<u><u>\$8,341</u></u>	<u><u>\$303</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$100	\$0	\$0
Accrued Wages	0	0	0
Intergovernmental Payable	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>100</u>	<u>0</u>	<u>0</u>
Fund Balances			
Reserved for Encumbrances	234	0	0
Unreserved, Undesignated, (Deficit)	<u>7,299</u>	<u>8,341</u>	<u>303</u>
<i>Total Fund Balances</i>	<u>7,533</u>	<u>8,341</u>	<u>303</u>
 <i>Total Liabilities and Fund Balances</i>	 <u><u>\$7,633</u></u>	 <u><u>\$8,341</u></u>	 <u><u>\$303</u></u>

<u>Student Intervention</u>	<u>Title I</u>	<u>Title II-A</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$327	\$0	\$0	\$16,604
<u>709</u>	<u>0</u>	<u>0</u>	<u>709</u>
<u>\$1,036</u>	<u>\$0</u>	<u>\$0</u>	<u>\$17,313</u>
\$0	\$0	\$0	\$100
0	18,461	0	18,461
<u>182</u>	<u>782</u>	<u>212</u>	<u>1,176</u>
<u>182</u>	<u>19,243</u>	<u>212</u>	<u>19,737</u>
0	0	0	234
<u>854</u>	<u>(19,243)</u>	<u>(212)</u>	<u>(2,658)</u>
<u>854</u>	<u>(19,243)</u>	<u>(212)</u>	<u>(2,424)</u>
<u>\$1,036</u>	<u>\$0</u>	<u>\$0</u>	<u>\$17,313</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, 2005*

	Principal's	EMIS	District Managed Student Activity	DPPF
Revenues				
Intergovernmental	\$0	\$5,000	\$0	\$10,811
Extracurricular Activities	18,685	0	29,813	0
<i>Total Revenues</i>	18,685	5,000	29,813	10,811
Expenditures				
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
Fiscal	0	5,000	0	0
Extracurricular Activities	16,703	0	40,494	0
<i>Total Expenditures</i>	16,703	5,000	40,494	10,811
<i>Excess of Revenues Over (Under) Expenditures</i>	1,982	0	(10,681)	0
Other Financing Sources				
Transfers In	0	0	8,045	0
<i>Net Change in Fund Balances</i>	1,982	0	(2,636)	0
<i>Fund Balances (Deficit) Beginning of Year</i>	5,551	0	10,977	0
<i>Fund Balances (Deficit) End of Year</i>	\$7,533	\$0	\$8,341	\$0

<u>School Net Professional Development</u>	<u>Student Intervention</u>	<u>Safe Schools</u>	<u>IDEA-B</u>	<u>Title I</u>	<u>Title V</u>
\$2,925	\$23,235	\$1,132	\$194,984	\$113,482	\$4,757
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>2,925</u>	<u>23,235</u>	<u>1,132</u>	<u>194,984</u>	<u>113,482</u>	<u>4,757</u>
0	22,381	0	0	0	4,757
0	0	0	194,984	118,815	0
0	0	1,132	0	0	0
4,524	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>4,524</u>	<u>22,381</u>	<u>1,132</u>	<u>194,984</u>	<u>118,815</u>	<u>4,757</u>
(1,599)	854	0	0	(5,333)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(1,599)	854	0	0	(5,333)	0
<u>1,902</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(13,910)</u>	<u>0</u>
<u>\$303</u>	<u>\$854</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$19,243)</u>	<u>\$0</u>

(continued)

Joseph Badger Local School District
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances*
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2005

	Title II-A	Drug Free	Title II-D	Total Nonmajor Special Revenue Funds
Revenues				
Intergovernmental	\$47,809	\$4,599	\$3,017	\$411,751
Extracurricular Activities	0	0	0	48,498
<i>Total Revenues</i>	<u>47,809</u>	<u>4,599</u>	<u>3,017</u>	<u>460,249</u>
Expenditures				
Current:				
Instruction:				
Regular	48,021	4,599	3,017	82,775
Special	0	0	0	324,610
Support Services:				
Pupils	0	0	0	1,132
Instructional Staff	0	0	0	4,524
Fiscal	0	0	0	5,000
Extracurricular Activities	0	0	0	57,197
<i>Total Expenditures</i>	<u>48,021</u>	<u>4,599</u>	<u>3,017</u>	<u>475,238</u>
Excess of Revenues Over (Under) Expenditures	(212)	0	0	(14,989)
Other Financing Sources				
Transfers In	0	0	0	8,045
<i>Net Change in Fund Balances</i>	(212)	0	0	(6,944)
<i>Fund Balances (Deficit) Beginning of Year</i>	0	0	0	4,520
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$212)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$2,424)</u>

