



**BERKSHIRE LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2002**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**BERKSHIRE LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

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STATE OF OHIO  
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**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  
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, 2002, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 22, 2002, wherein we noted the District adopted Governmental Accounting Standards Board Statement No. 34. 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 basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we also noted immaterial instances of noncompliance that we have reported to the management of the District in a separate letter date October 22, 2002.

**Internal Control Over Financial Reporting**

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

Berkshire Local School District  
Geauga County  
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 Audit Committee, management and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

October 22, 2002

Berkshire Local School District  
Burton, Ohio

Comprehensive  
Annual Financial Report

For the Fiscal Year Ended June 30, 2002

Prepared by  
Treasurer's Office  
Julie A. Kirby  
Treasurer





**Berkshire Local School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2002*  
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# Berkshire Local School District

## BOARD OF EDUCATION

14259 Claridon-Troy Road, Burton, OH 44021-0364



**Richard Markwardt, Ph.D.**  
Superintendent  
(440) 834-4123  
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**Julle A. Kirby**  
Treasurer  
(440) 834-4406  
FAX (440) 834-2058

October 22, 2002

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, 2002. 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 various funds 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 Report of Independent Accountants, 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 by Fund Type, and other schedules that provide detailed budgetary information.
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 the townships of Burton, Troy, Claridon and Burton Village.

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**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.*

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An Equal Opportunity Employer

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 5 instructional/support facilities staffed by 90 certificated full time teaching personnel and 65 non-certificated employees to provide services to 1,393 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 Schools 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 economic condition of the Berkshire School District is sound. An expanded industrial base, new up-scale housing, and a personal income tax add up to an adequate level of revenue.

The Berkshire Local School District is primarily rural, yet it enjoys proximity to the greater Cleveland metropolitan area. The expansion of Rt. 422 east from Cleveland has resulted in an influx of residents and business opportunities for Berkshire.

The desire to preserve the rural atmosphere in Berkshire is bolstered by fairly stringent zoning requirements and correspondingly high land values. Developments may offer lots as small as three acres, but outside of the Village of Burton, many areas have a minimal five-acre building lot requirement. A large Amish population helps to preserve the rural landscape. Farming is still a major economic activity, with horse-related enterprises assuming a prominent role.

Businesses also contribute to the School District's fiscal wellbeing. The recent arrival of Great Lakes Cheese to Berkshire has been a welcome source of revenue. Other significant companies include M. A. Hanna Company, Troy Manufacturing, Burton Floral and Garden, Preston Chevrolet, TRC Manufacturing, and Farmore Farms. A host of smaller businesses also contribute to the School District's tax base.

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.

The School District passed an income tax levy in November 1992. The financial plan of the School District was that the .75 percent income tax would reduce the need for going back to the voters for additional millage on real estate approximately every 5 years. The estimated revenue in 1992, as projected by the State Department of Taxation, was approximately \$525,000. Due to growth, the income tax levy is currently providing the School District with approximately \$1,120,000.

Of the School District's General Fund operations, 36.4 percent of the General Fund revenue is received from real estate taxes on residential, commercial and industrial properties. Another 6.8 percent is received from tangible personal property taxpayers, with 40.9 being received from various forms of State aid including Homestead and Rollback exclusions on property taxes. The income tax accounts for 12.0 percent. Investment earnings are 1.5 percent and miscellaneous revenues are 2.4 percent.

## **Major Initiatives**

### *Strong Leadership Continues*

The School Superintendent, Richard Markwardt, has been with Berkshire for two and half years.

School Treasurer Julie A. Kirby is in her 17<sup>th</sup> year at Berkshire. She came to Berkshire with 10 years prior experience. The Treasurer's office benefits from Mrs. Kirby's expectations for strong service to the School District and community.

### *Educational Happenings*

Many good developments have taken place in Berkshire Local School District in the past year. As a School District, we have made significant achievements. While we note these gains, we continue our efforts to improve our programs.

Berkshire Local School District is categorized as a "continuous improvement" school district by the State of Ohio District Report Card. The School District met or surpassed 22 of the 27 indicators on the 2002 report card. That represents a gain of three indicators from the previous year. Next year's preliminary scores show yet another marked rise.

Fiscal year 2002 was the first year that the School District employed an administrator to work exclusively in the area of curriculum and instruction. This part-time position was created by restructuring the School District's administrative staff without increasing its numbers. As a result of this new position, increased emphasis has been placed on the analysis of what is taught and what is learned. Information gleaned from observation and test data is shared with teachers, administrators, and parents in an effort to promote academic success among students. Hopefully, we will see evidence of our efforts' effectiveness in the continued rise of academic achievement among Berkshire Local School District's youth.

One of the curriculum director's major accomplishments was the writing and securing of a \$30,000 Ohio Reads Grant from the Ohio Department of Education. The money is being used to implement a new technology-based tutorial reading program at one of the School District's elementary buildings.

Several faculty and staff inservice programs were offered throughout the year. They covered twelve topics and involved virtually all of the School District's certified teachers.

The library media center received significant attention. A consultant was hired using School District parity grant monies. She was helpful in the revision of library-related curriculum, the weeding of current holdings, and the functional coordination of the School District's four building libraries. Inservice opportunities were offered to School District personnel through her efforts.

A new kindergarten orientation program will begin in 2002-2003 school year. This provided a means for students and their parents to visit the classrooms, meet teachers, and ride a school bus to lessen anxieties associated with the first day of school.

Teachers who were new to the School District also attended an orientation. It was designed to familiarize them with the geography of the School District as well as its policies and programs. In addition, all new teachers were assigned a mentor who worked with them to guide them through their first year in the School District.

Curriculum was revised in the subject areas of science, language arts, and math. Increased emphasis was placed on the importance of research and the written word. A survey was made of current research writing practices among teachers, and an examination of current testing practices in grades 9 – 12 was begun. The latter development occurred in preparation for the upcoming High School Qualifying Exam that will be given to tenth graders by the Ohio Department of Education.

### *Strategic Plan*

The Berkshire Local School District's Strategic Plan was adopted by the Board of Education on July 15, 1996. A mission statement, objectives, strategies and action plans were developed during the process. A Continuous Improvement Plan is required by the State of Ohio. The School District, like over 300 other school districts in Ohio, has experienced great success in many measures of student achievement. At the same time there are measures of student achievement needing improvement. The plan is aimed at improving learning for all students. In addition professional development has been a focus point for staff.

### *Site Based Management*

School management is directed by the Principal at each building. Building teams are formed to respond to the School District's Strategic Plan and pertinent issues identified by the staff, parents or students. Teams of teachers exist to deliver instruction at certain grade levels and for the purpose of curriculum development within each discipline. Teams often include parents, students and other community members. Each building has an annual budget for instructional support and office operation.

### *Berkshire High School Graduates*

A typical recent graduating class is well prepared for post-secondary education. The high school curriculum offers 6 advanced/accelerated courses and a full complement of other college preparatory courses. Over 57 percent of graduates continue their education at a college, university, or technical school. There were as many as 25 percent of the graduating class completing a vocational program at the Auburn Career Center (joint vocational school). Job placement rate in the field of choice is very high for career center graduates.

