



**Auditor of State
Betty Montgomery**

BERKSHIRE LOCAL SCHOOL DISTRICT
GEAUGA COUNTY

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**BERKSHIRE LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$ -	\$30,109	\$ -	\$30,109
National School Lunch Program FY03	LL-P4-03	10.555	6,181	-	-	-
National School Lunch Program FY04	LL-P4-04	10.555	42,028	-	48,879	-
Total U.S. Department of Agriculture - Nutrition Cluster			48,209	30,109	48,879	30,109
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Title VI-B - FY 03	6B-SD-03-P	84.027	35,000	-	29,283	-
Title VI-B - FY 04	6B-SD-04-P	84.027	37,500	-	37,486	-
Title VI-B - FY 04 - Access Grant	6B-SF-04	84.027	154,947	-	132,048	-
Total Special Education Cluster			227,447	-	198,817	-
Grants to Local Educational Agencies						
Title I FY 03	C1-S1-03	84.010	(311)	-	4,309	-
Title I FY 04	C1-S1-04	84.010	179,804	-	167,054	-
Total Title I			179,493	-	171,363	-
Drug-Free Schools Grant						
Drug-Free Schools Grant FY 03	DR-S1-03	84.186	58	-	-	-
Drug-Free Schools Grant FY 04	DR-S1-04	84.186	5,084	-	4,963	-
Total Drug-Free Schools Grant			5,142	-	4,963	-
Eisenhower Math and Science						
Eisenhower Math and Science FY 02	MS-S1-02	84.281	621	-	1,207	-
Total Eisenhower Math and Science			621	-	1,207	-
Title VI (Innovative Ed)						
Title VI (Innovative Ed) FY 03	C2-S1-03	84.298	4,587	-	7,196	-
Title VI (Innovative Ed) FY 04	C2-S1-04	84.298	5,270	-	-	-
Total Title VI (Innovative Ed)			9,857	-	7,196	-
Title 11D Education Technology Grant						
Title 11D Education Technology Grant FY 04	TJ-S1-04	84.318	5,764	-	4,541	-
Total Title 11D Education Technology Grant			5,764	-	4,541	-
Class Size Reduction						
Class Size Reduction	CRS1-02	84.340	(34)	-	-	-
Total Class size Reduction			(34)	-	-	-
Title 11A						
Title 11A FY03	TR-S1-03	84.367	7,929	-	7,895	-
Title 11A FY04	TR-S1-04	84.367	52,292	-	43,545	-
Total Title 11A			60,221	-	51,440	-
Total Department of Education			488,511	-	439,527	-
Total Federal Assistance			\$536,720	\$30,109	\$488,406	\$30,109

See accompanying notes to the Schedule of Federal Awards Expenditures

**BERKSHIRE LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local monies. It is assumed federal monies are expended first.

NOTE C – NEGATIVE RECEIPTS

The negative receipts for the Eisenhower Math and Science CFDA #84.281 in the amount of \$3,558 and the Class Size Reduction CFDA #84.340 in the amount of \$6,478 represent amounts that were transferred or refunded to the State due to expiration of period of availability.

CFDA – Catalog of Federal Domestic Assistance



Auditor of State Betty Montgomery

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

Board of Education
Berkshire Local School District
Geauga County
14259 Claridon Troy Road, Box 364
Burton, Ohio 44021-0364

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Berkshire Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated September 27, 2004.

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Berkshire Local School District
Geauga County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

September 27, 2004



Auditor of State Betty Montgomery

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

Board of Education
Berkshire Local School District
Geauga County
14259 Claridon Troy Road, Box 364
Burton, Ohio 44021-0364

Compliance

We have audited the compliance of Berkshire Local School District, Geauga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter dated September 27, 2004.

We have audited the basic financial statements of the District as of and for the year ended June 30, 2004, and have issued our report thereon dated September 27, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

September 27, 2004

**BERKSHIRE LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

(II)	Type of Financial Statement Opinion	Unqualified
(III)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(III)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(III)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(III)	Were there any material internal control weakness conditions reported for major federal programs?	No
(III)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(III)	Type of Major Programs' Compliance Opinion	Unqualified
(III)	Are there any reportable findings under § .510?	No
(III)	Major Programs (list):	Nutrition Cluster, CFDA #10.550, #10.555 Title VI-B, CFDA #84.027
(III)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(III)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Berkshire Local School District Burton, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2004

Prepared by
Treasurer's Office
Julie A. Kirby
Treasurer

Berkshire Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004
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Berkshire Local School District

BOARD OF EDUCATION
14259 Claridon Troy Road · Burton, Ohio 44021-0364

Mrs. Julie Kirby
Treasurer
(440) 834-4408
FAX (440) 834-2058

September 27, 2004

Board of Education Members
Berkshire Local School District

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Berkshire Local School District for the fiscal year ended June 30, 2004. This CAFR includes an opinion from the State Auditor and 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 Berkshire Local School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Geauga 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 GFOA Certificate of Achievement.
2. The Financial Section which begins with the Independent Accountants' Report, and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents social and economic data, financial trends and the fiscal capacity of the Berkshire Local School District.

The School District

The Berkshire Local School District is located in eastern Geauga County. The School District encompasses seventy (70) square miles and includes Burton Village and the townships of Burton, Troy and Claridon.

Serving the Communities of Burton, Claridon, Troy

The mission of the Berkshire School Community is to maximize each student's potential as an individual and as a responsible citizen.

AN EQUAL OPPORTUNITY EMPLOYER



Mr. Michael Stone
President

Mr. D. Lee Imhof
Vice-President

Mr. Robert Johnson
Member

Mr. Tim Honkala
Member

Mr. Roger Miller
Member

The School District was established June 1967, through the consolidation of existing land areas and school districts and is organized under Article VI, sections 2 and 3 of the constitution of the State of Ohio. Under these provisions, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms. The Board manages the School District's five instructional/support facilities staffed by 87 certificated full time teaching personnel and 65 non-certificated employees to provide services to 1,390 students.

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

The Reporting Entity

The Berkshire Local School District has reviewed its reporting 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 its relationship with all departments, boards, organizations and agencies that make up the Berkshire Local School District.

Excluded from the reporting entity because they are fiscally independent of the School District are the Village of Burton, the Burton, Claridon and Troy Parent Teacher Organizations, the Burton Athletic and Music Booster Organizations and the Burton Community Scholarship Foundation.

The School District is associated with five jointly governed organizations, a related organization and one insurance purchasing pool. These organizations are the Auburn Career Center, the Lake Geauga Computer Association, the East Shore Regional Transportation System, the East Shore Center, the Ohio Schools Council, the Burton Public Library and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 19, 20 and 21 to the basic financial statements.

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

Economic Condition and Outlook

The Berkshire Local School District, like most in Ohio, faces a challenging economic climate. Despite significant reductions in costs, the School District is looking for the passage of an additional .5 percent income tax levy. Since the passage of a .75 percent income tax in 1992, the Board has not had the need to return to the ballot for additional operating monies. However, rising staff salaries, benefits, utilities, and other costs coupled with a reduction in the level of State funding and a loss of income tax revenue make doing so a necessity.

The Berkshire Local School District is noteworthy for a variety of reasons. It is rural and includes part of the second largest Amish population in Ohio, yet it is an easy commute to Cleveland, a major metropolitan center. The population contains a relatively high number of senior citizens, testimony to the fact that the region is a safe desirable place to live. Property values have risen steadily and upscale homes have signaled the demise of several farms. Affordable starter homes for young families are relatively scarce since even modest houses command significant prices by the standards of other communities. Several businesses contribute substantially to the operating revenues of the School District. Great Lakes Cheese, M. A. Hann Company, Troy Chemical, Troy Manufacturing, Burton Sheet Metal, Burton Floral and Garden, Preston Chevrolet, TRC Manufacturing, Farmore Farm, and several others serve as examples. The commercial base, though growing, is still rather small compared to more densely populated areas and neighboring school districts.

The funding structure of public education in Ohio is such that school districts receive very little revenue growth as a result of inflationary increases in their tax base. This is a result of House Bill 920 which mandates that any reappraised property increases results in an approximately equal value decrease in millage. As a result, school districts throughout Ohio must place operating funding issues on the ballot at regular intervals to keep pace with inflation and added programming.

Of the School District's General Fund operations, 38.97 percent of the General Fund revenue is received from real estate taxes on residential, commercial and industrial properties. Another 7.87 percent is received from tangible personal property taxpayers, with 39.66 percent being received from various forms of State aid including Homestead and Rollback exclusions on property taxes. The income tax accounts for 11.29 percent. Investment earnings are .25 percent and miscellaneous revenues are 1.96 percent.

Major Initiatives

Continuity of Leadership

Dr. Richard A. Markwardt, Superintendent, has been with the Berkshire Local School District for five and a half years. However as of July 31, 2004, Dr. Markwardt has resigned to assume a position with another school. The Board of Education has appointed Mrs. Kim Sethna, Curriculum Director for the last 8 years, as the Interim Superintendent while the search for a new Superintendent continues. The Board hopes to have a new Superintendent in place by January 2005. Mrs. Julie Kirby, Treasurer, has served for nineteen years. Thus, continuity of leadership has been a benefit enjoyed by the School District in recent times.

Educational Gains

The School District has made significant educational gains in the last five years. In fiscal year 2004, such progress manifested itself in rising proficiency scores and strong standardized test scores. Under the leadership of Mrs. Kim Sethna, Director of Curriculum and Instruction, the faculty Curriculum Council took steps to assure alignment of instruction with the Ohio Academic Content Standards. Those efforts were aided by individual student data collected through a series of monetary grants received by Mrs. Gina Symsek, Director of Special Education, from the Ohio Department of Education. Curriculum Based Management allows for collection and measurement of students' individual academic gains in math and reading. Consequently, teachers can better assess student readiness, mastery and gains.

The Berkshire Local School District is rated "Effective" on the District Report Card issued by the Ohio Department of Education. The School District passed eighteen of twenty-two areas cited in the report. In addition, preliminary scores on the Ohio Graduation Test cast the School District in a highly favorable light.

No Child Left Behind Compliance

Unfunded federal mandates require additional extensive diagnostic and achievement testing of students. Berkshire Local School District has complied with such requirements. As such testing is introduced at various grade levels, the School District is replacing its existing assessment instruments with those provided by the State of Ohio. In addition, Berkshire Local School District teachers are being measured by the NCLB standard of "highly qualified" in relationship to their teaching assignments.

Academic Intervention

The academic intervention program continues to prosper at Berkshire Local School District. At all grade levels, students who struggle are receiving additional instructional help from certified teachers outside of the regular classroom.

All-Day Every-Day Kindergarten

Despite budget cuts, the Board has thus far remained committed to this tuition-free kindergarten configuration. This is a decision that shows the Board's willingness to place student achievement and well-being above cost. How long the Board will be able to maintain this program in light of current fiscal realities is uncertain.

Cost Saving Measures

Like most Ohio public school districts, Berkshire Local School District faced economic challenges in fiscal year 2004. The Board of Education and School District administrative leadership elected to adopt a proactive approach to the situation.

In an effort to forestall an impending deficit, the Berkshire Local School District made significant reductions in personnel. All levels, administrative, certificated, and classified, were affected. So far, staffing decreases have been the result of attrition rather than reduction in force. Administrators led by example as two administrative positions were absorbed. The superintendent of schools, the director of curriculum, and the director of special education collectively assumed the duties previously undertaken by two additional building principals.

Other cost-saving measures were implemented. Building budgets were reduced by a minimum of 10 percent for fiscal year 2004. New technology purchases were suspended. A new health care coverage provider was selected. Staff development and field trip spending were monitored more closely.

The foregoing projects represent an incomplete list of undertakings during the 2004 school year. They are some of the means by which the Berkshire Local School District's staff, students and community are striving to help their School District reach its potential.

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 capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures 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 of Education. Budgets are controlled at the fund level. The Treasurer has been given authority to allocate board appropriations to the function and object levels within each fund. All purchase order requests must be approved by the Superintendent and certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation 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.

Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. In addition, an on line inquiry system is available at each cost center site. As an additional safeguard, all employees are covered by a blanket bond, and certain individuals in policy-making roles are covered by a separate, higher limit bond.

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

Financial Condition

This is the third 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 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 businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no 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.

Statement 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 reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion appears after the Independent Accountants' Report in the financial section of this report. Management's Discussion and Analysis provides an assessment of the School District's finances for fiscal year 2004. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

Financial Highlights - Internal Service Fund

The only internal service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision of prescription drug and dental benefits to the School District employees. The internal service fund had net assets of \$73,241 at June 30, 2004, compared with net assets of \$39,045 at June 30, 2003, reflecting a net increase in net assets of \$34,196.

Cash Management

The Board of Education has an aggressive cash management program which consists of expediting the receipt of revenues and prudently depositing cash which is insured by the Federal Deposit Insurance Corporation as well as investing available cash in instruments issued by the United States Government or the State of Ohio. The 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 \$24,063 for the fiscal year ended June 30, 2004 all of which was credited directly 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. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Risk Management

The School District established a self insurance internal service fund to account for and finance its prescriptions coverage with MIM Health Plans as the third party administrator and to account for dental coverage with Medical Benefits as the third party administrator.

Property, inland marine, crime and fleet insurance are bid and purchased through the Ohio Schools Council which contracted with Indiana Insurance Company. Property insurance is carried through Indiana Insurance Company with a \$255,000 limit for crime with a \$1,000 deductible and a \$18,609,215 limit for building and contents with a \$1,000 deductible and for inland marine with a \$250 deductible and a \$1,165,191 limit.

The Indiana Insurance Company also acts as the carrier for the School District's fleet insurance with liability at \$1,000,000 each accident, auto medical with \$7,500 each person, uninsured/underinsured motorist with \$50,000 each accident, comprehensive with a \$1,000 deductible and collision with a \$1,000 deductible.