Jospeh Badger Local School District

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2005

	<u>Permanent Improvement</u>	<u>OSFC Permanent Improvement</u>	<u>L.F.I.</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$182,261	\$76,227	\$2,486,029	\$2,744,517
Taxes Receivable	<u>59,637</u>	<u>46,702</u>	<u>0</u>	<u>106,339</u>
<i>Total Assets</i>	<u><u>\$241,898</u></u>	<u><u>\$122,929</u></u>	<u><u>\$2,486,029</u></u>	<u><u>\$2,850,856</u></u>
 Liabilities and Fund Balances				
Liabilities				
Deferred Revenue	<u>59,374</u>	<u>46,487</u>	<u>0</u>	<u>105,861</u>
 Fund Balances				
Reserved for Property Taxes	263	215	0	478
Unreserved, Undesignated	<u>182,261</u>	<u>76,227</u>	<u>2,486,029</u>	<u>2,744,517</u>
<i>Total Fund Balances</i>	<u>182,524</u>	<u>76,442</u>	<u>2,486,029</u>	<u>2,744,995</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$241,898</u></u>	<u><u>\$122,929</u></u>	<u><u>\$2,486,029</u></u>	<u><u>\$2,850,856</u></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, 2005*

	School Net	Permanent Improvement	OSFC Permanent Improvement	L.F.I	Total Nonmajor Capital Projects Funds
Revenues					
Taxes	\$0	\$56,442	\$46,434	\$151,875	\$254,751
Intergovernmental	12,000	6,487	5,710	0	24,197
Interest	0	0	0	99,366	99,366
<i>Total Revenues</i>	<u>12,000</u>	<u>62,929</u>	<u>52,144</u>	<u>251,241</u>	<u>378,314</u>
Expenditures					
Capital Outlay	33,450	82,383	773	97,532	214,138
Interest and Fiscal Charges	0	0	0	1,089	1,089
<i>Total Expenditures</i>	<u>33,450</u>	<u>82,383</u>	<u>773</u>	<u>98,621</u>	<u>215,227</u>
<i>Net Change in Fund Balances</i>	(21,450)	(19,454)	51,371	152,620	163,087
<i>Fund Balances Beginning 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>
<i>Fund Balances End of Year</i>	<u>\$0</u>	<u>\$182,524</u>	<u>\$76,442</u>	<u>\$2,486,029</u>	<u>\$2,744,995</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, 2005

	Beginning Balance 06/30/04	Additions	Deductions	Ending Balance 06/30/05
<i>Student Managed Activities</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$26,109	\$41,047	\$36,379	\$30,777
Liabilities				
Due to Students	\$26,109	\$41,047	\$36,379	\$30,777

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, 2005

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Taxes	\$2,960,000	\$2,862,555	\$2,862,555	\$0
Intergovernmental	4,412,916	4,619,928	4,619,928	0
Interest	59,000	44,181	44,181	0
Tuition and Fees	50,300	22,058	22,058	0
Charges for Services	10,000	54,369	54,369	0
Contributions and Donations	33,637	0	0	0
Miscellaneous	68,020	3,572	3,572	0
<i>Total Revenues</i>	<u>7,593,873</u>	<u>7,606,663</u>	<u>7,606,663</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	2,618,629	2,693,331	2,693,331	0
Fringe Benefits	912,815	875,822	875,822	0
Purchased Services	35,700	35,732	35,732	0
Materials and Supplies	71,000	96,302	96,302	0
Capital Outlay - New	6,000	5,559	5,559	0
Total Regular	<u>3,644,144</u>	<u>3,706,746</u>	<u>3,706,746</u>	<u>0</u>
Special:				
Salaries and Wages	126,800	153,939	153,939	0
Fringe Benefits	26,200	52,736	52,736	0
Purchased Services	409,800	309,496	309,496	0
Materials and Supplies	1,000	359	359	0
Capital Outlay - New	0	804	804	0
Total Special	<u>563,800</u>	<u>517,334</u>	<u>517,334</u>	<u>0</u>
Vocational:				
Salaries and Wages	3,500	48,953	48,953	0
Fringe Benefits	19,850	21,534	21,534	0
Total Vocational	<u>23,350</u>	<u>70,487</u>	<u>70,487</u>	<u>0</u>
Total Instruction	<u>\$4,231,294</u>	<u>\$4,294,567</u>	<u>\$4,294,567</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, 2005