### *The Data Accountability and Report Card Legislation*

Amended Substitute House Bill 215, the biennial budget bill, commencing in October 1997, added data accountability provisions to Section 3301.0714 of the Ohio Revised Code. These provisions authorize the Department of Education to withhold 10-20 percent of a School District's funds if the School District does not submit timely and accurate Electronic Management Information Systems (EMIS) data (aggregated demographics on students and staff). Additionally, the Bill allows the State Board of Education to suspend/revoke the license of a School District employee found to have willfully reported erroneous, inaccurate, or incomplete data through the information system. The Superintendent and Treasurer must certify



the accuracy of all data collected through the EMIS system at the opening of school (October) and close (June/July). Berkshire Local School District has complied with the requirements of this legislation.

Senate Bill 55, the academic accountability legislation passed in the summer of 1997, resulted in the extraction of data from the EMIS database and the publication of a School District "Report Card". Districts with similar demographics were grouped and compared via the report card vehicle. Below are some pertinent excerpts from the Berkshire Local School District "Report Card".

- 1) Student Attendance Rate: 95.6 percent
- 2) The School District's results exceeded the State minimum standards in 22 performance indicators.

Of the 20 similar districts used for comparison, School District students had a higher passage rate than the group average in 22 of 27 indicators.

The foregoing projects represent an incomplete list of undertakings during the 2002 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 fixed 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 object account level within a function and 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 first year the School District has prepared financial statements following GASB Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the School District's financial activities as follows:

***Government-wide financial statements*** These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by 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 new reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion appears after the Report of Independent Accounts in the financial section of this report. The Management Discussion and Analysis provides an assessment of the School District's finances for 2002. 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 \$37,812 at June 30, 2002, compared with net assets of \$40,257 at June 30, 2001, reflecting a net decrease in net assets of \$2,445. The balance at June 30, 2002 is sufficient to meet all prescription drug and dental claims liabilities.

### **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 \$136,719 for the year ended June 30, 2002 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 Crum and Forester Insurance Company, Coregis Marsh USA Insurance Company and Travelers Insurance Company. Property insurance is carried through Crum and Forster Insurance Company with a \$250,000 limit for crime with a \$1,000 deductible and a \$17,929,410 limit for building and contents with a \$1,000 deductible and for inland marine with a \$250 deductible and a \$99,535 limit.

The Coregis Marsh USA Insurance Company acts as the carrier for the School District's fleet insurance with liability at \$2,000,000 each accident, auto medical with \$7,500 each person, uninsured/underinsured motorist with \$2,000,000 each accident, comprehensive with a \$1,000 deductible and collision with a \$1,000 deductible.

The Travelers 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 General Liability Policy is not contracted through the Ohio Schools Council; however, the Coregis Marsh USA Insurance Company act as the carrier, with a general aggregate limit of \$5,000,000, a limit of \$2,000,000 for each occurrence, a fire damage limit of \$100,000 and a medical expense limit of \$5,000 per person.

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 Jim Petro, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2002. 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, 2001. 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.

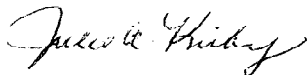
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

### **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 Jim Petro's office for assistance in planning, designing and reviewing this financial report.

Respectfully submitted,



Julie A. Kirby  
Treasurer



Richard Markwardt  
Superintendent

**Berkshire Local School District**

*Principal Officials*

*June 30, 2002*

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***Board of Education***

Mr. Lee Imhof ..... President  
Mr. Bob Johnson, Jr. .... Vice-President  
Mr. Allen Tolchinsky ..... Member  
Mr. Brian Brockway ..... Member  
Mr. Michael Stone ..... Member

***Treasurer***

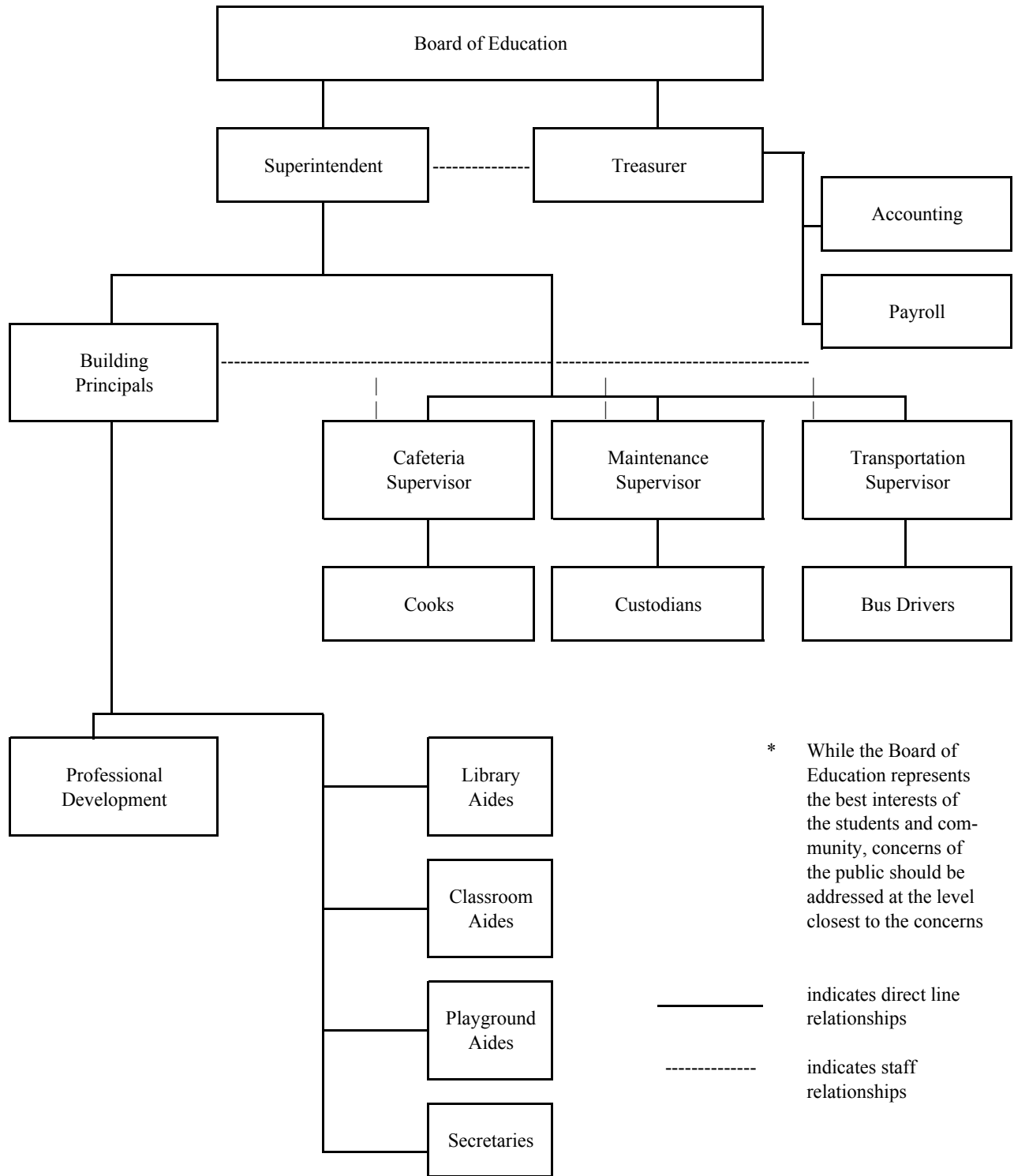
Ms. Julie A. Kirby

***Superintendent***

Mr. Richard Markwardt

# Berkshire Local School District

## Organizational Chart



\* While the Board of Education represents the best interests of the students and community, concerns of the public should be addressed at the level closest to the concerns

————— indicates direct line relationships

----- indicates staff relationships

# 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, 2001

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.