The Indiana Insurance Company acts as the carrier for the School District's boiler and machinery insurance with a \$1,000 deductible and a \$30,000,000 limit.

The School District is in the Workers' Compensation Rating Pool with the members of the Ohio School Boards Association. Participation provides a lower premium rate per \$100 of salary than if the School District were rated individually.

Independent Audit

State statutes require the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor Betty Montgomery, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2004. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all school governments in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for 1981.

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 Berkshire Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

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

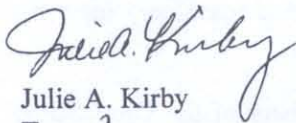
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

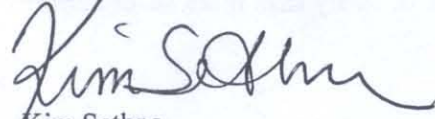
The publication of this report is a significant step toward elevating the professional standard for the Berkshire Local School District's financial reporting. It enhances the School District's accountability to the residents and provides all interested parties with a broad historical perspective of the Berkshire Local School District's financial and demographic information. 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.

Respectfully submitted,



Julie A. Kirby
Treasurer



Kim Sethna
Interim Superintendent

Berkshire Local School District

Principal Officials

June 30, 2004

Board of Education

Mr. Michael StonePresident
Mr. Lee Imhof. Vice-President
Mr. Bob Johnson, Jr..... Member
Mr. Roger Miller Member
Mr. Tim Honkala. Member

Treasurer

Mrs. Julie A. Kirby

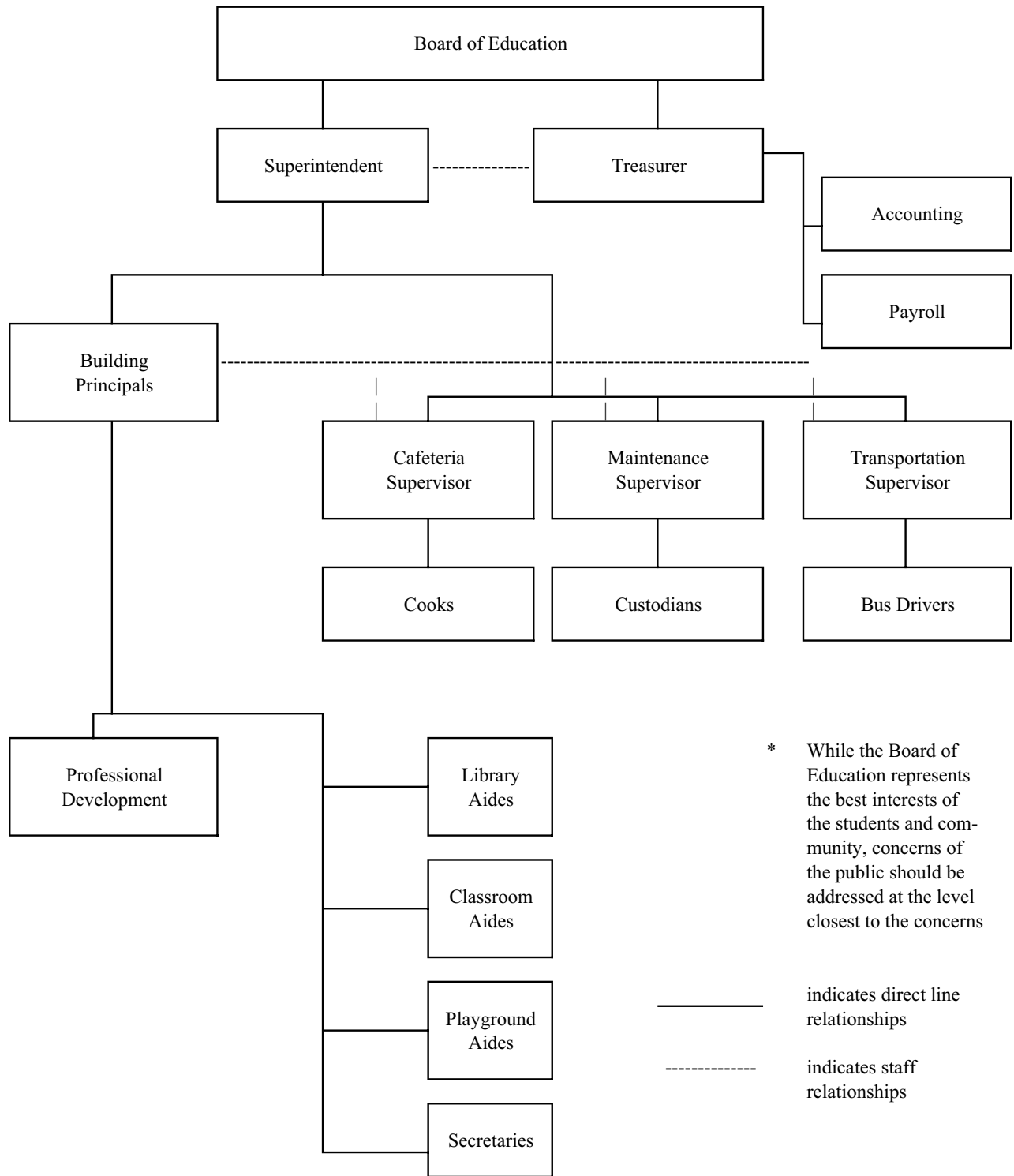
Superintendent

Mr. Richard A. Markwardt*

*Richard A. Markwardt left the office of Superintendent as of July 31, 2004. Kim Sethna has been appointed Interim Superintendent

Berkshire Local School District

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Berkshire Local School
District, Ohio

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

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



President

Executive Director

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Board of Education
Berkshire Local School District
Geauga County
14259 Claridon Troy Road, Box 364
Burton, Ohio 44021-0364

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Berkshire Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Berkshire Local School District, Geauga County, Ohio as of June 30, 2004, and the respective changes in financial position and the 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 September 27, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

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

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

Betty Montgomery
Auditor of State

September 27, 2004

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

As School Treasurer, it is with great pleasure that I present to you the financial picture of Berkshire Local School District. The discussion and analysis of Berkshire Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2004 are as follows:

- Total net assets of governmental activities decreased \$311,963 which represents a 9.83 percent decrease from 2003.
- Total revenues of \$11,012,144 were comprised of general revenues in the amount of \$9,829,834 or 89.3 percent and program specific revenues from charges for services, grants and contributions in the amount of \$1,182,310 or 10.7 percent.
- Total assets of governmental activities decreased by \$257,734 which includes cash and cash equivalents decrease of \$448,281 while property taxes receivable increased by \$148,623.
- The School District had \$11,324,107 in expenses related to governmental activities; only \$1,182,310 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$9,829,834 helped to provide for these programs.
- The general fund balance was \$483,720 at fiscal year end, down from \$871,433 at June 30, 2003.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2004?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency, fiscal capacity and risk and exposure.

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General fund and the Permanent Improvement Capital Projects fund.

Governmental Funds

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

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

The School District as a Whole

You may recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's Net Assets for 2004 compared to 2003:

Table (1)
 Net Assets
 Governmental Activities

	2004	2003
Assets		
Current and Other Assets	\$6,342,576	\$6,599,634
Capital Assets	2,847,591	2,848,267
<i>Total Assets</i>	9,190,167	9,447,901
Liabilities		
Current Liabilities	5,306,873	5,235,776
Long-Term Liabilities		
Due within One Year	147,944	150,483
Due in More than One Year	873,130	887,459
<i>Total Liabilities</i>	6,327,947	6,273,718
Net Assets		
Invested in Capital Assets		
Net of Related Debt	2,705,908	2,848,267
Restricted for:		
Capital Projects	302,853	310,541
Debt Service	0	52,024
Set Asides	39,468	39,468
Other Purposes	156,379	87,604
Unrestricted (Deficit)	(342,388)	(163,721)
<i>Total Net Assets</i>	\$2,862,220	\$3,174,183

Total assets decreased \$257,734. Equity in pooled cash and cash equivalents decreased \$448,281 due to a 3.25 percent increase in salaries. This decrease is also due to an increase in benefits, including a 15 percent increase in health insurance premiums.

Total liabilities increased \$54,229. Deferred Revenue was the biggest increase representing \$72,628 of the increase. This is mainly due to property taxes receivable. This increase is also due to the 3 percent increase in accrued wages. This increase was offset by a decrease in matured compensated absences payable of \$47,804. Matured special termination benefit payable also decreased by \$20,119 helping to offset the increase.

Total net assets decreased \$311,963. This decrease is due to the increase in salaries and benefits.

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Table 2 shows the changes in net assets for fiscal year 2004 compared to 2003.

Table (2)
Change in Net Assets
Governmental Activities

	2004	2003
Revenues		
<i>Program Revenues</i>		
Charges for Services and Sales	\$484,892	\$482,204
Operating Grants and Contributions	684,384	438,818
Capital Grants and Contributions	13,034	320,315
<i>Total Program Revenues</i>	<u>1,182,310</u>	<u>1,241,337</u>
<i>General Revenues</i>		
Property and Other Local Taxes	4,776,630	4,753,996
Income Taxes	1,092,823	1,046,293
Intergovernmental	3,851,111	3,797,347
Investment Earnings	24,063	88,847
Miscellaneous	85,207	81,484
<i>Total General Revenues</i>	<u>9,829,834</u>	<u>9,767,967</u>
<i>Total Revenues</i>	<u>11,012,144</u>	<u>11,009,304</u>
<i>Program Expenses</i>		
Current:		
Instruction:		
Regular	4,988,073	4,905,643
Special	1,153,426	967,922
Vocational	53,983	47,206
Support Services:		
Pupil	605,670	599,157
Instructional Staff	474,125	542,635
Board of Education	51,839	47,565
Administration	879,946	1,003,572
Fiscal	334,441	309,202
Business	27,850	16,910
Operation and Maintenance of Plant	1,118,464	1,088,676
Pupil Transportation	816,997	827,529
Operation of Non-Instructional Services	71,626	107,645
Operation of Food Services	317,033	316,403
Extracurricular Activities	425,556	413,973
Interest and Fiscal Charges	5,078	340
<i>Total Program Expenses</i>	<u>11,324,107</u>	<u>11,194,378</u>
<i>Decrease in Net Assets</i>	(311,963)	(185,074)
Net Assets Beginning of Year	<u>3,174,183</u>	<u>3,359,257</u>
<i>Net Assets End of Year</i>	<u>\$2,862,220</u>	<u>\$3,174,183</u>

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenue and expenses over the next five years. In November of 1992, the School District successfully passed a .75 percent income tax levy that was estimated to grow with inflation. It currently generates over \$1 million in revenue each year.

Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

As one can see, approximately 54.7 percent of the School Districts budget is used to fund instructional expenses. Additional supporting services for pupils, staff, and food, plant and business operations encompass an additional 22.5 percent. The remaining amount of program expenses, roughly 22.8 percent, is budgeted to facilitate other obligations of the School District such as transportation and numerous extracurricular activities. The large increase in special instruction is due to additional title I monies available for spending from the State. The decrease in administration expenditures is due to less administrators being employed by the School District.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2004 compared to 2003.

(Table 3)
 Total and Net Cost of Program Services
 Governmental Activities

	2004		2003	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$4,988,073	\$4,811,159	\$4,905,643	\$4,757,972
Special	1,153,426	868,403	967,922	861,703
Vocational	53,983	53,983	47,206	47,206
Support Services:				
Pupil	605,670	507,299	599,157	505,670
Instructional Staff	474,125	428,337	542,635	518,308
Board of Education	51,839	51,839	47,565	47,565
Administration	879,946	833,686	1,003,572	955,601
Fiscal	334,441	334,441	309,202	309,202
Business	27,850	27,748	16,910	16,810
Operation and Maintenance of Plant	1,118,464	1,111,496	1,088,676	1,077,192
Pupil Transportation	816,997	803,963	827,529	803,017
Operation of Non-Instructional Services	71,626	71,626	107,645	107,645
Operation of Food Service	317,033	(11,651)	316,403	(23,954)
Extracurricular Activities	425,556	244,390	413,973	(31,236)
Interest and Fiscal Charges	5,078	5,078	340	340
Total	\$11,324,107	\$10,141,797	\$11,194,378	\$9,953,041

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Property taxes and School District income tax made up 53.30 percent of total revenues for governmental activities for Berkshire Local School District in fiscal year 2004. Program Revenues for governmental activities provided 10.74 percent of governmental revenues with over 89.26 percent of all governmental activities supported through property taxes, grants and entitlements, and other general revenues. The 35.0 percent provided by the grants and entitlements portion of general revenues includes monies received from the Ohio Department of Education, State Foundation Program and property tax relief such as the homestead exemptions and rollbacks provided by HB 920. The community, through its willingness to provide property tax revenues and income tax revenue, is by far the primary support for Berkshire Local School District students.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,010,621 and expenditures of \$11,362,025. The net change in fund balance for the fiscal year was most significant in the General Fund, a decrease of \$387,713 due to an increase in salaries and health insurance premiums. Since the General Fund is now paying the food service employees' benefits, the Food Service Special Revenue Fund is showing an increase of \$23,839, eliminating the deficit fund balance. The School District has also received an increase in grant monies to better provide services to our students. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds, property taxes are the largest revenue source, accounting for 43.37 percent of total governmental revenue. Clearly, the four communities that comprise the School District are by far the greatest source of financial support for the students of the Berkshire Local School District.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2004, the School District amended its general fund budget numerous times. Many of the amendments are due to changes in expenditure priorities at the building levels. For the general fund, the final budget basis revenue was \$9,554,191 representing a \$208,183 increase from the original budget estimates of \$9,346,008. Most of this difference was due to conservative tax estimates in the area of real estate, tangible personal property and the School District income tax. The School District's general fund balance at end of year was \$368,280 reflecting additional funds budgeted but not expended or encumbered.