	<u>Budgeted Amounts</u>			Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Support Services:				
Pupils:				
Salaries and Wages	\$96,260	\$162,113	\$162,113	\$0
Fringe Benefits	51,370	62,684	62,684	0
Purchased Services	14,700	5,337	5,337	0
Materials and Supplies	7,600	4,171	4,171	0
Total Pupils	<u>169,930</u>	<u>234,305</u>	<u>234,305</u>	<u>0</u>
Instructional Staff:				
Salaries and Wages	163,800	182,481	182,481	0
Fringe Benefits	55,070	55,320	55,320	0
Purchased Services	1,200	2,658	2,658	0
Materials and Supplies	9,200	12,249	12,249	0
Total Instructional Staff	<u>229,270</u>	<u>252,708</u>	<u>252,708</u>	<u>0</u>
Board of Education:				
Salaries and Wages	8,000	6,515	6,515	0
Fringe Benefits	1,820	1,447	1,447	0
Purchased Services	240,500	389,359	389,359	0
Materials and Supplies	200	1,001	1,001	0
Other	6,980	16,841	16,841	0
Total Board of Education	<u>257,500</u>	<u>415,163</u>	<u>415,163</u>	<u>0</u>
Administration:				
Salaries and Wages	448,150	469,322	469,322	0
Fringe Benefits	204,140	203,880	203,880	0
Purchased Services	48,200	36,952	36,952	0
Materials and Supplies	3,100	2,404	2,404	0
Other	1,605	1,656	1,656	0
Total Administration	<u>705,195</u>	<u>714,214</u>	<u>714,214</u>	<u>0</u>
Fiscal:				
Salaries and Wages	116,200	123,889	123,889	0
Fringe Benefits	64,340	65,407	65,407	0
Purchased Services	32,100	23,659	23,659	0
Materials and Supplies	3,000	1,219	1,219	0
Capital Outlay - New	0	228	228	0
Other	87,241	98,252	98,252	0
Total Fiscal	<u>\$302,881</u>	<u>\$312,654</u>	<u>\$312,654</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, 2005

	<u>Budgeted Amounts</u>			Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operation and Maintenance of Plant:				
Salaries and Wages	\$205,050	\$213,043	\$213,043	\$0
Fringe Benefits	129,720	128,657	128,657	0
Purchased Services	244,300	260,534	260,534	0
Materials and Supplies	31,600	22,735	22,735	0
Other	9,105	19,926	19,926	0
Total Operation and Maintenance of Plant	<u>619,775</u>	<u>644,895</u>	<u>644,895</u>	<u>0</u>
Pupil Transportation:				
Salaries and Wages	204,200	217,310	217,310	0
Fringe Benefits	150,200	154,545	154,545	0
Purchased Services	166,800	123,352	123,352	0
Materials and Supplies	110,100	106,560	106,560	0
Other	8,000	18,160	18,160	0
Total Pupil Transportation	<u>639,300</u>	<u>619,927</u>	<u>619,927</u>	<u>0</u>
Central:				
Salaries and Wages	32,400	20,805	20,805	0
Fringe Benefits	17,900	10,169	10,169	0
Purchased Services	17,800	34,577	34,577	0
Materials and Supplies	0	10,872	10,872	0
Total Central	<u>68,100</u>	<u>76,423</u>	<u>76,423</u>	<u>0</u>
Total Support Services	<u>2,991,951</u>	<u>3,270,289</u>	<u>3,270,289</u>	<u>0</u>
Extracurricular Activities:				
Academic and Subject Oriented:				
Salaries and Wages	29,000	30,590	30,590	0
Fringe Benefits	2,510	5,203	5,203	0
Total Academic and Subject Oriented	<u>31,510</u>	<u>35,793</u>	<u>35,793</u>	<u>0</u>
Sports Oriented:				
Salaries and Wages	98,200	116,806	116,806	0
Fringe Benefits	15,318	16,893	16,893	0
Total Sports Oriented	<u>113,518</u>	<u>133,699</u>	<u>133,699</u>	<u>0</u>
Total Extracurricular Activities	<u>\$145,028</u>	<u>\$169,492</u>	<u>\$169,492</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<i>Total Expenditures</i>	\$7,368,273	\$7,734,348	\$7,734,348	\$0
<i>Excess of Revenues Over (Under) Expenditures</i>	225,600	(127,685)	(127,685)	0
Other Financing Uses				
Transfers Out	(60,000)	(82,526)	(82,526)	0
<i>Net Change in Fund Balance</i>	165,600	(210,211)	(210,211)	0
<i>Fund Balance at Beginning of Year</i>	1,796,007	1,796,007	1,796,007	0
<i>Fund Balance at End of Year</i>	<u>\$1,961,607</u>	<u>\$1,585,796</u>	<u>\$1,585,796</u>	<u>\$0</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$971,966	\$8,148,620	\$8,148,620	\$0
Interest	0	176,054	176,054	0
<i>Total Revenues</i>	<u>971,966</u>	<u>8,324,674</u>	<u>8,324,674</u>	<u>0</u>
Expenditures				
Capital Outlay:				
<i>Facilities Acquisition and</i>				
<i>Construction Services:</i>				
Architecture and Engineering				
Services:				
Purchased Services	1,117,680	1,370,136	1,370,136	0
Building Acquisition and				
Construction Services:				
Purchased Services	400,000	642,040	642,040	0
Materials and Supplies	1,000	530	530	0
Capital Outlay - New	500,000	883,781	883,781	0
Other	99,000	57,390	57,390	0
Total Building Acquisition and				
Construction Services	<u>1,000,000</u>	<u>1,583,741</u>	<u>1,583,741</u>	<u>0</u>
<i>Total Expenditures</i>	<u>2,117,680</u>	<u>2,953,877</u>	<u>2,953,877</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,145,714)	5,370,797	5,370,797	0
<i>Fund Balance at Beginning of Year</i>	<u>8,432,690</u>	<u>8,432,690</u>	<u>8,432,690</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$7,286,976</u>	<u>\$13,803,487</u>	<u>\$13,803,487</u>	<u>\$0</u>