*Imelda Gruve*  
President

*Jeffrey L. Esser*  
Executive Director

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education  
Berkshire Local School District  
Geauga County  
14259 Claridon-Troy Road  
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, 2002, 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, 2002, and the respective changes in financial position and the cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2002, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34. *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements and statistical tables are not 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

**Jim Petro**  
Auditor of State

October 22, 2002

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2002*  
*Unaudited*

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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, 2002. 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 2002 are as follows:

- Total net assets of governmental activities decreased \$990,730 which represents a 22.78 percent decrease from 2001.
- Total revenues of \$10,070,651 were comprised of general revenues in the amount of \$9,174,051 or 91.1 percent and program specific revenues from charges for services, grants and contributions in the amount of \$896,600 or 8.9 percent.
- Total assets of governmental activities decreased by \$754,057 which includes cash and cash equivalents decrease of \$820,580 while capital assets increased by \$174,379.
- The School District had \$11,061,381 in expenses related to governmental activities; only \$896,600 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$9,174,051 helped to provide for these programs.
- The general fund balance was \$1,506,812 at year end, down from \$2,478,749 at June 30, 2001.

**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.

**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

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2002*  
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we do financially during 2002?" 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 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.

**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 2002 compared to 2001:

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
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Table (1)  
Net Assets  
Governmental Activities

	2002	2001
<b>Assets</b>		
Current and Other Assets	\$6,877,502	\$7,805,938
Capital Assets	2,394,699	2,220,320
<i>Total Assets</i>	9,272,201	10,026,258
<b>Liabilities</b>		
Current Liabilities	5,078,030	4,810,991
Long-Term Liabilities		
Due within One Year	77,285	110,442
Due in More than One Year	757,629	754,838
<i>Total Liabilities</i>	5,912,944	5,676,271
<b>Net Assets</b>		
Invested in Capital Assets		
Net of Related Debt	2,394,699	2,190,320
Restricted for:		
Capital Projects	156,522	290,750
Debt Service	52,024	84,618
Set Asides	39,468	39,468
Other Purposes	107,382	22,790
Unrestricted	609,162	1,722,041
<i>Total Net Assets</i>	\$3,359,257	\$4,349,987

Total assets decreased \$754,057. Equity in pooled cash and cash equivalents decreased \$820,580 due to a 3 percent increase in salaries as well as additional staff. This decrease is also due to an increase in benefits, including a 20 percent increase in health insurance premiums. This decrease was offset by a \$174,379 increase in capital assets with the purchase of two buses.

Total liabilities increased \$236,673. Accrued wages was the biggest increase representing \$118,314 of the increase. This increase is also due to the 3 percent increase in salaries and additional staffing. Compensated absences and special termination benefits increased due to the School District making the payments in fiscal year 2003. This increase was offset by a decrease in due within one year of \$33,157. The School District made the last principal payment of \$30,000 on the vocational building general obligation bonds issued on December 1, 1980.

Total net assets decreased \$990,730. This decrease is due to the increase in salaries and benefits.

Table 2 shows the changes in net assets for fiscal year 2002. Since this is the first year the School District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
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2001 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table (2)  
Change in Net Assets  
Governmental Activities

	2002
<b>Revenues</b>	
<i><b>Program Revenues</b></i>	
Charges for Services	\$460,481
Operating Grants and Contributions	408,776
Capital Grants and Contributions	27,343
<i>Total Program Revenues</i>	<i>896,600</i>
 <i><b>General Revenues</b></i>	
Taxes	4,147,079
Income Tax	1,085,872
Intergovernmental	3,693,492
Interest	136,719
Miscellaneous	110,889
<i>Total General Revenues</i>	<i>9,174,051</i>
<i>Total Revenues</i>	<i>10,070,651</i>
 <i><b>Program Expenses</b></i>	
Current:	
Instruction:	
Regular	5,062,243
Special	954,287
Vocational	53,659
Support Services:	
Pupil	648,079
Instructional Staff	410,336
Board of Education	49,191
Administration	951,540
Fiscal	286,878
Business	33,972
Operation and Maintenance of Plant	1,070,121
Pupil Transportation	786,010
Operation of Non-Instructional Services	32,827
Operation of Food Services	368,629
Extracurricular Activities	351,015
Interest and Fiscal Charges	2,594
<i>Total Program Expenses</i>	<i>11,061,381</i>
<i>Decrease in Net Assets</i>	<i>(\$990,730)</i>

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2002*  
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***Governmental Activities***

The School District has carefully planned its financial existence by forecasting its revenue and expenditures 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 54.9 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 22.9 percent. The remaining amount of program expenses, roughly 22.2 percent, is budgeted to facilitate other obligations of the School District such as transportation and numerous extracurricular activities.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2001 have not been made since they are not available. In future years, when prior information is available, a comparative analysis of government-wide data will be presented.

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

	Total Cost of Service	Net Cost of Service
Instruction:		
Regular	\$5,062,243	\$4,962,070
Special	954,287	871,184
Vocational	53,659	53,659
Support Services:		
Pupil	648,079	591,572
Instructional Staff	410,336	381,882
Board of Education	49,191	49,191
Administration	951,540	907,375
Fiscal	286,878	286,878
Business	33,972	33,707
Operation and Maintenance of Plant	1,070,121	1,047,278
Pupil Transportation	786,010	758,667
Operation of Non-Instructional Services	32,827	32,827
Operation of Food Service	368,629	48,309
Extracurricular Activities	351,015	137,588
Interest and Fiscal Charges	2,594	2,594
Total	\$11,061,381	\$10,164,781

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2002*  
*Unaudited*

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Property taxes and School District Income Tax made up 52 percent of total revenues for governmental activities for Berkshire Local Schools in fiscal year 2002. Program Revenues for governmental activities provided 8.9 percent of governmental revenues with over 91.1 percent of all governmental activities supported through property taxes, grants and entitlements, and other general revenues. The 36.7 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 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,062,803 and expenditures of \$11,265,964.

***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 2002, 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 \$9,284,818 representing a \$199,573 increase from the original budget estimates of \$9,085,245. 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. This estimate was amended with the January 2002 Amended Certificate of Resources that reflected the revised tax duplicate for 2001. The School District's general fund balance at end of year was \$1,456,636 reflecting additional funds budgeted but not expended or encumbered.