The School District revises its budget throughout the fiscal year. During fiscal year 2004, the significant increases were made to the transportation allocations due to the cost of diesel fuel and repairs increasing over the previous fiscal year and major repairs to buildings. Modifications to the original budget also included increases in the instruction, pupil services and maintenance, retirement and benefit accounts.

The School District uses a site-based budgeting system designed to tightly control total site budgets but provide flexibility for site management. Building principals are given a per pupil allocation for textbook, instructional materials and equipment. HB412 requires the School District to set aside three percent of certain general fund revenues for the purchase of textbooks and materials related to instruction which site-based budgets help to meet.

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004 the School District had \$2,847,591 invested in land, land improvements, buildings and improvements, furniture and fixtures, vehicles and construction in progress in governmental activities. Table 4 shows fiscal year 2004 balances compared to fiscal year 2003:

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

	2004	2003
Land	\$52,216	\$52,216
Land Improvements	110,333	112,055
Buildings and Improvements	1,484,027	1,386,027
Furniture and Fixtures	689,751	728,696
Vehicles	511,264	557,361
Construction in Progress	0	11,912
Total	\$2,847,591	\$2,848,267

The decrease in capital assets of \$676 was the result of annual depreciation offset by the purchase of one bus and the parking lot pavement. See Note 11 to the Basic Financial Statements for additional capital asset information.

Debt

The School District had no bonded debt in fiscal year 2004 and also maintains a AAA bond rating.

Challenges and Opportunities

Berkshire Local School District has continued to maintain the highest standards of service to our students, parents and community. The School District is always presented with challenges and opportunities. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. Recent national events and their impact on the Berkshire Local School District and the surrounding area are very much under review and analysis. Economic recession has had minor impact on our industries. We have limited local industry, but we are a much diversified community with many residents working outside our School District in varying types of employment. This has protected our School District income tax from a drastic loss to this point.

The School District is not without its share of challenges. The need for additional funds for operating is seen as the newest challenge for the School District. Another example is seen in low interest rates being very good for issuing debt, but not attractive for maintaining investment revenues. And finally, actions of local and state governments continue to impact the School District.

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Tax abated industries have always been an asset to the School District because the CRA (Community Reinvestment Area) legislation abated real estate tax only not tangible property taxes on the inventories and equipment of businesses. Recent legislation in Ohio eliminates inventory tax at the rate of one percent of assessed value per year over the next twenty-five years. The State has not provided a replacement vehicle for the lost inventory tax because it feels growth will offset the loss. Economic factors have not had an adverse impact on commercial or industrial growth in the School District.

Residential growth has also continued over the past year. Housing developments continue to move toward completion. Affordable new homes in the \$124,500 to \$200,000 price range are still available.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional. This ruling is further discussed in Note 24.

Berkshire Local School District has committed itself to financial reporting excellence for many years. The School District has received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting since 2000. Berkshire Schools are committed to continuous improvement in financial reporting to our community.

As a result of the challenges mentioned, it is imperative the School District's management continue to carefully and prudently plan in order to provide the resources required to meet student needs over the next several years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Julie A. Kirby, Treasurer at Berkshire Local School District, 14259 Claridon Troy Road, P.O. Box 364, Burton, Ohio 44021 or email at Be_Kirby@lgca.org.

Berkshire Local School District

Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,181,944
Accounts Receivable	414
Intergovernmental Receivable	28,790
Prepaid Items	3,496
Inventory Held for Resale	7,218
Materials and Supplies Inventory	23,845
Income Taxes Receivable	479,694
Property Taxes Receivable	4,617,175
Nondepreciable Capital Assets	52,216
Depreciable Capital Assets, Net	<u>2,795,375</u>
<i>Total Assets</i>	<u>9,190,167</u>
Liabilities	
Accounts Payable	47,144
Accrued Wages	920,738
Intergovernmental Payable	296,163
Matured Compensated Absences Payable	27,704
Matured Special Termination Benefits Payable	8,400
Deferred Revenue	4,004,290
Accrued Interest Payable	227
Claims Payable	2,207
Long-Term Liabilities:	
Due Within One Year	147,944
Due In More Than One Year	<u>873,130</u>
<i>Total Liabilities</i>	<u>6,327,947</u>
Net Assets	
Invested in Capital Assets, net of Related Debt	2,705,908
Restricted for:	
Capital Projects	302,853
Set Asides	39,468
Other Purposes	156,379
Unrestricted (Deficit)	<u>(342,388)</u>
<i>Total Net Assets</i>	<u><u>\$2,862,220</u></u>

See accompanying notes to the basic financial statements

Berkshire Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$4,988,073	\$79,894	\$97,020	\$0	(\$4,811,159)
Special	1,153,426	0	285,023	0	(868,403)
Vocational	53,983	0	0	0	(53,983)
Support Services:					
Pupil	605,670	0	98,371	0	(507,299)
Instructional Staff	474,125	0	45,788	0	(428,337)
Board of Education	51,839	0	0	0	(51,839)
Administration	879,946	0	46,260	0	(833,686)
Fiscal	334,441	0	0	0	(334,441)
Business	27,850	0	102	0	(27,748)
Operation and Maintenance of Plant	1,118,464	6,968	0	0	(1,111,496)
Pupil Transportation	816,997	0	0	13,034	(803,963)
Operation of Non-Instructional Services	71,626	0	0	0	(71,626)
Operation of Food Services	317,033	262,367	66,317	0	11,651
Extracurricular Activities	425,556	135,663	45,503	0	(244,390)
Interest and Fiscal Charges	5,078	0	0	0	(5,078)
Totals	\$11,324,107	\$484,892	\$684,384	\$13,034	(10,141,797)

General Revenues

Property Taxes Levied for:

General Purposes	4,536,033
Capital Outlay	240,597
Income Taxes Levied for General Purposes	1,092,823
Grants and Entitlements not Restricted to Specific Programs	3,851,111
Investment Earnings	24,063
Miscellaneous	85,207

Total General Revenues 9,829,834

Change in Net Assets (311,963)

Net Assets Beginning of Year 3,174,183

Net Assets End of Year \$2,862,220

See accompanying notes to the basic financial statements

Berkshire Local School District

Balance Sheet

Governmental Funds

June 30, 2004

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$593,076	\$283,685	\$190,267	\$1,067,028
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	39,468	0	0	39,468
Property Taxes Receivable	4,369,389	247,786	0	4,617,175
Income Taxes Receivable	479,694	0	0	479,694
Accounts Receivable	130	0	284	414
Intergovernmental Receivable	0	0	28,790	28,790
Interfund Receivable	28,839	0	0	28,839
Prepaid Items	3,315	0	181	3,496
Inventory Held for Resale	0	0	7,218	7,218
Materials and Supplies Inventory	21,874	0	1,971	23,845
<i>Total Assets</i>	<u>\$5,535,785</u>	<u>\$531,471</u>	<u>\$228,711</u>	<u>\$6,295,967</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$43,948	\$0	\$3,196	\$47,144
Accrued Wages and Benefits	881,948	0	38,790	920,738
Interfund Payable	0	0	28,839	28,839
Intergovernmental Payable	186,104	0	1,231	187,335
Matured Compensated Absences Payable	27,704	0	0	27,704
Matured Special Termination Benefits Payable	8,400	0	0	8,400
Deferred Revenue	3,903,961	236,204	0	4,140,165
<i>Total Liabilities</i>	<u>5,052,065</u>	<u>236,204</u>	<u>72,056</u>	<u>5,360,325</u>
Fund Balances				
Reserved for Encumbrances	215,937	55,624	43,491	315,052
Reserved for Property Taxes	465,428	11,582	0	477,010
Reserved for Budget Stabilization	39,468	0	0	39,468
Unreserved:				
Undesignated, Reported in:				
General Fund (Deficit)	(237,113)	0	0	(237,113)
Special Revenue Funds	0	0	113,164	113,164
Capital Projects Funds	0	228,061	0	228,061
<i>Total Fund Balances</i>	<u>483,720</u>	<u>295,267</u>	<u>156,655</u>	<u>935,642</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,535,785</u>	<u>\$531,471</u>	<u>\$228,711</u>	<u>\$6,295,967</u>

See accompanying notes to the basic financial statements

Berkshire Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2004*

Total Governmental Fund Balances	\$935,642
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	2,847,591
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes.	135,875
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	73,241
In the statement of activities, interest is accrued on outstanding capital leases, whereas in governmental funds, an interest expenditure is reported when due.	(227)
Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(108,828)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(879,391)
Capital Leases Payable	<u>(141,683)</u>
Total	<u>(1,021,074)</u>
 <i>Net Assets of Governmental Activities</i>	 <u><u>\$2,862,220</u></u>

See accompanying notes to the basic financial statements

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

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Income Taxes	\$1,092,823	\$0	\$0	\$1,092,823
Property and Other Local Taxes	4,534,337	240,770	0	4,775,107
Intergovernmental	3,838,741	25,404	637,592	4,501,737
Interest	24,063	0	0	24,063
Tuition and Fees	46,141	0	0	46,141
Extracurricular Activities	33,961	0	101,702	135,663
Contributions and Donations	1,289	0	45,503	46,792
Charges for Services	16,469	0	279,651	296,120
Rentals	6,968	0	0	6,968
Miscellaneous	85,207	0	0	85,207
<i>Total Revenues</i>	<u>9,679,999</u>	<u>266,174</u>	<u>1,064,448</u>	<u>11,010,621</u>
Expenditures				
Current:				
Instruction:				
Regular	4,691,661	0	102,369	4,794,030
Special	907,532	0	248,052	1,155,584
Vocational	51,639	0	0	51,639
Support Services:				
Pupil	494,213	0	85,586	579,799
Instructional Staff	432,361	0	38,363	470,724
Board of Education	51,018	0	0	51,018
Administration	835,649	0	41,235	876,884
Fiscal	325,462	0	0	325,462
Business	27,750	0	100	27,850
Operation and Maintenance of Plant	1,070,456	0	0	1,070,456
Pupil Transportation	761,529	0	0	761,529
Operation of Non-Instructional Services	72,296	0	0	72,296
Operation of Food Services	0	0	304,845	304,845
Extracurricular Activities	270,076	0	148,050	418,126
Capital Outlay	0	324,385	1,328	325,713
Debt Service:				
Principal Retirement	70,879	0	0	70,879
Interest and Fiscal Charges	5,191	0	0	5,191
<i>Total Expenditures</i>	<u>10,067,712</u>	<u>324,385</u>	<u>969,928</u>	<u>11,362,025</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(387,713)</u>	<u>(58,211)</u>	<u>94,520</u>	<u>(351,404)</u>
Other Financing Sources (Uses)				
Transfers In	0	52,024	0	52,024
Transfers Out	0	0	(52,024)	(52,024)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>52,024</u>	<u>(52,024)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(387,713)	(6,187)	42,496	(351,404)
<i>Fund Balances Beginning of Year</i>	<u>871,433</u>	<u>301,454</u>	<u>114,159</u>	<u>1,287,046</u>
<i>Fund Balances End of Year</i>	<u>\$483,720</u>	<u>\$295,267</u>	<u>\$156,655</u>	<u>\$935,642</u>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds (\$351,404)

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

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

Capital Outlay	278,754
Depreciation	<u>(264,806)</u>

Total	13,948
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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. (14,624)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues were attributed to property taxes. 1,523

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 70,879

In the statement of activities, interest is accrued on outstanding capital leases, whereas in governmental funds, an interest expenditure is reported when due. 113

Some expenses reported in the statement of activities, such as compensated absences and contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(54,011)
Pension Obligation	<u>(12,583)</u>

Total	(66,594)
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The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide statements of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 34,196

Change in Net Assets of Governmental Activities (\$311,963)

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$1,045,589	\$1,068,879	\$1,068,336	(\$543)
Property and Other Local Taxes	4,354,288	4,451,280	4,449,018	(2,262)
Intergovernmental	3,757,005	3,840,693	3,838,741	(1,952)
Interest	3,202	3,274	3,272	(2)
Tuition and Fees	45,149	46,154	46,131	(23)
Extracurricular Activities	33,238	33,978	33,961	(17)
Contributions and Donations	1,262	1,290	1,289	(1)
Charges for Services	16,118	16,477	16,469	(8)
Rentals	6,784	6,936	6,932	(4)
Miscellaneous	83,373	85,230	85,187	(43)
<i>Total Revenues</i>	<u>9,346,008</u>	<u>9,554,191</u>	<u>9,549,336</u>	<u>(4,855)</u>
Expenditures				
Current:				
Instruction:				
Regular	4,788,457	4,829,449	4,819,121	10,328
Special	871,787	944,364	937,625	6,739
Vocational	44,560	52,807	50,979	1,828
Support Services:				
Pupil	501,120	519,387	508,082	11,305
Instructional Staff	443,411	453,853	444,504	9,349
Board of Education	74,462	56,442	54,106	2,336
Administration	895,606	919,356	875,106	44,250
Fiscal	353,111	356,669	347,306	9,363
Business	1,475	28,466	27,750	716
Operation and Maintenance of Plant	1,238,601	1,158,124	1,109,915	48,209
Pupil Transportation	816,976	850,454	785,924	64,530
Operation of Non-Instructional Services	89,035	96,604	93,429	3,175
Extracurricular Activities	103,995	275,369	270,867	4,502
<i>Total Expenditures</i>	<u>10,222,596</u>	<u>10,541,344</u>	<u>10,324,714</u>	<u>216,630</u>
<i>Excess of Revenues Under Expenditures</i>	(876,588)	(987,153)	(775,378)	211,775
Other Financing Sources				
Advances In	1,499	1,499	1,499	0
<i>Net Change in Fund Balance</i>	(875,089)	(985,654)	(773,879)	211,775
<i>Fund Balance Beginning of Year</i>	970,159	970,159	970,159	0
Prior Year Encumbrances Appropriated	172,000	172,000	172,000	0
<i>Fund Balance End of Year</i>	<u>\$267,070</u>	<u>\$156,505</u>	<u>\$368,280</u>	<u>\$211,775</u>