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Sales	\$166,117	\$183,155	\$183,155	\$0
Operating Grants	125,000	116,066	116,066	0
<i>Total Revenues</i>	291,117	299,221	299,221	0
Expenses				
Salaries:				
Food Service Operations	125,520	133,004	133,004	0
Fringe Benefits:				
Food Service Operations	90,520	106,642	106,642	0
Purchased Services:				
Food Service Operations	11,400	13,259	13,259	0
Materials and Supplies:				
Food Service Operations	78,000	120,121	120,121	0
Other:				
Food Service Operations	676	676	676	0
<i>Total Expenses</i>	306,116	373,702	373,702	0
<i>Excess of Revenues Under Expenses</i>	(14,999)	(74,481)	(74,481)	0
Transfers In	63,000	74,481	74,481	0
<i>Net Change in Fund Balance</i>	48,001	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$48,001	\$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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Extracurricular Activities	<u>\$14,698</u>	<u>\$18,685</u>	<u>\$18,685</u>	<u>\$0</u>
Expenditures				
Current:				
<i>Extracurricular Activities:</i>				
School and Public Service				
Co-Curricular Activities:				
Purchased Services	2,900	3,055	3,055	0
Materials and Supplies	<u>13,700</u>	<u>13,882</u>	<u>13,882</u>	<u>0</u>
<i>Total Expenditures</i>	<u>16,600</u>	<u>16,937</u>	<u>16,937</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,902)	1,748	1,748	0
<i>Fund Balance at Beginning of Year</i>	<u>5,551</u>	<u>5,551</u>	<u>5,551</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$3,649</u></u>	<u><u>\$7,299</u></u>	<u><u>\$7,299</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, 2005

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

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
District Managed Student Activity Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Extracurricular Activities	\$31,344	\$29,813	\$29,813	\$0
Expenditures				
Current:				
<i>Extracurricular Activities:</i>				
Academic and Subject Oriented				
Activities:				
Purchased Services	3,500	3,124	3,124	0
Materials and Supplies	7,000	6,512	6,512	0
Total Academic and Subject Oriented Activities	10,500	9,636	9,636	0
Sports Oriented Activities:				
Purchased Services	22,300	23,608	23,608	0
Materials and Supplies	9,050	7,250	7,250	0
Capital Outlay - New	1,500	0	0	0
Total Sports Oriented Activities	32,850	30,858	30,858	0
<i>Total Expenditures</i>	43,350	40,494	40,494	0
<i>Excess of Revenues Under Expenditures</i>	(12,006)	(10,681)	(10,681)	0
Other Financing Sources				
Transfers In	8,045	8,045	8,045	0
<i>Net Change in Fund Balance</i>	(3,961)	(2,636)	(2,636)	0
<i>Fund Balance at Beginning of Year</i>	10,977	10,977	10,977	0
<i>Fund Balance at End of Year</i>	\$7,016	\$8,341	\$8,341	\$0

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, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				(Under)
Revenues				
Intergovernmental	\$10,811	\$10,811	\$10,811	\$0
Expenditures				
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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Intergovernmental	\$2,925	\$2,925	\$2,925	\$0
Expenditures				
Current:				
<i>Support Services:</i>				
Instructional Staff:				
Purchased Services	<u>6,402</u>	<u>4,524</u>	<u>4,524</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(3,477)	(1,599)	(1,599)	0
<i>Fund Balance at Beginning of Year</i>	<u>1,902</u>	<u>1,902</u>	<u>1,902</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>(\$1,575)</u></u>	<u><u>\$303</u></u>	<u><u>\$303</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Intergovernmental	\$24,660	\$22,526	\$22,526	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Salaries and Wages	16,000	16,880	16,880	0
Fringe Benefits	2,240	2,301	2,301	0
Materials and Supplies	0	3,018	3,018	0
<i>Total Expenditures</i>	<u>18,240</u>	<u>22,199</u>	<u>22,199</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	6,420	327	327	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>\$6,420</u></u>	<u><u>\$327</u></u>	<u><u>\$327</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
Safe Schools Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$1,976	\$1,132	\$1,132	\$0
Expenditures				
Current:				
<i>Support Services:</i>				
Pupils:				
Purchased Services	1,200	1,132	1,132	0
<i>Net Change in Fund Balance</i>	776	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	\$776	\$0	\$0	\$0