The School District revises its budget throughout the fiscal year. During fiscal year 2002, 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.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2002 the School District had \$2,394,699 invested in land, land improvements, buildings and improvements, furniture and fixtures, vehicles and construction in progress in governmental activities. Table 4 shows fiscal year 2001 balances compared to fiscal year 2002:



**Berkshire Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2002*  
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(Table 4)  
 Capital Assets at June 30  
 Net of Depreciation  
 Governmental Activities

	2002	2001
Land	\$52,216	\$52,216
Land Improvements	113,777	115,500
Buildings and Improvements	1,140,610	1,067,694
Furniture and Fixtures	506,930	460,021
Vehicles	570,462	524,889
Construction in Progress	10,704	0
Total	\$2,394,699	\$2,220,320

The increase in capital assets of \$174,379 was the result of the purchase of two buses, lockers and for parking lot pavement. These purchases were offset by the annual depreciation. See Note 12 for detailed capital asset information.

***Debt***

The School District made the last principal payment of \$30,000 on the vocational building general obligation bonds issued on December 1, 1980. The School District maintains an 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 very 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 lost to this point.

The School District is not without its share of challenges. The failure of a very important bond issue to replace the current high school and consolidate the three elementary buildings are examples of the challenge and opportunity climate. 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.

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.

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2002*  
*Unaudited*

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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. Residential permits issued in calendar 2001 increased by 10 percent over 2000. Residential property contributes 58 percent of the District's real estate valuation.

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. In general, it is expected to have a positive impact on the resources of most Ohio schools. This ruling is further discussed in Note 22.

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.

**Basic Financial Statements**

**Berkshire Local School District**

*Statement of Net Assets*

*June 30, 2002*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,235,618
Accounts Receivable	2,530
Intergovernmental Receivable	9,659
Prepaid Items	5,585
Inventory Held for Resale	4,978
Materials and Supplies Inventory	35,253
Income Taxes Receivable	480,972
Property Taxes Receivable	4,102,907
Nondepreciable Capital Assets	62,920
Depreciable Capital Assets, Net	<u>2,331,779</u>
<i>Total Assets</i>	<u>9,272,201</u>
<b>Liabilities</b>	
Accounts Payable	39,814
Accrued Wages	893,604
Intergovernmental Payable	259,268
Matured Compensated Absences Payable	93,011
Matured Special Termination Benefits Payable	55,887
Deferred Revenue	3,730,500
Claims Payable	5,946
Long-Term Liabilities:	
Due Within One Year	77,285
Due In More Than One Year	<u>757,629</u>
<i>Total Liabilities</i>	<u>5,912,944</u>
<b>Net Assets</b>	
Invested in Capital Assets	2,394,699
Restricted for:	
Capital Projects	156,522
Debt Service	52,024
Set Asides	39,468
Other Purposes	52,696
Unrestricted	<u>609,162</u>
<i>Total Net Assets</i>	<u><u>\$3,304,571</u></u>

See accompanying notes to the basic financial statements

**Berkshire Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2002

	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
<b>Governmental Activities</b>					
Instruction:					
Regular	\$5,062,243	\$45,157	\$55,016	\$0	(\$4,962,070)
Special	954,287	0	83,103	0	(871,184)
Vocational	53,659	0	0	0	(53,659)
Support Services:					
Pupil	648,079	0	56,507	0	(591,572)
Instructional Staff	410,336	0	28,454	0	(381,882)
Board of Education	49,191	0	0	0	(49,191)
Administration	951,540	0	44,165	0	(907,375)
Fiscal	286,878	0	0	0	(286,878)
Business	33,972	0	265	0	(33,707)
Operation and Maintenance of Plant	1,070,121	22,843	0	0	(1,047,278)
Pupil Transportation	786,010	0	0	27,343	(758,667)
Operation of Non-Instructional Services	32,827	0	0	0	(32,827)
Operation of Food Services	368,629	255,269	65,051	0	(48,309)
Extracurricular Activities	351,015	137,212	76,215	0	(137,588)
Interest and Fiscal Charges	2,594	0	0	0	(2,594)
<b>Totals</b>	<b>\$11,061,381</b>	<b>\$460,481</b>	<b>\$408,776</b>	<b>\$27,343</b>	<b>(10,164,781)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	3,912,786
Capital Outlay	234,293
Income Taxes Levied for General Purposes	1,085,872
Grants and Entitlements not Restricted to Specific Programs	3,693,492
Investment Earnings	136,719
Miscellaneous	110,889

*Total General Revenues* 9,174,051

Change in Net Assets (990,730)

*Net Assets Beginning of Year - See Note 3* 4,349,987

*Net Assets End of Year* \$3,359,257

See accompanying notes to the basic financial statements

**Berkshire Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2002*

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,835,340	\$139,045	\$150,664	\$2,125,049
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	66,811	0	0	66,811
Property Taxes Receivable	3,869,169	233,738	0	4,102,907
Income Taxes Receivable	480,972			
Accounts Receivable	2,530	0	0	2,530
Intergovernmental Receivable	1,789	0	7,870	9,659
Interfund Receivable	28,839	0	0	28,839
Prepaid Items	5,585	0	0	5,585
Inventory Held for Resale	0	0	4,978	4,978
Materials and Supplies Inventory	33,373	0	1,880	35,253
<i>Total Assets</i>	<u>\$6,324,408</u>	<u>\$372,783</u>	<u>\$165,392</u>	<u>\$6,381,611</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$21,305	\$17,250	\$1,259	\$39,814
Accrued Wages and Benefits	849,697	0	43,907	893,604
Interfund Payable	0	0	28,839	28,839
Intergovernmental Payable	167,511	0	1,263	168,774
Compensated Absences Payable	76,024	0	16,987	93,011
Special Termination Benefits Payable	45,890	0	9,997	55,887
Deferred Revenue	3,657,169	220,438	621	3,878,228
<i>Total Liabilities</i>	<u>4,817,596</u>	<u>237,688</u>	<u>102,873</u>	<u>5,158,157</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	434,296	54,887	7,917	497,100
Reserved for Property Taxes	212,000	13,300	0	225,300
Reserved for Budget Stabilization	39,468	0	0	39,468
Reserved for School Bus Purchase	27,343	0	0	27,343
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	793,705	0	0	793,705
Special Revenue Funds	0	0	(10,411)	(10,411)
Debt Service Fund	0	0	52,024	52,024
Capital Projects Funds	0	66,908	12,989	79,897
<i>Total Fund Balances</i>	<u>1,506,812</u>	<u>135,095</u>	<u>62,519</u>	<u>1,704,426</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,324,408</u>	<u>\$372,783</u>	<u>\$165,392</u>	<u>\$6,862,583</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, 2002*

<b>Total Governmental Fund Balances</b>	<b>\$1,704,426</b>
 <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	2,394,699
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	147,107
Intergovernmental	621
Total	147,728
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.	37,812
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.	(90,494)
Compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.	(834,914)
<i>Net Assets of Governmental Activities</i>	<b>\$3,359,257</b>