See accompanying notes to the basic financial statements

Berkshire Local School District

Statement of Fund Net Assets

Internal Service Fund

June 30, 2004

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$75,448
Liabilities	
Claims Payable	<u>2,207</u>
Net Assets	
Unrestricted	<u><u>\$73,241</u></u>

See accompanying notes to the basic financial statements

Berkshire Local School District
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2004*

	Insurance
Operating Revenues	
Charges for Services	\$324,419
Operating Expenses	
Purchased Services	28,027
Claims	262,196
<i>Total Operating Expenses</i>	290,223
<i>Change in Net Assets</i>	34,196
<i>Net Assets Beginning of Year</i>	39,045
<i>Net Assets End of Year</i>	\$73,241

See accompanying notes to the basic financial statements

Berkshire Local School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2004

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services	\$324,419
Cash Payments for Goods and Services	(28,027)
Cash Payments for Claims	(261,078)
<i>Net Increase in Cash and Cash Equivalents</i>	35,314
<i>Cash and Cash Equivalents Beginning of Year</i>	40,134
<i>Cash and Cash Equivalents End of Year</i>	\$75,448
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$34,196
Adjustments:	
Decrease in Claims Payable	1,118
<i>Net Cash Provided by Operating Activities</i>	\$35,314

See accompanying notes to the basic financial statements

Berkshire Local School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2004

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$45,160</u>
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Liabilities

Due to Students	\$38,036
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Undistributed Monies	<u>7,124</u>
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<i>Total Liabilities</i>	<u>\$45,160</u>
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See accompanying notes to the basic financial statements

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

Note 1 - Description of the School District and Reporting Entity

Berkshire Local School District (the "School District") operates under a locally elected Board form of government and provides educational services as authorized by state and/or federal agencies. This Board controls the School District's five instructional/support facilities by 65 non-certified employees, 87 certified full time teaching personnel and five administrative employees to provide services to 1,390 students and other community members.

The School District was established in 1967 through the consolidation of existing land areas and school districts and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District serves an area of approximately 70 square miles. It is located in Geauga County, including all of Burton, Claridon, and Troy Townships, Ohio. The School District is the 412th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It currently operates four instructional buildings and one administrative building.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the basic financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Berkshire Local School District, this includes the agencies and departments that provide the following services: 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. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The School District is associated with five jointly governed organizations, one related organization and one insurance purchasing pool. These organizations are the Auburn Career Center, the Lake Geauga Computer Association, the East Shore Regional Transportation System, the East Shore Center, the Ohio Schools Council, the Burton Public Library and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 19, 20 and 21 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

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

statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more 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 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 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. 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 governmental activity 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 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 in a single column 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 year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which 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 is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

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

Permanent Improvement Fund The permanent improvement fund receives property taxes for acquisition, construction or improvement of capital facilities.

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

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

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's only internal service fund is a self insurance fund that accounts for prescription drug and dental claims of School District employees.

Fiduciary Fund Type 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 has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for student activities and employee computer purchases.

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 (e.g. revenues) and decreases (e.g. expenditures) 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 (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a 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 internal service 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 fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis

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

of accounting. Differences in the accrual and the modified accrual basis 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 values, 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 income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and 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 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, fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the proprietary fund, 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.

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

During fiscal year 2004, investments were limited to federal farm credit bank bonds and fannie mae bonds, which are reported at fair value based on quoted market prices, and STAROhio.

STAROhio (the State Treasury Asset Reserve of 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. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2004.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$24,063, which includes \$10,307 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund represent amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 23 for additional information regarding set-asides.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food.

I. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand 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.

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

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
Land Improvements	99 years
Buildings and Improvements	30 years
Furniture and Fixtures	6 - 10 years
Vehicles	3 - 10 years

J. 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 activities column of the statement of net assets.

K. 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 employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund(s) from which the employees who have resigned or retired will be paid.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities 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 judgments, compensated absences 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 fiscal year. Capital leases are recognized as a liability on the fund financial statements when due.

M. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment

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

are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. 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, 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 budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include instructional operations, food service operations and extracurricular activities.

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

Q. 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.

R. Estimates

The preparation of 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.

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

S. 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 limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set 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 fund level. The Treasurer has been given authority to allocate board appropriations to the function and object levels within each fund.

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 and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Note 3 - Change in Accounting Principle

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

Note 4 – Fund Deficits

The summer intervention special revenue fund at year-end had a deficit of \$3,283 as of June 30, 2004. The special revenue fund's deficit is due to the adjustments for accrued liabilities. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

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

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 liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments reported at cost (budget) rather than fair value (GAAP).
5. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (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	(\$387,713)
Net Adjustment for Revenue Accruals	(151,454)
Beginning Fair Value Adjustment for Investments	20,791
Advances In	1,499
Net Adjustment for Expenditure Accruals	7,262
Encumbrances	<u>(264,264)</u>
Budget Basis	<u><u>(\$773,879)</u></u>

Note 6 - Deposits and Investments

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

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

Inactive 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.

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

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

Interim monies may 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand At fiscal year end, the School District had \$25 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

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

Deposits At year end, the carrying amount of the School District's deposits was \$121,438 and the bank balance was \$216,421. Of the bank balance:

1. \$100,000 of the bank balance was covered by depository insurance; and
2. \$116,421 was uninsured and uncollateralized. Although securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments GASB Statement 3 requires investments to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Fair Value
Federal Farm Credit Bank Bonds	\$597,000	\$597,000
Fannie Mae Bonds	500,951	500,951
STAROhio		7,690
Total	\$1,097,951	\$1,105,641

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$1,227,104	\$0
Investments Which are Part of a Cash Management Pool		
Federal Farm Credit Bank Bonds	(597,000)	597,000
Fannie Mae Bonds	(500,951)	500,951
STAROhio	(7,690)	7,690
Cash on hand	(25)	0
GASB Statement No. 3	\$121,438	\$1,105,641

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

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 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Geauga County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2004 was \$465,428 in the general fund and \$11,582 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2003, was \$380,109 in the general fund and \$22,429 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.

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

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$170,902,090	86.58 %	\$175,510,300	87.09 %
Public Utility Personal	5,946,900	3.01	6,472,680	3.21
Tangible Personal Property	<u>20,538,500</u>	<u>10.41</u>	<u>19,535,060</u>	<u>9.70</u>
Total	<u>\$197,387,490</u>	<u>100.00 %</u>	<u>\$201,518,040</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$52.30		\$52.30	

Note 8 - Income Tax

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1993, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

Note 9 - Receivables

Receivables at June 30, 2004, consisted of taxes, accounts (rent, student fees and tuition) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

At June 30, 2004 the School District had an intergovernmental receivable of \$28,790 in the title I special revenue fund for grants.

Note 10 - Interfund Balances

Interfund Balances at June 30, 2004 consists of an interfund receivable in the general fund for \$28,839 and interfund payables from the food service and athletics and music special revenue funds for \$27,000 and \$1,839 respectively.

The loans to the food service and athletics and music special revenue funds were made to support programs and projects in these funds.

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

Note 11 – Capital Assets

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

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
Nondepreciable Capital Assets				
Land	\$52,216	\$0	\$0	\$52,216
Construction in Progress	11,912	0	(11,912)	0
<i>Total Nondepreciable Capital Assets</i>	64,128	0	(11,912)	52,216
Depreciable Capital Assets				
Land Improvements	125,253	0	0	125,253
Buildings and Improvements	4,170,965	159,734	0	4,330,699
Furniture and Fixtures	1,512,850	72,868	0	1,585,718
Vehicles	996,192	58,064	(83,698)	970,558
<i>Total at Historical Cost</i>	6,805,260	290,666	(83,698)	7,012,228
Less: Accumulated Depreciation				
Land Improvements	(13,198)	(1,722)	0	(14,920)
Buildings and Improvements	(2,784,938)	(61,734)	0	(2,846,672)
Furniture and Fixtures	(784,154)	(111,813)	0	(895,967)
Vehicles	(438,831)	(89,537)	69,074	(459,294)
<i>Total Accumulated Depreciation</i>	(4,021,121)	(264,806) *	69,074	(4,216,853)
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	2,784,139	25,860	(14,624)	2,795,375
<i>Governmental Activities Capital Assets, Net</i>	\$2,848,267	\$25,860	(\$26,536)	\$2,847,591

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$81,801
Special	606
Support Services:	
Pupil	7,967
Instructional Staff	5,857
Board of Education	821
Administration	17,869
Fiscal	333
Operation and Maintenance of Plant	47,978
Pupil Transportation	85,758
Operation of Food Services	9,028
Extracurricular Activities	6,788
Total Depreciation Expense	\$264,806

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

Note 12 - Interfund Transfers

The only transfer made during fiscal year 2004 was \$52,024 to the permanent improvement capital projects fund from the bond retirement debt service fund. This transfer was to close the bond retirement debt service fund.

Note 13 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the School District participated in the Ohio Schools Council insurance program which contracted with Indiana Insurance. Indiana Insurance acts as the carrier and the coverage provided is as follows:

<u>Type of Coverage</u>	<u>Amount</u>
Building and Contents - replacement cost	\$18,609,215
Inland Marine Coverage	1,165,191
Crime Insurance	255,000
Theft	15,000
Extra Expense	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists	50,000
General Liability	
Per Occurrence	1,000,000
Total per year	2,000,000
Boiler and Machinery	30,000,000
Consequential Loss	100,000
Expediting Expense	100,000
Hazardous Substance	100,000
Ammonia Contamination	100,000

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

B. Workers' Compensation

The School District participates in the Ohio Schools Boards Association Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool (Note 21). 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

Berkshire Local School District
Notes to the Basic Financial Statements
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contribute to the "Equity Pooling Fund". The "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 Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

C. Other Employee Benefits

The School District has elected to provide prescription and 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 and a prescription plan with a ten percent generic and twenty percent brand-name co-pay. A third party administrator, Medical Benefits, located in Newark, Ohio, reviews all dental claims which are then paid by the School District. Another third party administrator, MIM Health Plans, Inc. located in Cleveland, Ohio reviews all prescription claims which are then paid by the School District. The School District pays into the self-insurance internal service fund \$72.85 per family coverage or \$24.97 per single coverage per month for the dental plan and \$152.83 per family or \$57.87 per single coverage per month for the prescription 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 of \$2,207 reported in the internal service fund at June 30, 2004 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. Changes in the fund's claims liability amount for 2003 and 2004 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2003	\$5,946	\$257,437	\$262,294	\$1,089
2004	1,089	262,196	261,078	2,207

Note 14 - 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 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 305 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 75 days.

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

B. Life / Medical Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem. The School District has elected to provide employee medical/surgical benefits through Qual Choice. Of the monthly premium, 95 percent is paid by the School District and 5 percent is paid by the employee. The premium varies with employee depending on coverage.

C. Retirement Incentive

The School District Board of Education offers their employees participation in a Retirement Incentive program. Participation is open to employees who are eligible for service retirement under the State Teachers Retirement System (STRS) and School Employees Retirement System (SERS) pursuant to O.R.C. 3307.38 and any applicable STRS and SERS regulations. Each employee who qualifies for and takes retirement must notify the Board in writing of their intention prior to April 30. The employee receives a retirement incentive of 20 percent of the employee's last year's salary. The incentive is paid upon retirement.

Note 15 - Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 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 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to 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, 2004, 2003 and 2002 were \$139,237, \$125,145 and \$75,481 respectively; 56.10 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average

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

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

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003 and 2002 were \$626,371, \$612,399 and \$445,446 respectively; 84.06 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$3,718 made by the School District and \$3,596 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, 2004, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 16 - 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 System based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District this amount equaled \$48,182 for fiscal year 2004.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2003, (the latest information available) the balance in the Fund was \$2.8 billion. For the year ended June 30, 2003, net health care costs paid by STRS were \$352,301,000 and STRS had 108,294 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll, a decrease of .92 percent from fiscal year 2003. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established as \$25,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2004 fiscal year equaled \$106,639.

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, 2003 (the latest information available), were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 17 - Long Term Obligations

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

	Principal Outstanding 06/30/03	Additions	Reductions	Principal Outstanding 06/30/04	Amount Due in One Year
Governmental Activities					
Capital Leases Payable	\$212,562	\$0	\$70,879	\$141,683	\$72,947
Compensated Absences	825,380	133,615	79,604	879,391	74,997
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$1,037,942</u>	<u>\$133,615</u>	<u>\$150,483</u>	<u>\$1,021,074</u>	<u>\$147,944</u>

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

The capital lease and compensated absences payable will be paid from the general fund.

The School District's overall debt margin was \$18,136,624 with an unvoted debt margin of \$201,518 at June 30, 2004.

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

B. Litigation

The School District is not party to legal proceedings.

Note 19 - Jointly Governed Organizations

A. Auburn Career Center

The Auburn Career Center is a joint vocational school district which is a jointly governed organization among eleven School Districts. Each participating school district appoints one member to the Auburn Career Center's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Auburn Career Center is limited to its representation on the Board. Continued existence of the Auburn Career Center is not dependent on the School District's continued participation. Financial information can be obtained from the Auburn Career Center, 8140 Auburn Road, Painesville, Ohio 44077.

B. Lake Geauga Computer Association

The Lake Geauga Computer Association (the "LGCA") is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its 18 member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. During fiscal year 2004, the School District paid \$43,325 to LGCA. Financial information can be obtained from the Lake Geauga Computer Association, 8221 Auburn Road, Painesville, Ohio 44077.