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
IDEA-B Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Intergovernmental	\$124,352	\$194,984	\$194,984	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Special:				
Purchased Services	<u>124,000</u>	<u>194,984</u>	<u>194,984</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	352	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>\$352</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Intergovernmental	\$123,525	\$113,482	\$113,482	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Special:				
Salaries and Wages	104,500	78,034	78,034	0
Fringe Benefits	14,634	37,045	37,045	0
Purchased Services	0	1,293	1,293	0
Materials and Supplies	0	1,000	1,000	0
<i>Total Expenditures</i>	119,134	117,372	117,372	0
<i>Net Change in Fund Balance</i>	4,391	(3,890)	(3,890)	0
<i>Fund Balance at Beginning of Year</i>	3,890	3,890	3,890	0
<i>Fund Balance at End of Year</i>	\$8,281	\$0	\$0	\$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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Intergovernmental	\$6,472	\$4,757	\$4,757	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Salaries and Wages	0	4,757	4,757	0
Capital Outlay - New	1,000	0	0	0
Total Regular	1,000	4,757	4,757	0
<i>Support Services:</i>				
Instructional Staff:				
Capital Outlay - New	5,000	0	0	0
Total Expenditures	6,000	4,757	4,757	0
Net Change in Fund Balance	472	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$472	\$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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Intergovernmental	\$49,217	\$47,809	\$47,809	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Salaries and Wages	50,000	43,950	43,950	0
Purchased Services	0	3,859	3,859	0
<i>Total Expenditures</i>	<u>50,000</u>	<u>47,809</u>	<u>47,809</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(783)	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 (Deficit) at End of Year</i>	<u>(\$783)</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
Drug Free Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Intergovernmental	\$5,150	\$4,599	\$4,599	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	<u>5,000</u>	<u>4,599</u>	<u>4,599</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	150	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>\$150</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, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Over (Under)
Revenues				
Intergovernmental	\$3,036	\$3,017	\$3,017	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Purchased Services	3,000	3,017	3,017	0
<i>Net Change in Fund Balance</i>	36	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	<u>\$36</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$321,115	\$598,084	\$598,084	\$0
Intergovernmental	146,080	72,337	72,337	0
Interest	0	1,360	1,360	0
<i>Total Revenues</i>	<u>467,195</u>	<u>671,781</u>	<u>671,781</u>	<u>0</u>
Expenditures				
Debt Service:				
Principal Retirement	275,000	425,000	425,000	0
Interest and Fiscal Charges	352,490	363,041	363,041	0
Total Debt Service	<u>627,490</u>	<u>788,041</u>	<u>788,041</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(160,295)	(116,260)	(116,260)	0
<i>Fund Balance Beginning of Year</i>	<u>143,225</u>	<u>143,225</u>	<u>143,225</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$17,070)</u></u>	<u><u>\$26,965</u></u>	<u><u>\$26,965</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$34,966	\$12,000	\$12,000	\$0
Expenditures				
Current:				
<i>Instruction:</i>				
Regular:				
Capital Outlay - New	21,450	21,450	21,450	0
Central:				
Capital Outlay - New	12,000	12,000	12,000	0
<i>Total Expenditures</i>	33,450	33,450	33,450	0
<i>Net Change in Fund Balance</i>	1,516	(21,450)	(21,450)	0
<i>Fund Balance at Beginning of Year</i>	21,450	21,450	21,450	0
<i>Fund Balance at End of Year</i>	\$22,966	\$0	\$0	\$0

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Taxes	\$62,201	\$56,447	\$56,447	\$0
Intergovernmental	233	6,487	6,487	0
<i>Total Revenues</i>	62,434	62,934	62,934	0
Expenditures				
Current:				
Support Services:				
Fiscal:				
Other	1,940	945	945	0
Pupil Transportation:				
Capital Outlay - New	0	53,660	53,660	0
Total Support Services	1,940	54,605	54,605	0
Capital Outlay:				
Building Improvement Services:				
Capital Outlay - New	5,000	27,778	27,778	0
<i>Total Expenditures</i>	6,940	82,383	82,383	0
<i>Net Change in Fund Balance</i>	55,494	(19,449)	(19,449)	0
<i>Fund Balance Beginning of Year</i>	201,710	201,710	201,710	0
<i>Fund Balance End of Year</i>	\$257,204	\$182,261	\$182,261	\$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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Taxes	\$25,285	\$46,328	\$46,328	\$0
Intergovernmental	53	5,710	5,710	0
<i>Total Revenues</i>	25,338	52,038	52,038	0
Expenditures				
Current:				
Fiscal:				
Other	3,000	773	773	0
<i>Net Change in Fund Balance</i>	22,338	51,265	51,265	0
<i>Fund Balance at Beginning of Year</i>	24,962	24,962	24,962	0
<i>Fund Balance at End of Year</i>	<u>\$47,300</u>	<u>\$76,227</u>	<u>\$76,227</u>	<u>\$0</u>

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$2,490,388	\$0	\$0	\$0
Interest	0	99,366	99,366	0
<i>Total Revenues</i>	2,490,388	99,366	99,366	0
Expenditures				
Capital Outlay:				
<i>Facilities Acquisition and</i>				
<i>Construction Services:</i>				
Architecture and Engineering				
Services:				
Purchased Services	136,200	93,202	93,202	0
Building Acquisition and				
Construction Services:				
Purchased Services	50,000	141,731	141,731	0
<i>Total Expenditures</i>	186,200	234,933	234,933	0
<i>Net Change in Fund Balance</i>	2,304,188	(135,567)	(135,567)	0
<i>Fund Balance at Beginning of Year</i>	2,484,195	2,484,195	2,484,195	0
<i>Fund Balance at End of Year</i>	\$4,788,383	\$2,348,628	\$2,348,628	\$0