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, 2002*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Income Tax	\$1,085,872	\$0	\$0	\$1,085,872
Property and Other Local Taxes	3,905,628	233,769	0	4,139,397
Intergovernmental	3,696,225	24,610	323,125	4,043,960
Interest	136,719	0	0	136,719
Tuition and Fees	20,084	0	0	20,084
Extracurricular Activities	57,526	0	79,686	137,212
Contributions and Donations	9,270	0	76,215	85,485
Charges for Services	1,887	0	278,455	280,342
Rentals	22,843	0	0	22,843
Miscellaneous	110,889	0	0	110,889
<i>Total Revenues</i>	<u>9,046,943</u>	<u>258,379</u>	<u>757,481</u>	<u>10,062,803</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,851,620	0	72,978	4,924,598
Special	847,553	0	114,883	962,436
Vocational	53,643	0	0	53,643
Support Services:				
Pupil	566,786	0	67,064	633,850
Instructional Staff	392,102	0	19,659	411,761
Board of Education	49,197	0	0	49,197
Administration	872,680	0	41,454	914,134
Fiscal	280,236	0	0	280,236
Business	33,672	0	300	33,972
Operation and Maintenance of Plant	1,003,395	0	0	1,003,395
Pupil Transportation	836,990	0	0	836,990
Operation of Non-Instructional Services	33,050	0	0	33,050
Operation of Food Services	0	0	357,014	357,014
Extracurricular Activities	172,956	0	172,488	345,444
Capital Outlay	0	393,131	0	393,131
Debt Service:				
Principal Retirement	0	0	30,000	30,000
Interest and Fiscal Charges	0	0	3,113	3,113
<i>Total Expenditures</i>	<u>9,993,880</u>	<u>393,131</u>	<u>878,953</u>	<u>11,265,964</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(946,937)</u>	<u>(134,752)</u>	<u>(121,472)</u>	<u>(1,203,161)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	25,000	25,000
Transfers Out	(25,000)	0	0	(25,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>0</u>	<u>25,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(971,937)</u>	<u>(134,752)</u>	<u>(96,472)</u>	<u>(1,203,161)</u>
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>2,478,749</u>	<u>269,847</u>	<u>158,991</u>	<u>2,907,587</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,506,812</u></u>	<u><u>\$135,095</u></u>	<u><u>\$62,519</u></u>	<u><u>\$1,704,426</u></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, 2002*

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**Net Change in Fund Balances - Total Governmental Funds** (\$1,203,161)

*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	443,129
Depreciation	<u>(249,349)</u>

Total	193,780
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Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (19,401)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	7,682
Intergovernmental	<u>166</u>

Total	7,848
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 30,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 519

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	366
Pension Obligation	<u>1,764</u>

Total	2,130
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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. (2,445)

*Change in Net Assets of Governmental Activities* (\$990,730)

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, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Income Taxes	\$1,101,797	\$1,126,299	\$1,126,299	\$0
Property and Other Local Taxes	3,930,227	4,017,628	4,017,628	0
Intergovernmental	3,649,894	3,731,061	3,731,061	0
Interest	161,411	165,000	158,450	(6,550)
Tuition and Fees	41,023	41,935	20,084	(21,851)
Extracurricular Activities	56,275	57,526	57,526	0
Contributions and Donations	9,068	9,270	9,270	0
Charges for Services	978	1,000	977	(23)
Rentals	23,683	24,210	24,210	0
Miscellaneous	110,889	110,889	110,889	0
<i>Total Revenues</i>	9,085,245	9,284,818	9,256,394	(28,424)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,929,220	5,225,692	5,012,004	213,688
Special	1,014,576	933,384	856,072	77,312
Vocational	58,826	59,200	53,973	5,227
Support Services:				
Pupils	596,706	736,306	569,230	167,076
Instructional Staff	428,923	424,542	395,210	29,332
Board of Education	101,604	85,684	59,706	25,978
Administration	922,259	932,666	885,159	47,507
Fiscal	788,043	800,331	314,556	485,775
Business	12,650	33,672	33,672	0
Operation and Maintenance of Plant	1,227,847	1,125,348	1,065,976	59,372
Pupil Transportation	901,149	982,226	852,724	129,502
Operation of Non-Instructional Services	34,180	35,280	33,162	2,118
Extracurricular Activities	168,271	190,061	170,540	19,521
<i>Total Expenditures</i>	11,184,254	11,564,392	10,301,984	1,262,408
<i>Excess of Revenues Under Expenditures</i>	(2,099,009)	(2,279,574)	(1,045,590)	1,233,984
<b>Other Financing Sources (Uses)</b>				
Advances In	1,196	1,196	1,196	0
Advances Out	(20,000)	(1,839)	(1,839)	0
Transfers Out	(25,000)	(25,000)	(25,000)	0
<i>Total Other Financing Sources (Uses)</i>	(43,804)	(25,643)	(25,643)	0
<i>Net Change in Fund Balance</i>	(2,142,813)	(2,305,217)	(1,071,233)	1,233,984
<i>Fund Balance Beginning of Year</i>	2,181,025	2,181,025	2,181,025	0
Prior Year Encumbrances Appropriated	346,844	346,844	346,844	0
<i>Fund Balance End of Year</i>	\$385,056	\$222,652	\$1,456,636	\$1,233,984

See accompanying notes to the basic financial statements

**Berkshire Local School District**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2002*

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	<u>Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$43,758
<b>Liabilities</b>	
Claims Payable	<u>5,946</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$37,812</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, 2002*

	Insurance
<b>Operating Revenues</b>	
Charges for Services	\$232,188
<b>Operating Expenses</b>	
Purchased Services	11,972
Claims	222,661
<i>Total Operating Expenses</i>	234,633
<i>Change in Net Assets</i>	(2,445)
<i>Net Assets Beginning of Year</i>	40,257
<i>Net Assets End of Year</i>	\$37,812

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, 2002

	Insurance
<i><b>Increase (Decrease) in Cash and Cash Equivalents</b></i>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services	\$232,188
Cash Payments for Goods and Services	(11,972)
Cash Payments for Claims	(220,163)
<i>Net Increase in Cash and Cash Equivalents</i>	53
<i>Cash and Cash Equivalents Beginning of Year</i>	43,705
<i>Cash and Cash Equivalents End of Year</i>	\$43,758
 <b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>	
Operating Loss	(\$2,445)
Adjustments:	
Increase in Claims Payable	2,498
<i>Net Cash Provided by Operating Activities</i>	\$53

See accompanying notes to the basic financial statements

**Berkshire Local School District**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2002*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$39,108
	<hr/> <hr/>
<b>Liabilities</b>	
Due to Students	\$31,858
Undistributed Monies	7,250
	<hr/>
<i>Total Liabilities</i>	\$39,108
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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, 2002*

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**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, 90 certified full time teaching personnel and five administrative employees to provide services to 1,393 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 412<sup>th</sup> 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 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, 2002*

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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 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 function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental 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, 2002*

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***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 are student activities, employee computer purchases and elementary.

### ***C. Measurement Focus***

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

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include 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, 2002*

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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 value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include income tax, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax 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, 2002, but which were levied to finance fiscal year 2003 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

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2002, investments were limited to repurchase agreements, federal home loan mortgage corporation notes, federal home loan bank notes, federal farm credit bank bonds, fannie mae bonds and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

Berkshire Local School District has invested funds in STAROhio (the State Treasury Asset Reserve of Ohio). STAROhio 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, 2002.

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 2002 amounted to \$136,719, which includes \$22,393 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 in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors laws of other governments or imposed by enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set aside to create a reserve for budget stabilization and unspent bus purchase revenues. 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, 2002, 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 is reported in the year in which services are consumed.