C. East Shore Regional Transportation System

The East Shore Regional Transportation System (the "ESRTA") is a jointly governed organization formed for the purpose of providing a transportation system for the handicapped children in the 16 member school districts. The transportation committee (governing board) consists of the superintendents of the member

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

school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. ESRTA's continued existence is not dependent on the School District's continued participation. During fiscal year 2004, the School District made no contribution to ESRTA. Financial information can be obtained from the Kirtland Board of Education, 9252 Chillicothe Road, Kirtland, Ohio 44094.

D. East Shore Center

The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation of the governing board. During fiscal year 2004, the School District paid \$170 to the East Shore Center. Financial information can be obtained by writing the fiscal agent, Lake County Educational Service Center, 30 South Park Place, Suite 30, Painesville, Ohio 44077.

E. Ohio Schools Council

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2004, the School District paid \$1,209 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

Note 20 - Related Organization

Burton Public Library The Burton 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 Berkshire 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 Burton Public Library, Rebecca Herrick Clerk/Treasurer, PO Box 427, Burton, Ohio 44021.

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

Note 21 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Program 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 Director of 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.

Note 22 – Capital Leases

The School District has entered into a lease agreement for gym and exercise equipment. The lease obligation meets the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, "Accounting for Leases," and has been recorded on the government-wide statements. The equipment has been capitalized in the amount of \$218,901, the present value of the minimum lease payments at the inception of the lease. The book value as of June 30, 2004 was \$131,341. The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

<u>Fiscal Year Ending June 30,</u>	
2005	\$76,070
2006	<u>69,730</u>
Total Minimum Lease Payments	145,800
Less: Amount Representing Interest	<u>(4,117)</u>
Present Value of Minimum Lease	<u><u>\$141,683</u></u>

Note 23 - Set Asides

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2004, only the unspent portion of certain workers' compensation refunds continues to be set aside.

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

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbook Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2003	\$39,468	\$0	(\$929,792)
Current Year Set-aside Requirement	0	193,750	193,750
Qualifying Disbursements	0	(881,240)	(695,543)
Totals	<u>\$39,468</u>	<u>(\$687,490)</u>	<u>(\$1,431,585)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$39,468</u>	<u>\$0</u>	<u>(\$1,431,585)</u>
Set-aside Reserve Balance as of June 30, 2004	<u>\$39,468</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition and textbook set-asides. The extra amount in the textbook set-aside may be used to reduce the set-aside requirement of future years. The extra amount in the capital acquisition set-aside may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$39,468.

Note 24 - State School Funding Decision

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

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

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

Combining Statements and Individual Fund Schedules

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Special Revenue funds are established to account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes. A description of the School District's special revenue funds follows:

Food Service Fund This fund accounts for the financial transactions related to the food service operations of the School District.

Uniform School Supplies Fund This fund accounts for the purchase and sale of school supplies for use in the School District. Profits derived from such sales are used for school purposes or activities connected with the school.

Public School Support Fund This fund accounts for school site sales revenue and expenditures for field trips, assemblies, and other activity costs.

Martha Holden Jennings Grant Fund This fund accounts for State monies used to assist teachers in gaining new skills and teaching methods.

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

Educational Management Information Systems Fund 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.

ONenet Fund This fund accounts for State monies to assist teachers in improving their technology skills.

SchoolNet Professional Development Fund This fund accounts for State monies to assist staff in gaining knowledge of technology.

Ohio Reads Grant Fund This fund accounts for State monies to improve reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public schools and costs associated with volunteer coordination, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

Summer Intervention Fund This fund accounts for State monies used for the Summer School program.

School Improvement Model Fund This fund accounts for State monies used for improving student achievement on proficiency tests.

Eisenhower Math and Science Fund This fund accounts for monies used to improve the skills of teachers and the quality of instruction in mathematics, science, foreign languages and computer learning.

(continued)

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds (continued)

Title VI-B Fund This fund accounts for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, 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 the implementation of a variety of programs such as computer education, gifted and talented programs, in-service and staff development.

Drug Free Schools Grant Fund This fund accounts for Federal monies which support the implementation of programs for drug abuse education and prevention.

Class Size Reduction Grant Fund This fund accounts for Federal monies used to reduce class sizes in elementary schools.

Title II-D Technology Fund This fund accounts for State monies to assist staff in gaining knowledge 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 Fund

Capital Projects funds account for the acquisition, construction or improvement of capital facilities other than those financed by proprietary and trust funds.

School Net Plus Fund This fund accounts for State monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

Berkshire Local School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Intergovernmental	\$637,592	\$0	\$0	\$637,592
Extracurricular Activities	101,702	0	0	101,702
Contributions and Donations	45,503	0	0	45,503
Charges for Services	279,651	0	0	279,651
<i>Total Revenues</i>	<u>1,064,448</u>	<u>0</u>	<u>0</u>	<u>1,064,448</u>
Expenditures				
Current:				
Instruction:				
Regular	102,369	0	0	102,369
Special	248,052	0	0	248,052
Support Services:				
Pupil	85,586	0	0	85,586
Instructional Staff	38,363	0	0	38,363
Administration	41,235	0	0	41,235
Business	100	0	0	100
Operation of Food Services	304,845	0	0	304,845
Extracurricular Activities	148,050	0	0	148,050
Capital Outlay	0	0	1,328	1,328
<i>Total Expenditures</i>	<u>968,600</u>	<u>0</u>	<u>1,328</u>	<u>969,928</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	95,848	0	(1,328)	94,520
Other Financing Uses				
Transfers Out	0	(52,024)	0	(52,024)
<i>Net Change in Fund Balances</i>	95,848	(52,024)	(1,328)	42,496
<i>Fund Balances Beginning of Year</i>	<u>60,807</u>	<u>52,024</u>	<u>1,328</u>	<u>114,159</u>
<i>Fund Balances End of Year</i>	<u><u>\$156,655</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$156,655</u></u>

Berkshire Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Food Service	Uniform School Supplies	Public School Support
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$44,836	\$650	\$35,039
Accounts Receivable	0	0	284
Intergovernmental Receivable	0	0	0
Prepaid Items	0	0	0
Inventory Held for Resale	7,218	0	0
Materials and Supplies Inventory	1,971	0	0
<i>Total Assets</i>	<u>\$54,025</u>	<u>\$650</u>	<u>\$35,323</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$0
Accrued Wages and Benefits	17,115	0	0
Interfund Payable	27,000	0	0
Intergovernmental Payable	0	0	0
<i>Total Liabilities</i>	<u>44,115</u>	<u>0</u>	<u>0</u>
 Fund Balances			
Reserved for Encumbrances	0	0	497
Unreserved, Undesignated (Deficit)	9,910	650	34,826
<i>Total Fund Balances (Deficit)</i>	<u>9,910</u>	<u>650</u>	<u>35,323</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$54,025</u>	<u>\$650</u>	<u>\$35,323</u>

<u>Athletics and Music</u>	<u>Educational Management Information Systems</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Summer Intervention</u>
\$14,434	\$237	\$2,282	\$11,640	\$10
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$14,434</u>	<u>\$237</u>	<u>\$2,282</u>	<u>\$11,640</u>	<u>\$10</u>
\$1,222	\$0	\$0	\$162	\$0
0	0	0	0	3,246
1,839	0	0	0	0
0	0	0	0	47
<u>3,061</u>	<u>0</u>	<u>0</u>	<u>162</u>	<u>3,293</u>
5,666	0	0	0	0
5,707	237	2,282	11,478	(3,283)
<u>11,373</u>	<u>237</u>	<u>2,282</u>	<u>11,478</u>	<u>(3,283)</u>
<u>\$14,434</u>	<u>\$237</u>	<u>\$2,282</u>	<u>\$11,640</u>	<u>\$10</u>

(continued)

Berkshire Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2004

	School Improvement Model	Title VI-B	Title I
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$4,568	\$48,752	\$12,458
Accounts Receivable	0	0	0
Intergovernmental Receivable	0	0	28,790
Prepaid Items	0	181	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	0	0	0
<i>Total Assets</i>	<u>\$4,568</u>	<u>\$48,933</u>	<u>\$41,248</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$1,093
Accrued Wages and Benefits	0	0	18,429
Interfund Payable	0	0	0
Intergovernmental Payable	0	150	1,034
<i>Total Liabilities</i>	<u>0</u>	<u>150</u>	<u>20,556</u>
 Fund Balances			
Reserved for Encumbrances	0	22,177	14,596
Unreserved, Undesignated (Deficit)	4,568	26,606	6,096
<i>Total Fund Balances (Deficit)</i>	<u>4,568</u>	<u>48,783</u>	<u>20,692</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,568</u>	<u>\$48,933</u>	<u>\$41,248</u>

Title V	Drug Free Schools Grant	Class Size Reduction Grant	Title II-D Technology	Total Nonmajor Special Revenue Funds
\$5,270	\$121	\$8,747	\$1,223	\$190,267
0	0	0	0	284
0	0	0	0	28,790
0	0	0	0	181
0	0	0	0	7,218
0	0	0	0	1,971
<u>\$5,270</u>	<u>\$121</u>	<u>\$8,747</u>	<u>\$1,223</u>	<u>\$228,711</u>
\$446	\$0	\$273	\$0	\$3,196
0	0	0	0	38,790
0	0	0	0	28,839
0	0	0	0	1,231
<u>446</u>	<u>0</u>	<u>273</u>	<u>0</u>	<u>72,056</u>
53	0	502	0	43,491
<u>4,771</u>	<u>121</u>	<u>7,972</u>	<u>1,223</u>	<u>113,164</u>
<u>4,824</u>	<u>121</u>	<u>8,474</u>	<u>1,223</u>	<u>156,655</u>
<u>\$5,270</u>	<u>\$121</u>	<u>\$8,747</u>	<u>\$1,223</u>	<u>\$228,711</u>

Berkshire Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Food Service	Uniform School Supplies	Public School Support	Athletics and Music
Revenues				
Intergovernmental	\$66,317	\$0	\$0	\$0
Extracurricular Activities	0	0	5,972	95,730
Contributions and Donations	0	0	19,607	25,896
Charges for Services	262,367	17,284	0	0
<i>Total Revenues</i>	<u>328,684</u>	<u>17,284</u>	<u>25,579</u>	<u>121,626</u>
Expenditures				
Current:				
Instruction:				
Regular	0	17,173	0	0
Special	0	0	0	0
Support Services:				
Pupil	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Business	0	0	0	0
Operation of Food Services	304,845	0	0	0
Extracurricular Activities	0	0	22,808	125,242
<i>Total Expenditures</i>	<u>304,845</u>	<u>17,173</u>	<u>22,808</u>	<u>125,242</u>
<i>Net Change in Fund Balances</i>	23,839	111	2,771	(3,616)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(13,929)</u>	<u>539</u>	<u>32,552</u>	<u>14,989</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$9,910</u></u>	<u><u>\$650</u></u>	<u><u>\$35,323</u></u>	<u><u>\$11,373</u></u>

Educational Management Information Systems	ONEnet	SchoolNet Professional Development	Ohio Reads Grant	Summer Intervention	School Improvement Model
\$5,237	\$12,000	\$2,925	\$12,500	\$25,899	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
5,237	12,000	2,925	12,500	25,899	0
0	0	0	0	29,182	0
0	0	0	0	0	0
5,199	0	0	0	0	0
0	0	2,518	9,762	0	0
0	12,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
5,199	12,000	2,518	9,762	29,182	0
38	0	407	2,738	(3,283)	0
199	0	1,875	8,740	0	4,568
\$237	\$0	\$2,282	\$11,478	(\$3,283)	\$4,568

(continued)

Berkshire Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2004

	Eisenhower Math and Science	Title VI-B	Title I	Title V
Revenues				
Intergovernmental	\$621	\$227,447	\$208,283	\$5,270
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	0	0	0
Charges for Services	0	0	0	0
<i>Total Revenues</i>	<u>621</u>	<u>227,447</u>	<u>208,283</u>	<u>5,270</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	0	7,355
Special	0	70,907	177,145	0
Support Services:				
Pupil	1,207	69,086	5,076	0
Instructional Staff	0	26,083	0	0
Administration	0	29,035	0	200
Business	0	0	0	0
Operation of Food Services	0	0	0	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>1,207</u>	<u>195,111</u>	<u>182,221</u>	<u>7,555</u>
<i>Net Change in Fund Balances</i>	(586)	32,336	26,062	(2,285)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>586</u>	<u>16,447</u>	<u>(5,370)</u>	<u>7,109</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$0</u>	<u>\$48,783</u>	<u>\$20,692</u>	<u>\$4,824</u>

Drug Free Schools Grant	Class Size Reduction Grant	Title II-D Technology	Total Nonmajor Special Revenue Funds
\$5,142	\$60,187	\$5,764	\$637,592
0	0	0	101,702
0	0	0	45,503
0	0	0	279,651
5,142	60,187	5,764	1,064,448
4,921	43,738	0	102,369
0	0	0	248,052
0	477	4,541	85,586
0	0	0	38,363
0	0	0	41,235
100	0	0	100
0	0	0	304,845
0	0	0	148,050
5,021	44,215	4,541	968,600
121	15,972	1,223	95,848
0	(7,498)	0	60,807
\$121	\$8,474	\$1,223	\$156,655

Combining Statements - Fiduciary Funds

Agency 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 therefore not available to support the School District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results or operations. A description of the School District's agency funds follows:

Student Activities Fund This fund reflects resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

Employee Computer Purchase Fund This fund reflects resources that belong to the teachers of the various schools to be used for the purchase of computers for personal use.