Joseph Badger Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Dental Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Charges for Services	\$47,084	\$47,084	\$47,084	\$0
Expenditures				
Purchased Services	4,548	4,548	4,548	0
Claims	30,335	30,335	30,335	0
<i>Total Expenditures</i>	34,883	34,883	34,883	0
<i>Net Change in Fund Balance</i>	12,201	12,201	12,201	0
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	<u>\$12,201</u>	<u>\$12,201</u>	<u>\$12,201</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Interest	\$153	\$287	\$287	\$0
Expenses				
Other:				
Community Services	200	152	152	0
<i>Net Change in Fund Equity</i>	(47)	135	135	0
<i>Fund Balance Beginning of Year</i>	15,139	15,139	15,139	0
<i>Fund Balance End of Year</i>	\$15,092	\$15,274	\$15,274	\$0

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

	2005	2004	2003	2002	2001	2000
	Full	Full	Full	Full	Full	Full
	Accrual	Accrual	Accrual	Accrual	Accrual	Accrual
Program Revenues						
Charges for Services	\$124,090	\$121,253	\$106,504	\$86,606	\$83,505	\$53,581
Operating Grants and Contributions	407,251	342,520	312,740	269,385	295,623	302,526
Capital Grants and Contributions	17,000	38,450	30,809	2,000	79,807	32,851
General Revenues						
Taxes	3,569,290	3,149,304	2,803,481	2,760,963	2,556,186	2,632,853
Intergovernmental	4,750,313	4,773,678	4,720,389	4,775,137	4,300,266	4,133,565
Investment Earnings	334,034	449,914	70,379	78,565	159,079	145,316
Miscellaneous	3,403	2,744	0	30,573	38,506	55,765
<i>Total</i>	<u>\$9,205,381</u>	<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>
Expenses						
Instruction:						
Regular	\$4,162,869	\$3,958,248	\$3,829,689	\$3,792,508	\$3,578,852	\$3,369,166
Special	846,160	704,566	750,701	602,471	587,040	371,262
Vocational	72,687	67,119	63,659	58,150	50,628	51,646
Support Services:						
Pupils	240,415	237,688	322,887	269,551	264,410	252,287
Instructional Staff	277,131	260,695	257,806	207,527	168,253	122,148
Board of Education	436,901	300,559	281,985	180,336	136,730	73,278
Administration	742,762	786,608	846,826	981,924	764,260	663,633
Fiscal	345,932	228,515	224,407	189,586	235,506	162,282
Business	0	0	0	2,263	0	13,312
Operation and						
Maintenance of Plant	687,718	654,594	728,040	698,596	606,097	542,027
Pupil Transportation	705,038	696,964	656,404	629,915	581,336	534,694
Central	92,325	123,709	88,758	81,144	58,765	59,176
Operation of Non-						
Instructional Services		0	0	0	384	5,917
Extracurricular Activities	231,097	220,414	230,450	212,423	178,163	164,067
Interest	357,276	562,200	46,389	0	604	2,054
<i>Total</i>	<u>\$9,198,311</u>	<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

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

	2005	2004	2003	2002
Revenues				
Taxes	\$3,564,749	\$3,124,619	\$2,790,048	\$2,765,343
Intergovernmental	13,275,600	6,071,019	5,053,567	5,028,676
Interest	334,034	449,914	70,379	78,565
Tuition and Fees	21,948	22,168	30,188	29,332
Extracurricular Activities	48,498	41,521	49,652	62,456
Charges for Services	54,144	58,369	7,010	303
Contributions and Donations	0	657	2,318	5,580
Miscellaneous	3,403	2,744	0	30,573
<i>Total</i>	<u>\$17,302,376</u>	<u>\$9,771,011</u>	<u>\$8,003,162</u>	<u>\$8,000,828</u>
Expenditures				
Current:				
Instruction:				
Regular	\$3,791,327	\$3,921,378	\$3,806,052	\$3,819,281
Special	836,544	709,562	746,122	576,124
Vocational	72,225	66,657	65,191	57,887
Adult/Continuing	0	0	0	0
Other	0	0	0	0
Support Services:				
Pupils	240,776	236,361	308,753	268,240
Instructional Staff	263,084	252,998	250,600	206,845
Board of Education	415,722	283,904	266,854	175,876
Administration	734,554	793,047	866,372	954,362
Fiscal	327,324	226,605	221,497	190,276
Business	0	0	0	2,263
Operation and				
Maintenance of Plant	662,490	628,410	644,049	596,697
Pupil Transportation	642,741	617,232	630,654	648,736
Central	73,624	111,835	88,188	80,396
Operation of Non-				
Instructional Services	0	0	0	0
Extracurricular Activities	232,099	219,458	204,666	211,537
Capital Outlay	2,940,531	442,394	65,814	72,888
Debt Service	637,255	537,909	46,389	0
<i>Total</i>	<u>\$11,870,296</u>	<u>\$9,047,750</u>	<u>\$8,211,201</u>	<u>\$7,861,408</u>