***H. Inventory***

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

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption and donated and purchase food.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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***I. 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.

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.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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***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 year. Bonds 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 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, budget stabilization and bus purchase.

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.

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 funds. For the School District, these revenues are charges for services for self-insurance programs.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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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. Neither type of transaction occurred during fiscal 2002.

***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.

***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 object level within each fund and function.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original 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 and Restatement of Fund Balance**

***Changes in Accounting Principles*** For fiscal year 2002, the School District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" GASB Statement No. 38, "Certain Financial Statement Note Disclosures", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

GASB 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management's Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Interpretation No 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

The government-wide financial statements split the School District's programs between business-type and governmental activities. The School District has no business type activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2001, caused by the elimination of the internal service fund, reclassification of funds based on the guidance provided in Statement No. 34 and the conversion to the accrual basis of accounting.

**Restatement of Fund Balance** It was determined that funds previously reported as enterprise funds should be reclassified as special revenue funds. The new standards for reporting fund obligations for compensated absences in Interpretation No. 6 also caused changes in previously reported fund balances. These restatements had the following effects on fund balance of the major and nonmajor funds of the School District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances June 30, 2001, as Previously Reported	\$2,473,072	\$269,847	\$184,230	\$2,927,149
Fund Reclassification Interpretation 6	0	0	(39,715)	(39,715)
Compensated Absences	<u>5,677</u>	<u>0</u>	<u>14,476</u>	<u>20,153</u>
Restated Fund Balance June 30, 2001	<u>\$2,478,749</u>	<u>\$269,847</u>	<u>\$158,991</u>	2,907,587
GASB 34 Adjustments:				
Capital Assets				2,220,320
Internal Service Fund				40,257
Long-Term Liabilities				
Compensated Absences Payable				(835,280)
Intergovernmental Payable				(92,258)
General Obligation Bonds Payable				(30,000)
Accrued Interest Payable				(519)
Long-Term (Deferred) Assets				<u>139,880</u>
Net Assets of Governmental Activities June 30, 2001				<u>\$4,349,987</u>

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

**Note 4 - Accountability and Compliance**

**A. Fund Deficits**

The Food Service and Title I special revenue funds at year-end had deficits of \$42,685 and \$39,421; respectively. The special revenue funds' deficits are due to 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.

**B. Accountability**

The Eisenhower math and science special revenue fund had total original appropriations in excess of estimated resources plus carryover balances in the amount of \$4,246 in violation of Section 5705.39, Revised Code. This oversight was identified and corrected by fiscal year end.

During the fiscal year, the following accounts had expenditures plus encumbrances exceeding appropriations contrary to Section 5705.41, Revised Code. This oversight was identified and corrected by fiscal year end.

<u>As of</u>	<u>Fund/Program/Activity</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
April 30, 2002	<b><i>Special Revenue Fund</i></b>			
	<i>Food Service</i>			
	Operation of Food Services			
	Materials and Supplies	\$120,000	\$171,721	\$51,721
May 30, 2002	<b><i>General Fund</i></b>			
	Support Services			
	Administration			
	Other	141,028	153,170	12,142
	Business			
	Other	31,256	33,672	2,416
	<b><i>Special Revenue Funds</i></b>			
	<i>Food Service</i>			
	Operation of Food Services			
	Materials and Supplies	144,449	151,962	7,513
	<i>Eisenhower Math and Science</i>			
	Instruction			
	Regular			
	Salaries	3,260	3,840	580



**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**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:

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

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	(\$971,937)
Net Adjustment for Revenue Accruals	199,379
Advances In	1,196
Fair Value Adjustment for Investments	10,072
Net Adjustment for Expenditure Accruals	147,483
Advances Out	(1,839)
Encumbrances	<u>(455,587)</u>
Budget Basis	<u><u>(\$1,071,233)</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.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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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.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bill, 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.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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."

**Deposits** At year end, the carrying amount of the School District's deposits was \$13,885 and the bank balance was \$37,427. The entire bank balance was covered by federal depository insurance.

**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	Carrying Value	Fair Value
Repurchase Agreement	\$141,353	\$141,353	\$141,353
Federal Home Loan Mortgage Corporation Notes	501,300	501,300	501,300
Federal Home Loan Bank Bonds	405,732	405,732	405,732
Federal Farm Credit Bank Bonds	200,438	200,438	200,438
Fannie Mae Bonds	705,485	705,485	705,485
STAROhio	306,508	306,508	306,508
Total	\$1,954,308	\$2,260,816	\$2,260,816

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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 9	\$2,274,726	\$0
Investments Which are Part of a		
Cash Management Pool		
Repurchase Agreement	(141,353)	141,353
Federal Home Loan		
Mortgage Corporation Notes	(501,300)	501,300
Federal Home Loan Bank Bonds	(405,732)	405,732
Federal Farm Credit Bank Bonds	(200,438)	200,438
Fannie Mae Bonds	(705,485)	705,485
STAROhio	(306,508)	306,508
Cash on hand	(25)	0
	\$13,885	\$2,260,816
GASB Statement 3		

**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 (used in business) property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) is for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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

2002 tangible personal property taxes are levied after April 1, 2002, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$147,965,940	86.21%	\$151,943,830	87.58%
Public Utility Personal	8,186,330	4.77	6,430,150	3.71
Tangible Personal Property	15,483,450	9.02	15,111,250	8.71
Totals	<u>\$171,635,720</u>	<u>100.00%</u>	<u>\$173,485,230</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$54.80		\$54.80	

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Berkshire Local School District. The County Auditor periodically remits to the School District its portion of taxes. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which are measurable as of June 30, 2002 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 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available to the School District as an advance at June 30 is recognized as revenue. At June 30, 2002, \$212,000 was available as an advance to the general fund and \$13,300 was available to 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 is deferred.

**Note 8 - Income Tax**

The School District levies a voted tax of 3/4 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.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 9 - Receivables**

Receivables at June 30, 2002, consisted of taxes, accounts (rent, student fees and tuition), intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of principal items of intergovernmental receivables follows:

<b>Governmental Activities</b>	
School Lunch Reimbursement	\$7,249
Homestead and Rollback	1,789
Eisenhower Math and Science Grant	<u>621</u>
Total	<u><u>\$9,659</u></u>

**Note 10 - Interfund Balances**

On the fund financial statements the General fund reported an interfund receivable at June 30, 2002 of \$28,839. The Food Service and Athletics and Music special revenue funds had an interfund payable of \$27,000 and \$1,839, respectively. The loan was made to support programs and projects in the Food Service and Athletics and Music special revenue funds.

**Note 11 - Interfund Transfers**

The only transfer made during fiscal year 2002 was \$25,000 to the Food Service Special Revenue fund from the General fund. This transfer was made to move unrestricted balances to support food service operations.