Elementary Fund This fund reflects resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

Berkshire Local School District
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2004

	Beginning Balance 63003	Additions	Deductions	Ending Balance 63004
<i>Student Activities</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$43,631	\$71,229	\$76,824	\$38,036
Liabilities				
Due to Students	\$43,631	\$71,229	\$76,824	\$38,036
<i>Employee Computer Purchase</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$881	\$189	\$0	\$1,070
Liabilities				
Undistributed Monies	\$881	\$189	\$0	\$1,070
<i>Elementary</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$6,549	\$899	\$1,394	\$6,054
Liabilities				
Undistributed Monies	\$6,549	\$899	\$1,394	\$6,054
<i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$51,061	\$72,317	\$78,218	\$45,160
Liabilities				
Due to Students	\$43,631	\$71,229	\$76,824	\$38,036
Undistributed Monies	7,430	1,088	1,394	7,124
Total Liabilities	\$51,061	\$72,317	\$78,218	\$45,160

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

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income Taxes	\$1,045,589	\$1,068,879	\$1,068,336	(\$543)
Property and Other Local Taxes	4,354,288	4,451,280	4,449,018	(2,262)
Intergovernmental	3,757,005	3,840,693	3,838,741	(1,952)
Interest	3,202	3,274	3,272	(2)
Tuition and Fees	45,149	46,154	46,131	(23)
Extracurricular Activities	33,238	33,978	33,961	(17)
Contributions and Donations	1,262	1,290	1,289	(1)
Charges for Services	16,118	16,477	16,469	(8)
Rentals	6,784	6,936	6,932	(4)
Miscellaneous	83,373	85,230	85,187	(43)
<i>Total Revenues</i>	<u>9,346,008</u>	<u>9,554,191</u>	<u>9,549,336</u>	<u>(4,855)</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	3,344,224	3,312,937	3,307,212	5,725
Fringe Benefits	1,075,332	1,062,706	1,059,931	2,775
Purchased Services	205,546	285,338	284,637	701
Materials and Supplies	148,640	141,850	140,825	1,025
Capital Outlay - New	9,503	21,033	20,937	96
Capital Outlay - Replacement	5,212	5,585	5,579	6
Total Regular	<u>4,788,457</u>	<u>4,829,449</u>	<u>4,819,121</u>	<u>10,328</u>
Special:				
Salaries and Wages	374,632	410,305	409,068	1,237
Fringe Benefits	137,310	122,476	122,070	406
Purchased Services	354,532	405,729	403,233	2,496
Materials and Supplies	5,313	4,652	2,163	2,489
Capital Outlay - New	0	1,202	1,091	111
Total Special	<u>871,787</u>	<u>944,364</u>	<u>937,625</u>	<u>6,739</u>
Vocational:				
Salaries and Wages	30,200	38,200	36,842	1,358
Fringe Benefits	11,630	12,013	11,596	417
Purchased Services	150	50	0	50
Materials and Supplies	2,580	2,544	2,541	3
Total Vocational	<u>44,560</u>	<u>52,807</u>	<u>50,979</u>	<u>1,828</u>
Total Instruction	<u>\$5,704,804</u>	<u>\$5,826,620</u>	<u>\$5,807,725</u>	<u>\$18,895</u>

(continued)

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Support Services:				
Pupil:				
Salaries and Wages	\$316,090	\$334,962	\$329,468	\$5,494
Fringe Benefits	112,777	114,677	111,593	3,084
Purchased Services	49,462	31,237	29,351	1,886
Materials and Supplies	22,791	38,511	37,670	841
Total Pupil	<u>501,120</u>	<u>519,387</u>	<u>508,082</u>	<u>11,305</u>
Instructional Staff:				
Salaries and Wages	267,455	280,264	277,539	2,725
Fringe Benefits	74,354	79,837	77,371	2,466
Purchased Services	54,075	44,622	40,888	3,734
Materials and Supplies	24,064	22,824	22,407	417
Capital Outlay - New	23,463	25,620	25,613	7
Capital Outlay - Replacement	0	686	686	0
Total Instructional Staff	<u>443,411</u>	<u>453,853</u>	<u>444,504</u>	<u>9,349</u>
Board of Education:				
Salaries and Wages	5,000	5,000	4,800	200
Fringe Benefits	875	750	659	91
Purchased Services	34,349	21,044	20,388	656
Materials and Supplies	1,238	1,257	913	344
Other	33,000	28,391	27,346	1,045
Total Board of Education	<u>74,462</u>	<u>56,442</u>	<u>54,106</u>	<u>2,336</u>
Administration:				
Salaries and Wages	585,643	569,988	563,887	6,101
Fringe Benefits	205,783	207,097	203,114	3,983
Purchased Services	38,894	78,644	46,322	32,322
Materials and Supplies	6,283	4,101	3,741	360
Capital Outlay - New	1,800	1,900	1,824	76
Capital Outlay - Replacement	0	0	0	0
Other	57,203	57,626	56,218	1,408
Total Administration	<u>\$895,606</u>	<u>\$919,356</u>	<u>\$875,106</u>	<u>\$44,250</u>

(continued)

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fiscal:				
Salaries and Wages	\$134,550	\$133,775	\$132,257	\$1,518
Fringe Benefits	49,200	48,424	45,687	2,737
Purchased Services	19,042	20,691	17,998	2,693
Materials and Supplies	5,065	5,065	4,413	652
Other	145,254	148,714	146,951	1,763
Total Fiscal	353,111	356,669	347,306	9,363
Business:				
Other	1,475	28,466	27,750	716
Operation and Maintenance of Plant:				
Salaries and Wages	399,300	417,294	413,082	4,212
Fringe Benefits	146,225	151,749	150,255	1,494
Purchased Services	576,719	497,515	459,355	38,160
Materials and Supplies	108,857	84,749	81,598	3,151
Capital Outlay - New	6,500	2,000	896	1,104
Capital Outlay - Replacement	1,000	4,817	4,729	88
Total Operation and Maintenance of Plant	1,238,601	1,158,124	1,109,915	48,209
Pupil Transportation:				
Salaries and Wages	355,855	370,819	366,411	4,408
Fringe Benefits	160,798	163,416	161,239	2,177
Purchased Services	168,663	170,684	131,702	38,982
Materials and Supplies	73,460	94,535	75,751	18,784
Capital Outlay - New	1,200	0	0	0
Capital Outlay - Replacement	57,000	51,000	50,821	179
Total Pupil Transportation	816,976	850,454	785,924	64,530
Total Support Services	4,324,762	4,342,751	4,152,693	190,058
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	4,920	6,188	6,188	0
Fringe Benefits	77,018	84,819	82,088	2,731
Materials and Supplies	6,097	5,597	5,153	444
Capital Outlay - Replacement	1,000	0	0	0
Total Operation of Non-Instructional Services:	\$89,035	\$96,604	\$93,429	\$3,175

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	\$5,700	\$25,193	\$24,593	\$600
Fringe Benefits	10,295	18,857	18,346	511
Total Academic and Subject Oriented Activities	15,995	44,050	42,939	1,111
Sports Oriented Activities:				
Salaries and Wages	83,000	226,319	224,749	1,570
School and Public Service Co-Curricular Activities:				
Salaries and Wages	5,000	5,000	3,179	1,821
Total Extracurricular Activities	103,995	275,369	270,867	4,502
<i>Total Expenditures</i>	10,222,596	10,541,344	10,324,714	216,630
<i>Excess of Revenues Under Expenditures</i>	(876,588)	(987,153)	(775,378)	211,775
Other Financing Sources				
Advances In	1,499	1,499	1,499	0
<i>Net Change in Fund Balance</i>	(875,089)	(985,654)	(773,879)	211,775
<i>Fund Balance Beginning of Year</i>	970,159	970,159	970,159	0
Prior Year Encumbrances Appropriated	172,000	172,000	172,000	0
<i>Fund Balance End of Year</i>	\$267,070	\$156,505	\$368,280	\$211,775

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$233,300	\$248,579	\$251,617	\$3,038
Intergovernmental	33,312	34,428	25,404	(9,024)
<i>Total Revenues</i>	<u>266,612</u>	<u>283,007</u>	<u>277,021</u>	<u>(5,986)</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	13,904	13,904	13,166	738
Support Services:				
Administration:				
Other	0	934	0	934
Fiscal:				
Other	3,000	12,968	8,420	4,548
Operation and Maintenance of Plant:				
Purchased Services	229,320	331,141	314,787	16,354
Capital Outlay - New	33,318	66,618	63,703	2,915
Total Operation and Maintenance of Plant	<u>262,638</u>	<u>397,759</u>	<u>378,490</u>	<u>19,269</u>
Total Support Services	<u>265,638</u>	<u>411,661</u>	<u>386,910</u>	<u>24,751</u>
<i>Total Expenditures</i>	<u>279,542</u>	<u>425,565</u>	<u>400,076</u>	<u>25,489</u>
<i>Excess of Revenues Under Expenditures</i>	(12,930)	(142,558)	(123,055)	19,503
Other Financing Sources				
Transfers In	0	0	52,024	52,024
<i>Net Change in Fund Balance</i>	(12,930)	(142,558)	(71,031)	71,527
<i>Fund Balance Beginning of Year</i>	104,951	104,951	104,951	0
Prior Year Encumbrances Appropriated	<u>194,141</u>	<u>194,141</u>	<u>194,141</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$286,162</u>	<u>\$156,534</u>	<u>\$228,061</u>	<u>\$71,527</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$55,988	\$50,606	\$50,218	(\$388)
Charges for Services	292,512	264,394	262,367	(2,027)
<i>Total Revenues</i>	<u>348,500</u>	<u>315,000</u>	<u>312,585</u>	<u>(2,415)</u>
Expenditures				
Current:				
Operation of Food Services:				
Food Service:				
Salaries and Wages	142,085	157,704	142,062	15,642
Materials and Supplies	203,600	156,600	149,020	7,580
<i>Total Expenditures</i>	<u>345,685</u>	<u>314,304</u>	<u>291,082</u>	<u>23,222</u>
<i>Net Change in Fund Balance</i>	2,815	696	21,503	20,807
<i>Fund Balance Beginning of Year</i>	<u>23,333</u>	<u>23,333</u>	<u>23,333</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$26,148</u></u>	<u><u>\$24,029</u></u>	<u><u>\$44,836</u></u>	<u><u>\$20,807</u></u>

Berkshire Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$18,995	\$18,995	\$17,284	(\$1,711)
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	<u>19,471</u>	<u>18,471</u>	<u>17,173</u>	<u>1,298</u>
<i>Net Change in Fund Balance</i>	(476)	524	111	(413)
<i>Fund Balance Beginning of Year</i>	519	519	519	0
Prior Year Encumbrances Appropriated	<u>20</u>	<u>20</u>	<u>20</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$63</u>	<u>\$1,063</u>	<u>\$650</u>	<u>(\$413)</u>

Berkshire Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Extracurricular Activities	\$7,196	\$7,196	\$5,688	(\$1,508)
Contributions and Donations	24,804	24,804	19,607	(5,197)
<i>Total Revenues</i>	32,000	32,000	25,295	(6,705)
Expenditures				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Materials and Supplies	53,276	31,840	23,375	8,465
<i>Net Change in Fund Balance</i>	(21,276)	160	1,920	1,760
<i>Fund Balance Beginning of Year</i>	32,302	32,302	32,302	0
Prior Year Encumbrances Appropriated	250	250	250	0
<i>Fund Balance End of Year</i>	<u>\$11,276</u>	<u>\$32,712</u>	<u>\$34,472</u>	<u>\$1,760</u>

Berkshire Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Martha Holden Jennings Grant Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$500	\$500	\$0	(\$500)
Expenditures				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	500	500	0	(500)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$500</u></u>	<u><u>\$500</u></u>	<u><u>\$0</u></u>	<u><u>(\$500)</u></u>

Berkshire Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Athletics and Music Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Extracurricular Activities	\$90,515	\$98,386	\$95,730	(\$2,656)
Contributions and Donations	24,485	26,614	25,896	(718)
<i>Total Revenues</i>	<u>115,000</u>	<u>125,000</u>	<u>121,626</u>	<u>(3,374)</u>
Expenditures				
Current:				
Extracurricular Activities:				
Sports Oriented Activities:				
Salaries and Wages	1,000	1,500	1,450	50
Fringe Benefits	400	800	800	0
Purchased Services	64,028	59,028	58,554	474
Materials and Supplies	20,452	27,452	27,346	106
Capital Outlay - New	37,593	33,593	33,089	504
Other	6,856	9,669	9,669	0
<i>Total Expenditures</i>	<u>130,329</u>	<u>132,042</u>	<u>130,908</u>	<u>1,134</u>
<i>Net Change in Fund Balance</i>	(15,329)	(7,042)	(9,282)	(2,240)
<i>Fund Balance Beginning of Year</i>	15,907	15,907	15,907	0
Prior Year Encumbrances Appropriated	921	921	921	0
<i>Fund Balance End of Year</i>	<u>\$1,499</u>	<u>\$9,786</u>	<u>\$7,546</u>	<u>(\$2,240)</u>

Berkshire Local School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Educational Management Information Systems Fund
 For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$5,200	\$5,237	\$5,237	\$0
Expenditures				
Current:				
Support Services:				
Pupil:				
Salaries and Wages	2,000	2,000	2,000	0
Purchased Services	3,000	3,436	3,436	0
<i>Total Expenditures</i>	<u>5,000</u>	<u>5,436</u>	<u>5,436</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	200	(199)	(199)	0
<i>Fund Balance Beginning of Year</i>	<u>199</u>	<u>199</u>	<u>199</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$399</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$14,000	\$14,000	\$12,000	(\$2,000)
Expenditures				
Current:				
Support Services:				
Administration:				
Purchased Services	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	2,000	2,000	0	(2,000)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,000</u></u>	<u><u>\$2,000</u></u>	<u><u>\$0</u></u>	<u><u>(\$2,000)</u></u>