Source: School District Financial Records

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

2001	2000	1999	1998	1997	1996
\$2,662,042	\$2,508,773	\$2,241,953	\$2,245,706	\$2,199,996	\$2,141,869
4,682,584	4,399,456	3,890,414	3,577,581	3,411,258	3,312,296
159,079	145,316	109,592	106,023	89,767	61,823
30,594	23,142	22,561	20,655	12,155	2,428
60,198	47,629	0	0	0	0
1,455	7,935	4,144	463	462	238
9,370	31,361	1,693	460	740	1,435
38,506	55,765	1,163	33,634	10	7,979
<u>\$7,643,828</u>	<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>
\$3,566,085	\$3,415,766	\$3,083,849	\$3,191,030	\$2,999,696	\$2,771,499
584,370	375,925	480,366	213,896	241,043	173,832
50,628	51,646	38,677	114,210	113,268	114,914
0	0	298	862	0	0
0	0	0	0	0	0
264,151	252,029	189,608	121,543	137,951	119,497
171,924	117,031	116,663	101,547	99,117	89,944
136,730	73,278	93,661	22,540	32,697	107,051
756,221	690,388	658,573	609,947	606,953	572,405
246,416	165,827	158,635	128,076	120,882	110,785
0	13,312	0	0	2,592	0
582,599	512,193	496,086	490,689	538,129	444,897
511,125	687,102	429,756	506,864	614,100	430,925
65,241	59,134	32,632	33,625	18,769	0
0	5,642	0	0	0	0
177,866	162,593	108,433	95,730	90,412	85,666
434,249	110,140	3,914	0	0	330
20,725	22,175	0	0	0	3,998
<u>\$7,568,330</u>	<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>

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

Year (1)	Total Tax Levy	Current Collections	Percent of		Total Collections	Delinquent Collections	Total Collections	Total Tax Collections		Outstanding Delinquent Taxes (2)	Outstanding Delinquent Taxes To Total Tax Levy
			Total Taxes Collected	Delinquent Collections				As a Percent of Total Tax Levy	Delinquent Taxes (2)		
2004	\$3,884,440	\$3,751,437	96.58%	\$106,710	\$3,858,147	\$225,256	99.32%	5.80%			
2003	3,136,410	3,047,462	97.16	112,035	3,159,497	181,508	100.74	5.79			
2002	2,994,509	2,925,509	97.70	103,875	3,029,384	185,234	101.16	6.19			
2001	3,016,427	2,904,513	96.29	121,474	3,025,987	198,400	100.32	6.58			
2000	2,926,898	2,834,162	96.83	70,844	2,905,006	195,059	99.25	6.66			
1999	2,598,515	2,553,491	98.27	90,952	2,644,443	173,009	101.77	6.66			
1998	2,523,387	2,463,731	97.64	80,130	2,543,861	180,377	100.81	7.15			
1997	2,503,458	2,441,668	97.53	135,535	2,577,203	212,682	102.95	8.50			
1996	2,448,537	2,372,321	96.89	93,700	2,466,021	240,382	100.71	9.82			
1995	2,427,226	2,338,370	96.34	75,028	2,413,398	190,762	99.43	7.86			

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. 2005 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)	
2005	\$92,613,830	\$264,610,943	\$4,413,860	\$5,015,750	\$6,724,556	\$26,898,224	\$103,752,246	\$296,524,917	35%
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

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
2005	\$44.20	\$10.35	\$12.00	\$5.80	\$14.00	\$7.70	\$15.30	\$2.40	\$6.55	\$0.00	\$0.00	\$6.55
2004	\$44.00	\$10.35	\$12.00	\$5.80	\$14.00	\$7.70	\$15.30	\$2.40	\$6.35	\$0.00	\$0.00	\$6.35
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

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

Joseph Badger Local School District

Ratio of Net General Obligation Bonded Debt to Assessed

Value and Net Bonded Debt Per Capita

Last Ten Years

<u>Year</u>	<u>General Obligation Bonded Debt (1)</u>	<u>Assessed Value</u>	<u>Population (2)</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2005	\$9,724,993	\$103,752,246	7,066	9.37%	\$1,376.31
2004	9,999,993	103,342,747	7,066	9.68	1,415.23
2003	0	102,530,584	7,066	0.00	0.00
2002	20,000	93,116,676	7,066	0.02	2.83
2001	22,175	91,590,252	7,066	0.02	3.14
2000	23,625	89,759,609	7,066	0.03	3.34
1999	25,075	70,116,529	6,977	0.04	3.59
1998	26,525	69,621,352	6,977	0.04	3.80
1997	33,156	68,522,771	6,977	0.05	4.75
1996	34,969	63,009,106	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, 2005

Assessed Valuation		<u>\$103,752,246</u>
Overall Debt Limit - 9% of Assessed Value (1)		9,337,702
Amount of Debt Applicable to Debt Limit		
General Obligation Bonds	9,724,993	
Less: Amount Available in Debt Service Fund	<u>(29,744)</u>	
Amount of Debt Subject to Limit		<u>9,695,249</u>
<i>Overall Debt Margin (1)</i>		<u><u>(\$357,547)</u></u>
Unvoted Debt Limit - .10% of Assessed Value (2)		\$103,752
Amount of Debt Applicable		<u>0</u>
<i>Unvoted Debt Margin</i>		<u><u>\$103,752</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, 2004