**Note 12 - 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, 2002.

**B. Litigation**

The School District is not party to legal proceedings.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

**Note 13 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2002, was as follows:

	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
<b>Nondepreciable Capital Assets</b>				
Land	\$52,216	\$0	\$0	\$52,216
Construction in Progress	0	10,704	0	10,704
<i>Total Nondepreciable Capital Assets</i>	<u>52,216</u>	<u>10,704</u>	<u>0</u>	<u>62,920</u>
<b>Depreciable Capital Assets</b>				
Land Improvements	170,522	0	(45,269)	125,253
Buildings and Improvements	3,698,750	181,059	(19,644)	3,860,165
Furniture and Fixtures	1,248,322	113,683	(132,432)	1,229,573
Vehicles	857,982	137,683	(77,400)	918,265
<i>Total at Historical Cost</i>	<u>5,975,576</u>	<u>432,425</u>	<u>(274,745)</u>	<u>6,133,256</u>
Less: Accumulated Depreciation				
Land Improvements	(55,022)	(1,723)	45,269	(11,476)
Buildings and Improvements	(2,631,056)	(89,134)	635	(2,719,555)
Furniture and Fixtures	(788,301)	(66,382)	132,040	(722,643)
Vehicles	(333,093)	(92,110)	77,400	(347,803)
<i>Total Accumulated Depreciation</i>	<u>(3,807,472)</u>	<u>(249,349) *</u>	<u>255,344</u>	<u>(3,801,477)</u>
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	<u>2,168,104</u>	<u>183,076</u>	<u>(19,401)</u>	<u>2,331,779</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$2,220,320</u>	<u>\$193,780</u>	<u>(\$19,401)</u>	<u>\$2,394,699</u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$60,797
Special	2,915
Support Services	
Pupil	9,422
Instructional Staff	4,609
Administration	22,202
Fiscal	602
Operation and Maintenance of Plant	46,456
Pupil Transportation	88,716
Operation of Food Services	8,721
Extracurricular Activities	4,909
Total Depreciation Expense	<u>\$249,349</u>

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

**Note 14 - 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 2002, the School District participated with in the Ohio Schools Council insurance program which contracted with Crum and Forester, Coregis Marsh USA Insurance and Travelers Insurance. The general liability policy is not contracted through the Ohio Schools Council; however, the Coregis Marsh USA Insurance act as the carrier. Coverage provided is as follows:

Company	Type of Coverage	Amount
Crum and Forester Insurance	Building and Contents - replacement cost	\$17,929,410
	Inland Marine Coverage	99,535
	Crime Insurance	250,000
	Extra Expense	1,000,000
Coregis Marsh USA Insurance	Automobile Liability	2,000,000
	Uninsured Motorists	2,000,000
	General Liability	
	Per Occurrence	2,000,000
	Total per year	5,000,000
Travelers Insurance	Boiler and Machinery	30,000,000
	Consequential Loss	100,000
	Expediting Expense	100,000
	Hazarduous Substance	100,000
	Ammonia Contamination	100,000
	Water Dramage	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 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.



**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

**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 \$63.56 per family coverage or \$21.79 per single coverage per month for the dental plan and \$108.86 per family or \$41.20 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 \$5,946 reported in the internal service fund at June 30, 2002 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 2001 and 2002 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2001	\$5,817	\$186,583	\$188,952	\$3,448
2002	3,448	222,661	220,163	5,946

**Note 15 - 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 295 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 65 days.

**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 Medical Mutual of Ohio. The cost of the monthly premium is paid by the School District. The premium varies with employee depending on coverage.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 16 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The School District contributes to the School Employees System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$75,481, \$54,452 and \$65,616, respectively; 56.63 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$32,738 represents the unpaid contribution for fiscal year 2002. The balance outstanding is reflected as an intergovernmental payable.

***B. State Teachers Retirement System***

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

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001 and 2000 were \$445,446, \$437,572 and \$241,906 respectively; 83.67 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$72,727 represents the unpaid contribution for fiscal year 2002. The balance outstanding is reflected as an intergovernmental payable.

***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, 2002, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 17 - 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.

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, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District this amount equaled \$211,000 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 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, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent for fiscal year 2001. 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 2002, the minimum pay has been established as \$12,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2002 fiscal year equaled \$144,268.

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, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

**Note 18 - Long Term Obligations**

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

	Principal Outstanding 06/30/01	Additions	Reductions	Principal Outstanding 06/30/02	Amount Due in One Year
<b>Governmental Activities</b>					
1980 10.375% - Vocational Building General Obligation Bonds	\$30,000	\$0	\$30,000	\$0	\$0
Compensated Absences	835,280	92,645	93,011	834,914	77,285
<i>Total Governmental Activities Long-Term Liabilities</i>	<u>\$865,280</u>	<u>\$92,645</u>	<u>\$123,011</u>	<u>\$834,914</u>	<u>\$77,285</u>

**Vocational Building General Obligation Bonds** On December 1, 1980, Berkshire School District issued \$610,000 in voted general obligation bonds for the purpose of purchasing a vocational building. The bonds were issued for a twenty year period with final maturity at December 1, 2001. The bonds were paid from the debt service fund.

The compensated absences will be paid from the general and food service special revenue funds.

The School District's overall debt margin was \$15,613,671 with an unvoted debt margin of \$173,485 at June 30, 2002.

**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 2002, the School District paid \$12,856 to LGCA. Financial information can be obtained from the Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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***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 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 2002, 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 2002, the School District paid \$130 to the East Shore Center. Financial information can be obtained by writing the fiscal agent, Mentor Exempted Village School District, 6451 Center Street, Mentor, Ohio 44060.

***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 2002, the School District paid \$1,150 to the Council. Financial information can be obtained by contacting Albert G. Vasek, 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

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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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, Linda Baker Clerk/Treasurer, PO Box 427, Burton, Ohio 44021.

**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 – State School Funding Decision**

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

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

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

**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

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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, 2002, only the unspent portion of certain workers' compensation refunds continues to be set aside.

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, 2001	\$39,468	\$0	(\$297,299)
Current Year Set-aside Requirement	0	172,039	172,039
Qualifying Disbursements	0	(436,122)	(295,231)
<b>Totals</b>	<b>\$39,468</b>	<b>(\$264,083)</b>	<b>(\$420,491)</b>
Set-aside Balance Carried Forward to Future Fiscal Years	\$39,468	\$0	(\$420,491)
Set-aside Reserve Balance as of June 30, 2002	\$39,468	\$0	\$0

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.

## 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.

***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.

***Teacher Development Fund*** This fund accounts for State monies used to assist teachers in gaining new skills and becoming familiar with new teaching methodologies.