Berkshire Local School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 SchoolNet Professional Development Fund
 For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Intergovernmental	\$4,000	\$4,000	\$2,925	(\$1,075)
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	<u>1,320</u>	<u>4,800</u>	<u>2,518</u>	<u>2,282</u>
<i>Net Change in Fund Balance</i>	2,680	(800)	407	1,207
<i>Fund Balance Beginning of Year</i>	<u>1,875</u>	<u>1,875</u>	<u>1,875</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,555</u></u>	<u><u>\$1,075</u></u>	<u><u>\$2,282</u></u>	<u><u>\$1,207</u></u>

Berkshire Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Ohio Reads Grant Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	<u>\$6,000</u>	<u>\$16,500</u>	<u>\$12,500</u>	<u>(\$4,000)</u>
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	3,660	10,406	3,660	6,746
Fringe Benefits	0	1,117	0	1,117
Purchased Services	88	3,088	2,000	1,088
Materials and Supplies	1,575	3,212	1,737	1,475
Other	<u>2,365</u>	<u>2,365</u>	<u>2,365</u>	<u>0</u>
<i>Total Expenditures</i>	<u>7,688</u>	<u>20,188</u>	<u>9,762</u>	<u>10,426</u>
<i>Net Change in Fund Balance</i>	(1,688)	(3,688)	2,738	6,426
<i>Fund Balance Beginning of Year</i>	<u>8,740</u>	<u>8,740</u>	<u>8,740</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,052</u></u>	<u><u>\$5,052</u></u>	<u><u>\$11,478</u></u>	<u><u>\$6,426</u></u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$25,899	\$25,899	\$25,899	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	25,899	25,899	25,889	10
<i>Net Change in Fund Balance</i>	0	0	10	10
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$10</u>	<u>\$10</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Support Services:				
Pupil:				
Purchased Services	<u>502</u>	<u>502</u>	<u>0</u>	<u>502</u>
<i>Net Change in Fund Balance</i>	(502)	(502)	0	502
<i>Fund Balance Beginning of Year</i>	4,066	4,066	4,066	0
Prior Year Encumbrances Appropriated	<u>502</u>	<u>502</u>	<u>502</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,066</u></u>	<u><u>\$4,066</u></u>	<u><u>\$4,568</u></u>	<u><u>\$502</u></u>

Berkshire Local School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Eisenhower Math and Science Fund
 For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$621	\$621	\$621	\$0
Expenditures				
Current:				
Support Services:				
Pupil:				
Purchased Services	<u>1,207</u>	<u>1,207</u>	<u>1,207</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(586)	(586)	(586)	0
<i>Fund Balance Beginning of Year</i>	<u>586</u>	<u>586</u>	<u>586</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$210,947	\$227,447	\$227,447	\$0
Expenditures				
Current:				
Instruction:				
Special:				
Salaries and Wages	14,654	11,654	10,806	848
Fringe Benefits	2,565	2,570	2,570	0
Purchased Services	32,475	57,303	57,302	1
Materials and Supplies	19,525	16,226	16,226	0
Capital Outlay - New	11,914	3,583	3,581	2
Other	13,500	2,513	2,512	1
Total Instruction	94,633	93,849	92,997	852
Support Services:				
Pupil:				
Purchased Services	65,000	67,500	66,726	774
Materials and Supplies	3,000	2,700	2,700	0
Total Pupils	68,000	70,200	69,426	774
Instructional Staff:				
Salaries and Wages	6,810	6,920	6,920	0
Fringe Benefits	1,127	1,029	1,029	0
Purchased Services	13,063	13,063	13,063	0
Materials and Supplies	5,396	5,396	5,395	1
Total Instructional Staff	\$26,396	\$26,408	\$26,407	\$1

(continued)

Berkshire Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title VI-B Fund (continued)
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Administration:				
Salaries and Wages	\$22,200	\$22,200	\$22,200	\$0
Fringe Benefits	3,118	3,118	3,118	0
Materials and Supplies	4,110	4,497	4,497	0
Capital Outlay - New	0	2,349	2,349	0
Total Administration	<u>29,428</u>	<u>32,164</u>	<u>32,164</u>	<u>0</u>
Pupil Transportation:				
Other	500	0	0	0
Total Support Services	<u>124,324</u>	<u>128,772</u>	<u>127,997</u>	<u>775</u>
<i>Total Expenditures</i>	<u>218,957</u>	<u>222,621</u>	<u>220,994</u>	<u>1,627</u>
<i>Net Change in Fund Balance</i>	(8,010)	4,826	6,453	1,627
<i>Fund Balance Beginning of Year</i>	4,587	4,587	4,587	0
Prior Year Encumbrances Appropriated	<u>15,535</u>	<u>15,535</u>	<u>15,535</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$12,112</u>	<u>\$24,948</u>	<u>\$26,575</u>	<u>\$1,627</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$212,950	\$212,950	\$179,493	(\$33,457)
Expenditures				
Current:				
Instruction:				
Special:				
Salaries and Wages	119,722	126,497	126,497	0
Fringe Benefits	45,763	39,790	39,790	0
Total Instruction	165,485	166,287	166,287	0
Support Services:				
Pupil:				
Purchased Services	15,310	17,785	17,783	2
Materials and Supplies	3,000	3,000	2,982	18
Total Support Services	18,310	20,785	20,765	20
<i>Total Expenditures</i>	183,795	187,072	187,052	20
<i>Net Change in Fund Balance</i>	29,155	25,878	(7,559)	(33,437)
<i>Fund Balance Beginning of Year</i>	18	18	18	0
Prior Year Encumbrances Appropriated	4,310	4,310	4,310	0
<i>Fund Balance (Deficit) End of Year</i>	\$33,483	\$30,206	(\$3,231)	(\$33,437)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$7,320	\$7,320	\$5,270	(\$2,050)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	13,796	13,796	6,996	6,800
Fringe Benefits	500	500	499	1
Total Instruction	14,296	14,296	7,495	6,801
Support Services:				
Administration:				
Salaries and Wages	200	200	200	0
<i>Total Expenditures</i>	14,496	14,496	7,695	6,801
<i>Net Change in Fund Balance</i>	(7,176)	(7,176)	(2,425)	4,751
<i>Fund Balance Beginning of Year</i>	7,196	7,196	7,196	0
<i>Fund Balance End of Year</i>	\$20	\$20	\$4,771	\$4,751

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$5,084	\$5,142	\$5,142	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	2,500	2,500	2,500	0
Materials and Supplies	2,542	2,542	2,421	121
Total Instruction	5,042	5,042	4,921	121
Support Services:				
Business:				
Salaries and Wages	0	100	100	0
<i>Total Expenditures</i>	5,042	5,142	5,021	121
<i>Net Change in Fund Balance</i>	42	0	121	121
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$42	\$0	\$121	\$121

Berkshire Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Class Size Reduction Grant Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$52,292	\$61,628	\$60,187	(\$1,441)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	40,152	46,472	42,737	3,735
Fringe Benefits	7,000	7,000	7,000	0
Total Instruction	47,152	53,472	49,737	3,735
Support Services:				
Pupil:				
Purchased Services	0	1,000	979	21
<i>Total Expenditures</i>	47,152	54,472	50,716	3,756
<i>Excess of Revenues Over Expenditures</i>	5,140	7,156	9,471	2,315
Other Financing Uses				
Advances Out		(1,499)	(1,499)	0
<i>Net Change in Fund Balance</i>	5,140	5,657	7,972	2,315
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$5,140	\$5,657	\$7,972	\$2,315

Berkshire Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title II-D Technology Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$4,541	\$4,541	\$5,764	\$1,223
Expenditures				
Current:				
Support Services:				
Pupil:				
Purchased Services	<u>4,500</u>	<u>4,541</u>	<u>4,541</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	41	0	1,223	1,223
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$41</u></u>	<u><u>\$0</u></u>	<u><u>\$1,223</u></u>	<u><u>\$1,223</u></u>

Berkshire Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
Other Financing Uses				
Transfers Out	(52,024)	(52,024)	(52,024)	0
<i>Net Change in Fund Balance</i>	(52,024)	(52,024)	(52,024)	0
<i>Fund Balance Beginning of Year</i>	52,024	52,024	52,024	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Berkshire Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
School Net Plus Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$20,000	\$20,000	\$0	(\$20,000)
Expenditures				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	<u>1,328</u>	<u>1,328</u>	<u>1,328</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	18,672	18,672	(1,328)	(20,000)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>1,328</u>	<u>1,328</u>	<u>1,328</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$20,000</u></u>	<u><u>\$20,000</u></u>	<u><u>\$0</u></u>	<u><u>(\$20,000)</u></u>

Berkshire Local School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP) and Actual
Self Insurance Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$285,500	\$325,000	\$324,419	(\$581)
Expenses				
Purchased Services	28,027	30,527	30,527	0
Claims	259,973	282,785	261,078	21,707
<i>Total Expenses</i>	288,000	313,312	291,605	21,707
<i>Net Change in Fund Equity</i>	(2,500)	11,688	32,814	21,126
<i>Fund Equity Beginning of Year</i>	40,134	40,134	40,134	0
<i>Fund Equity End of Year</i>	\$37,634	\$51,822	\$72,948	\$21,126

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Berkshire Local School District
Governmental Activities
Revenues by Source and Expenses by Function
Last Three Fiscal Years

	2004	2003	2002
Program Revenues			
Charges for Services and Sales	\$484,892	\$482,204	\$460,481
Operating Grants and Contributions	684,384	438,818	408,776
Capital Grants and Contributions	13,034	320,315	27,343
General Revenues			
Property and Other Local Taxes	4,776,630	4,753,996	4,147,079
Income Taxes	1,092,823	1,046,293	1,085,872
Grants and Entitlements not Restricted to Specific Programs	3,851,111	3,797,347	3,693,492
Investment Earnings	24,063	88,847	136,719
Miscellaneous	85,207	81,484	110,889
<i>Total</i>	<u>\$11,012,144</u>	<u>\$11,009,304</u>	<u>\$10,070,651</u>
Expenses			
Current:			
Instruction:			
Regular	\$4,988,073	\$4,905,643	\$5,062,243
Special	1,153,426	967,922	954,287
Vocational	53,983	47,206	53,659
Support Services:			
Pupil	605,670	599,157	648,079
Instructional Staff	474,125	542,635	410,336
Board of Education	51,839	47,565	49,191
Administration	879,946	1,003,572	951,540
Fiscal	334,441	309,202	286,878
Business	27,850	16,910	33,972
Operation and Maintenance of Plant	1,118,464	1,088,676	1,070,121
Pupil Transportation	816,997	827,529	786,010
Operation of Non-Instructional Services	71,626	107,645	32,827
Operation of Food Services	317,033	316,403	368,629
Extracurricular Activities	425,556	413,973	351,015
Interest and Fiscal Charges	5,078	340	2,594
<i>Total</i>	<u>\$11,324,107</u>	<u>\$11,194,378</u>	<u>\$11,061,381</u>

Source: School District Financial Records

Berkshire Local School District
General Fund
Revenues by Source and Expenditures by Function
Last Ten Fiscal Years

	2004 (1)	2003 (1)	2002 (1)	2001 (1)
Revenues				
Income Taxes (2)	\$1,092,823	\$1,046,293	\$1,085,872	\$1,166,466
Property and Other Local Taxes	4,534,337	4,505,622	3,905,628	3,996,772
Intergovernmental	3,838,741	3,796,815	3,696,225	3,687,530
Interest	24,063	88,847	136,719	227,269
Tuition and Fees	46,141	44,700	20,084	16,524
Extracurricular Activities	33,961	24,169	57,526	42,875
Contributions and Donations	1,289	2,839	9,270	3,200
Charges for Services	16,469	9,696	1,887	6,750
Rentals	6,968	11,484	22,843	12,363
Miscellaneous	85,207	81,484	110,889	50,347
<i>Total</i>	<u>\$9,679,999</u>	<u>\$9,611,949</u>	<u>\$9,046,943</u>	<u>\$9,210,096</u>
Expenditures				
Current:				
Instruction:				
Regular	\$4,691,661	\$5,009,463	\$4,851,620	\$4,597,473
Special	907,532	893,127	847,553	735,228
Vocational	51,639	46,735	53,643	49,833
Support Services:				
Pupil	494,213	492,727	566,786	449,097
Instructional Staff	432,361	511,219	392,102	301,404
Board of Education	51,018	47,562	49,197	71,719
Administration	835,649	946,402	872,680	799,723
Fiscal	325,462	296,593	280,236	245,493
Business	27,750	16,810	33,672	20,483
Operation and Maintenance of Plant	1,070,456	1,042,087	1,003,395	1,041,022
Pupil Transportation	761,529	789,847	836,990	649,639
Operation of Non-Instructional Services	72,296	81,255	33,050	29,428
Extracurricular Activities	270,076	261,063	172,956	161,763
Debt Service	76,070	6,339	0	0
<i>Total</i>	<u>\$10,067,712</u>	<u>\$10,441,229</u>	<u>\$9,993,880</u>	<u>\$9,152,305</u>

Source: School District Financial Records

(1) 1996 through 2004 reported on GAAP basis; all other years on Cash Basis.

(2) Prior to 1999, income tax was not broken out of property and other local taxes.