Jurisdiction	General Obligation Debt Outstanding (1)	Percentage Applicable to School District (2)	Amount Applicable to School District
Direct:			
Joseph Badger Local School District	\$9,724,993	100.00%	\$9,724,993
Overlapping:			
Trumbull County	17,969,906	2.80	503,157
Gustavus Township	0	100.00	0
Hartford Township	21,117	100.00	21,117
Kinsman Township	0	100.00	0
Vernon Township	0	100.00	0
Orangeville Village	0	100.00	0
Total Overlapping	<u>17,991,023</u>		<u>524,274</u>
Total	<u><u>\$27,716,016</u></u>		<u><u>\$10,249,267</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 2005 collection year.

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

Year	Principal	Interest	Total Debt Service (1)	Total General Governmental Expenditures	Ratio of Debt Service to Governmental Fund Expenditures (Percentage)
2005	\$275,000	\$351,190	\$626,190	\$11,870,296	5.28%
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

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)
2005	233,518	1,044	2,184	2,126	1,712	1,114	7.6%
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
(1)	Trumbull County Planning Commission						
(2)	Estimate provided by the State Census Bureau						
(3)	School District Financial Records						
(4)	Represents Trumbull County						

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

Year	Property Value (Real Estate Only) (1)	Financial Institution Deposits Banks (2)
2004	\$92,613,830	\$340,744
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

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

(1) Represents assessed value.

(2) Represents all banks headquartered in Trumbull County.

Starting in 2004, Second National Bank was incorporated with Sky Bank which is based in Columbiana County. The Federal Reserve reports bank deposits by institution in the county where their headquarters are located. The bulk of Trumbull County's bank deposits are now reported in Columbiana County's deposits with no discernable way to differentiate.

Joseph Badger Local School District

Principal Taxpayers

Real Estate Tax

December 31, 2004

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Target Stamped Product	\$771,590	0.83%
Richard B. Thompson	686,060	0.75
W I Miller & Sons	495,400	0.53
National Dairy Products	325,500	0.35
Stanwade Metal Products	315,640	0.34
Harnett, David L.	314,390	0.34
Kepner, Nancy M.	305,720	0.33
Miller, R Lawrence	266,530	0.29
O'Brien Michael J.	263,450	0.29
Massassauga Rattlesnake	<u>263,420</u>	<u>0.28</u>
Total	<u>\$4,007,700</u>	<u>4.33%</u>
Total Real Estate Valuation	<u>\$92,613,830</u>	

Source: Trumbull County Auditor

(1) Assessed values are for the 2005 collection year.

Joseph Badger Local School District

Principal Taxpayers

Tangible Personal Property Tax

December 31, 2004

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Kraft Foods, Inc.	\$2,239,230	33.30%
Target Stamped Products	1,598,830	23.78
Terry Harmon Motors	672,809	10.01
Palmer Donavin Manufacturing Co.	407,140	6.05
Stanwade Metal Products	389,920	5.81
Cope Farm Equipment	118,920	1.77
Century Cable Holdings	113,570	1.69
Horodyski Brothers Co.	104,014	1.55
Kinsman Supply and Rental	102,970	1.53
Advanced Health Service	<u>99,460</u>	<u>1.48</u>
Total	<u>\$5,846,863</u>	<u>86.95%</u>
Total Assessed Value	<u>\$6,724,556</u>	

Source: Trumbull County Auditor

(1) Assessed values are for the 2005 collection year.

Joseph Badger Local School District

Principal Taxpayers

Public Utilities Tax

December 31, 2004

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Ohio Edison Company	\$2,172,053	49.21%
United Telephone	1,018,830	23.08
Norfolk Southern Combined	510,104	11.57
American Transmission Services	403,850	9.15
Eastern Natural Gas	114,693	2.31
CSX Transportation	<u>101,772</u>	<u>2.60</u>
Total	<u>\$4,321,302</u>	<u>97.90%</u>
Total Assessed Value	<u>\$4,413,860</u>	

Source: Trumbull County Auditor

(1) Assessed values are for the 2005 collection year.

Joseph Badger Local School District

Per Pupil Cost

Last Ten Fiscal Years

<u>Year</u>	<u>General Governmental Expenditures</u>	<u>Average Daily Membership</u>	<u>Per Pupil Cost</u>
2005	\$11,870,296	1,114	\$10,656
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

Source: School District Financial Records.

Joseph Badger Local School District

Teacher Education And Experience

June 30, 2004

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	36	53%
Master's Degree	<u>32</u>	<u>47%</u>
Total	<u>68</u>	<u>100%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	12	18%
6 - 10	16	24%
11 and over	<u>40</u>	<u>59%</u>
	<u>68</u>	<u>100%</u>

Source: School District Personnel Records.



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

JOSEPH BADGER LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 12, 2006**