2000 (1)	1999 (1)	1998 (1)	1997 (1)	1996 (1)	1995
\$1,072,636	\$990,880	\$0	\$0	\$0	\$0
3,491,994	3,463,352	3,833,417	4,269,142	3,580,863	3,736,335
3,535,889	3,138,077	2,854,859	2,532,403	2,543,538	2,479,440
206,786	157,793	135,300	128,036	100,380	66,251
24,690	15,995	12,377	2,553	23,438	16,009
43,173	38,000	47,744	65,910	50,139	12,760
4,716	814	0	1,039	422	0
7,685	8,856	2,770	21,200	26,925	0
11,429	16,063	14,701	13,583	12,470	0
88,920	99,939	39,565	0	7,469	43,478
<u>\$8,487,918</u>	<u>\$7,929,769</u>	<u>\$6,940,733</u>	<u>\$7,033,866</u>	<u>\$6,345,644</u>	<u>\$6,354,273</u>
\$3,869,571	\$3,638,253	\$3,299,715	\$3,648,808	\$3,133,085	\$3,263,745
695,021	613,746	505,154	426,927	445,285	292,623
48,245	49,109	43,371	57,166	55,752	53,545
413,961	371,354	249,819	259,489	254,844	256,268
237,013	214,724	144,236	77,471	65,033	90,046
28,512	24,891	26,282	17,546	23,597	14,525
707,036	565,294	668,741	580,492	614,463	629,757
263,964	205,152	193,027	183,245	180,898	179,344
19,987	16,674	9,648	10,944	10,868	0
986,513	896,663	793,691	683,078	600,205	609,033
657,231	693,419	621,739	513,033	600,963	594,144
12,808	5,766	4,225	0	0	0
165,823	150,776	136,176	135,464	130,025	122,017
0	0	0	0	0	0
<u>\$8,105,685</u>	<u>\$7,445,821</u>	<u>\$6,695,824</u>	<u>\$6,593,663</u>	<u>\$6,115,018</u>	<u>\$6,105,047</u>

Berkshire Local School District
Property Tax Levies and Collections
Real and Tangible Personal Property (1)
Last Ten Years

Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Levy Collected	Delinquent Tax Collections	Total Tax Collections
2003	\$5,473,088	\$4,996,649	91.3%	\$140,381	\$5,137,030
2002	5,123,159	4,774,892	97.1	117,633	4,892,525
2001	4,696,679	4,370,504	96.8	95,357	4,465,861
2000	4,625,470	4,278,141	96.2	105,158	4,383,299
1999	4,429,869	4,010,823	96.1	105,508	4,116,331
1998	4,279,091	3,865,659	96.3	103,324	3,968,983
1997	4,196,698	3,758,943	96.2	118,273	3,877,216
1996	3,972,511	3,583,675	96.3	80,831	3,664,506
1995	3,924,232	3,510,668	96.6	164,377	3,675,045
1994	3,721,097	3,432,539	98.3	97,219	3,529,758

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2004 information cannot be presented because all collections have not been made by June 30.

<u>Ratio of Total Collections to Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Levy</u>
93.9%	\$336,058	6.14%
99.5	88,038	1.72
98.9	86,297	1.84
98.6	73,859	1.60
98.7	153,078	3.46
98.9	161,752	3.78
99.2	171,139	4.08
98.5	171,396	4.31
101.1	124,042	3.16
101.1	131,278	3.53

Berkshire Local School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2004	\$175,510,300	\$501,458,000	\$6,472,680	\$7,355,318
2003	170,902,090	488,291,686	5,946,900	6,757,841
2002	151,943,830	434,125,229	6,430,150	7,306,989
2001	147,965,940	422,759,829	8,186,330	9,302,648
2000	142,245,480	406,415,657	8,150,600	9,262,045
1999	113,874,170	325,354,771	8,730,000	9,920,455
1998	110,948,800	316,996,571	8,922,380	10,139,068
1997	107,141,390	306,118,257	9,117,080	10,360,318
1996	96,893,090	276,837,400	9,187,140	10,439,932
1995	94,397,260	269,706,457	9,600,380	10,909,523

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

- (1) This amount is calculated based on the following percentages:
 Real estate is assessed at 35 percent of actual value.
 Public utility personal is assessed at 88 percent of actual value.
 Tangible personal property is assessed at 25 percent of actual value for capital assets and 23 percent for inventory.

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Ratio
\$19,535,060	\$78,140,240	\$201,518,040	\$586,953,558	34%
20,538,500	82,154,000	197,387,490	577,203,527	34
15,111,250	60,445,000	173,485,230	501,877,218	35
15,483,450	61,933,800	171,635,720	493,996,277	35
12,547,070	50,188,280	162,943,150	465,865,982	35
10,135,990	40,543,960	132,740,160	375,819,186	35
9,590,090	38,360,360	129,461,270	365,495,999	35
8,548,600	34,194,400	124,807,070	350,672,975	36
7,625,490	30,501,960	113,705,720	317,779,292	36
6,938,050	27,752,200	110,935,690	308,368,180	36

Berkshire Local School District
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

Year	School Levy	JS	Troy Township	Library	County Levy	Total Levy
2004	\$52.30	\$1.50	\$12.50	\$1.00	\$15.10	\$82.40
2003	52.30	1.50	12.50	1.00	14.40	81.70
2002	52.30	1.50	12.50	1.00	14.40	81.70
2001	52.30	1.50	12.50	1.00	13.40	80.70
2000	52.30	1.50	12.50	1.00	12.65	79.95
1999	52.30	1.50	12.50	1.00	12.45	79.75
1998	52.70	1.50	12.50	1.00	12.45	80.15
1997	52.90	1.50	12.50	1.00	12.45	80.35
1996	53.20	1.50	12.50	1.00	12.85	81.05
1995	53.20	1.50	12.50	1.00	10.85	79.05

Source: Geauga County Auditor - Date is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

Debt Service
Included in Total Levy

<u>School</u>	<u>County</u>	<u>Total</u>
\$0.00	\$0.30	\$0.30
0.00	0.30	0.30
0.00	0.30	0.30
0.00	0.30	0.30
0.00	0.30	0.30
0.00	0.30	0.30
0.40	0.30	0.70
0.60	0.30	0.90
0.90	0.30	1.20
0.90	0.30	1.20

Berkshire 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>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Population (3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2004	\$0	\$201,518,040	8,647	000%	\$000
2003	0	197,387,490	8,647	000	000
2002	0	173,485,230	8,647	000	000
2001	0	171,635,720	8,647	000	000
2000	0	162,943,150	8,546	000	000
1999	13,924	132,740,160	8,546	001	163
1998	80,072	129,461,270	8,546	006	937
1997	74,806	124,807,070	8,546	006	875
1996	0	113,705,720	8,546	000	000
1995	60,369	110,935,690	8,546	005	706

Source:

(1) School District Financial Records

(2) Geauga County Auditor

(3) US.Census of Population, 2000 Federal Census and 1990 Federal Census

Berkshire Local School District
Computation of Legal Debt Margin
 June 30, 2004

Assessed Valuation	\$201,518,040
Debt Limit - 9% of Assessed Value (1)	\$18,136,624
Amount of Debt Applicable	0
Overall Debt Margin	\$18,136,624
Debt Limit - 10% of Assessed Value (1)	\$201,518
Amount of Debt Applicable	0
Unvoted Debt Margin	\$201,518

Source: Geauga County Auditor and School District Financial Records

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

Berkshire Local School District

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2003

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
Berkshire Local School District	\$0	10000%	\$0
Geauga County	860,000	752%	<u>64,672</u>
Total			<u><u>\$64,672</u></u>

Source: Geauga County Auditor, Berkshire Local School District

- (1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2003 collection year.

Berkshire Local School District
*Ratio of Annual Debt Service Expenditures For
 General Obligation Bonded Debt to General Fund Expenditures
 Last Ten Fiscal Years*

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (Percentage)
2004 (1)	\$0	\$0	\$0	\$10,067,712	000%
2003 (1)	0	0	0	10,441,229	000
2002 (1)	30,000	3,113	33,113	9,993,880	033
2001 (1)	30,000	4,669	34,669	9,152,305	038
2000 (1)	116,822	10,456	127,278	8,105,685	157
1999 (1)	197,461	24,042	221,503	7,445,821	297
1998 (1)	141,932	29,519	171,451	6,695,824	256
1997 (1)	63,785	19,758	83,543	6,593,663	127
1996 (1)	35,000	20,491	55,491	6,115,018	091
1995	90,000	25,363	115,363	6,105,047	189

Source: School District Financial Records

(1) 1996 through 2004 on GAAP Basis.

Berkshire Local School District
*Property Value,
 Financial Institution Deposits and Building Permits
 Last Ten Years*

Year	Property Value (1) (Real Estate Only)	Financial Institution Deposits Banks	Values of Permits Issued Geauga County	Values of Permits Issued Burton Township
2004	\$175,510,300	\$365,826,000	\$150,227,559	\$2,307,660
2003	170,902,090	288,126,000	218,632,818	3,425,680
2002	151,943,830	220,100,693	212,264,882	3,494,134
2001	147,965,940	222,518,000	199,824,566	4,626,261
2000	142,245,480	249,478,000	65,015,002	4,680,933
1999	113,874,170	254,641,000	47,503,140	2,370,380
1998	110,948,800	222,202,000	38,142,850	3,075,000
1997	107,141,390	212,614,000	41,162,110	2,485,208
1996	96,893,090	194,409,000	35,438,050	2,937,168
1995	94,397,260	188,020,000	28,009,880	2,770,629

Sources: Geauga County Auditor
 Federal Reserve Bank of Cleveland
 Building Department reports

(1) Represents assessed value.

<u>Values of Permits Issued Claridon Township</u>	<u>Values of Permits Issued Burton Village</u>	<u>Values of Permits Issued Troy Township</u>
\$3,739,565	\$780,230	\$2,022,665
2,605,387	591,516	2,608,600
3,414,146	459,140	2,282,417
5,123,086	1,316,470	6,042,887
2,939,795	1,346,190	5,302,735
9,999,747	2,946,851	4,083,882
4,111,491	389,462	16,415,496
3,960,556	338,521	2,459,911
3,100,441	3,295,300	1,335,625
2,597,590	823,824	1,088,725

Berkshire Local School District

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Geauga County Population (1)</u>	<u>Berkshire SD Area Population (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2004	93,649	8,647	1,390	53%
2003	92,722	8,647	1,377	43
2002	91,804	8,647	1,393	37
2001	90,895	8,647	1,360	29
2000	89,598	8,546	1,375	28
1999	87,913	8,546	1,365	30
1998	86,054	8,546	1,355	35
1997	86,054	8,546	1,317	36
1996	84,260	8,546	1,305	38
1995	83,400	8,546	1,325	38

Sources:

- (1) Estimated Figure from US.Census Bureau
- (2) US.Census of Population, 2000 Federal Census and 1990 Federal Census
- (3) School District Financial Records
- (4) Ohio Bureau of Employment Services

Berkshire Local School District

Principal Taxpayers

Real Estate Tax

December 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Property Assessed Value</u>
Great Lakes Cheese Company, Inc.	\$3,867,190	220%
Thistle Lane Real Properties	1,473,330	084
Berkshire Hills Limited	1,321,310	075
M.A.Hanna Company	1,138,920	065
John Masternick	1,061,110	060
Farmore Farms Limited	709,120	040
Safra Inn D	648,700	037
Blaine M. Kufmann	530,320	031
Grandview Golf Club	493,510	029
Steven Rajk Junior	492,010	028
Total	<u>\$11,735,520</u>	<u>669%</u>
Total Real Estate Valuation	<u>\$175,510,300</u>	

Source: Geauga County Auditor

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

Berkshire Local School District

Principal Taxpayers

Tangible Personal Property Tax

December 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Tangible Personal Property Assessed Value</u>
Great Lakes Cheese Company, Inc.	\$6,523,200	3339%
Polyone Corporation	3,599,070	1842
Preston Chevrolet Cadillac, Inc.	743,310	381
DuramaxMarine	700,350	359
Troy Manufacturing Company, Inc.	673,680	345
BFG Supply Company, C.	498,640	255
Thistle Line Real Properties	405,000	207
Croley Company	399,500	205
Preston Ford, Inc.	393,220	201
ElectrobockInc.	392,670	201
Total	<u>\$14,328,640</u>	<u>7335%</u>
Total Tangible Personal Property Valuator	<u>\$19,535,060</u>	

Source: Geauga County Auditor

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

Berkshire Local School District

Principal Taxpayers

Public Utilities Tax

December 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Public Utility Property Assessed Value</u>
Cleveland Electric Illuminating Company	\$4,273,530	6602%
Ohio Bell Telephone Company	969,650	1498
Americal Transmission	409,940	633
Ohio Edison	188,290	291
East Ohio Gas Company	<u>115,120</u>	<u>178</u>
Total	<u>\$5,956,530</u>	<u>9202%</u>
Total Public Utility Property Valuation	<u>\$6,472,680</u>	

Source: Geauga County Auditor

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

Berkshire Local School District

Per Pupil Cost

Last Ten Fiscal Years

<u>Year</u>	<u>General Fund Expenditures</u>	<u>Average Daily Student Enrollment</u>	<u>Per Cost Pupil</u>
2004 (1)	\$10,067,712	1,390	\$7,243
2003 (1)	10,441,229	1,377	7,583
2002 (1)	9,993,880	1,393	7,174
2001 (1)	9,152,305	1,360	6,730
2000 (1)	8,105,685	1,375	5,895
1999 (1)	7,445,821	1,365	5,455
1998 (1)	6,695,824	1,355	4,942
1997 (1)	6,593,663	1,317	5,007
1996 (1)	6,115,018	1,305	4,686
1995	6,105,047	1,325	4,608

Source: School District Financial Records.

(1) 1996 through 2004 on GAAP Basis

Berkshire 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	12	13.79%
Bachelor #5	3	3.45
Bachelor #0	26	29.89
Master's Degree	20	22.99
Master's #5	14	16.09
Master's #0	12	13.79
Total	<u>87</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	27	31.03%
6 - 10	20	22.99
11 and Over	40	45.98
	<u>87</u>	<u>100.00%</u>

Source: School District Personnel Records

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**Auditor of State
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**BERKSHIRE LOCAL SCHOOL DISTRICT
GEAUGA 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
DECEMBER 23, 2004**