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

***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.

### ***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 Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2002*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$85,651	\$52,024	\$12,989	\$150,664
Intergovernmental Receivable	7,870	0	0	7,870
Inventory Held for Resale	4,978	0	0	4,978
Materials and Supplies Inventory	1,880	0	0	1,880
<i>Total Assets</i>	<u>\$100,379</u>	<u>\$52,024</u>	<u>\$12,989</u>	<u>\$165,392</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$1,259	\$0	\$0	\$1,259
Accrued Wages and Benefits	43,907	0	0	43,907
Interfund Payable	28,839	0	0	28,839
Intergovernmental Payable	1,263	0	0	1,263
Compensated Absences Payable	16,987	0	0	16,987
Special Termination Benefits Payable	9,997	0	0	9,997
Deferred Revenue	621	0	0	621
<i>Total Liabilities</i>	<u>102,873</u>	<u>0</u>	<u>0</u>	<u>102,873</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	7,917	0	0	7,917
Unreserved:				
Undesignated (Deficit), Reported in:				
Special Revenue Funds	(10,411)	0	0	(10,411)
Debt Service Fund	0	52,024	0	52,024
Capital Projects Funds	0	0	12,989	12,989
<i>Total Fund Balances</i>	<u>(2,494)</u>	<u>52,024</u>	<u>12,989</u>	<u>62,519</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$100,379</u>	<u>\$52,024</u>	<u>\$12,989</u>	<u>\$165,392</u>

**Berkshire Local School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Fiscal Year Ended June 30, 2002*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Intergovernmental	\$323,125	\$0	\$0	\$323,125
Extracurricular Activities	79,686	0	0	79,686
Contributions and Donations	76,215	0	0	76,215
Charges for Services	278,455	0	0	278,455
<i>Total Revenues</i>	<u>757,481</u>	<u>0</u>	<u>0</u>	<u>757,481</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	72,978	0	0	72,978
Special	114,883	0	0	114,883
Support Services:				
Pupil	67,064	0	0	67,064
Instructional Staff	19,659	0	0	19,659
Administration	41,454	0	0	41,454
Business	300	0	0	300
Operation of Food Services	357,014	0	0	357,014
Extracurricular Activities	172,488	0	0	172,488
Debt Service:				
Principal Retirement	0	30,000	0	30,000
Interest and Fiscal Charges	0	3,113	0	3,113
<i>Total Expenditures</i>	<u>845,840</u>	<u>33,113</u>	<u>0</u>	<u>878,953</u>
<i>Excess of Revenues Under Expenditures</i>	(88,359)	(33,113)	0	(121,472)
<b>Other Financing Sources</b>				
Transfers In	25,000	0	0	25,000
<i>Net Change in Fund Balances</i>	(63,359)	(33,113)	0	(96,472)
<i>Fund Balances Beginning of Year</i>	<u>60,865</u>	<u>85,137</u>	<u>12,989</u>	<u>158,991</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$2,494)</u></u>	<u><u>\$52,024</u></u>	<u><u>\$12,989</u></u>	<u><u>\$62,519</u></u>

**Berkshire Local School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2002*

	Food Service	Uniform School Supplies	Public School Support
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$163	\$1,624	\$27,263
Intergovernmental Receivable	7,249	0	0
Inventory Held for Resale	4,978	0	0
Materials and Supplies Inventory	1,880	0	0
<i>Total Assets</i>	<u>\$14,270</u>	<u>\$1,624</u>	<u>\$27,263</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$0	\$0	\$126
Accrued Wages and Benefits	29,180	0	0
Interfund Payable	27,000	0	0
Intergovernmental Payable	775	0	0
Compensated Absences Payable	0	0	0
Special Termination Benefits Payable	0	0	0
Deferred Revenue	0	0	0
<i>Total Liabilities</i>	<u>56,955</u>	<u>0</u>	<u>126</u>
 <b>Fund Balances</b>			
Reserved for Encumbrances	0	504	413
Unreserved, Undesignated (Deficit)	(42,685)	1,120	26,724
<i>Total Fund Balances</i>	<u>(42,685)</u>	<u>1,624</u>	<u>27,137</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$14,270</u>	<u>\$1,624</u>	<u>\$27,263</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>
\$7,234	\$2,875	\$10,344	\$5,207	\$3,661
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$7,234</u>	<u>\$2,875</u>	<u>\$10,344</u>	<u>\$5,207</u>	<u>\$3,661</u>
\$840	\$0	\$0	\$293	\$0
0	0	0	0	0
1,839	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>2,679</u>	<u>0</u>	<u>0</u>	<u>293</u>	<u>0</u>
824	0	0	182	0
<u>3,731</u>	<u>2,875</u>	<u>10,344</u>	<u>4,732</u>	<u>3,661</u>
<u>4,555</u>	<u>2,875</u>	<u>10,344</u>	<u>4,914</u>	<u>3,661</u>
<u>\$7,234</u>	<u>\$2,875</u>	<u>\$10,344</u>	<u>\$5,207</u>	<u>\$3,661</u>

(continued)

**Berkshire Local School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*June 30, 2002*

	School Improvement Model	Eisenhower Math and Science	Title VI-B
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,153	\$2,721	\$10,280
Intergovernmental Receivable	0	621	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	0	0	0
<i>Total Assets</i>	<u>\$7,153</u>	<u>\$3,342</u>	<u>\$10,280</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	2,652
Interfund Payable	0	0	0
Intergovernmental Payable	0	0	126
Compensated Absences Payable	0	0	0
Special Termination Benefits Payable	0	0	0
Deferred Revenue	0	621	0
<i>Total Liabilities</i>	<u>0</u>	<u>621</u>	<u>2,778</u>
 <b>Fund Balances</b>			
Reserved for Encumbrances	906	0	5,088
Unreserved, Undesignated (Deficit)	6,247	2,721	2,414
<i>Total Fund Balances</i>	<u>7,153</u>	<u>2,721</u>	<u>7,502</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,153</u>	<u>\$3,342</u>	<u>\$10,280</u>

Title I	Title VI	Total Nonmajor Special Revenue Funds
\$0	\$7,126	\$85,651
0	0	7,870
0	0	4,978
0	0	1,880
\$0	\$7,126	\$100,379
\$0	\$0	\$1,259
12,075	0	43,907
0	0	28,839
362	0	1,263
16,987	0	16,987
9,997	0	9,997
0	0	621
39,421	0	102,873
0	0	7,917
(39,421)	7,126	(10,411)
(39,421)	7,126	(2,494)
\$0	\$7,126	\$100,379

**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, 2002*

	Food Service	Uniform School Supplies	Public School Support
<b>Revenues</b>			
Intergovernmental	\$65,051	\$0	\$0
Extracurricular Activities	0	0	16,868
Contributions and Donations	0	0	29,195
Charges for Services	255,269	23,186	0
<i>Total Revenues</i>	<u>320,320</u>	<u>23,186</u>	<u>46,063</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	0	27,314	0
Special	0	0	0
Support Services:			
Pupil	0	0	0
Instructional Staff	0	0	0
Administration	0	0	0
Business	0	0	0
Operation of Food Services	357,014	0	0
Extracurricular Activities	0	0	43,295
<i>Total Expenditures</i>	<u>357,014</u>	<u>27,314</u>	<u>43,295</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(36,694)	(4,128)	2,768
<b>Other Financing Sources</b>			
Transfers In	25,000	0	0
<i>Net Change in Fund Balances</i>	(11,694)	(4,128)	2,768
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(30,991)</u>	<u>5,752</u>	<u>24,369</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$42,685)</u></u>	<u><u>\$1,624</u></u>	<u><u>\$27,137</u></u>



Athletics and Music	Teacher Development	Educational Management Information Systems	ONEnet	SchoolNet Professional Development	Ohio Reads Grant
\$0	\$0	\$5,084	\$14,000	\$7,592	\$19,000
62,818	0	0	0	0	0
47,020	0	0	0	0	0
0	0	0	0	0	0
<u>109,838</u>	<u>0</u>	<u>5,084</u>	<u>14,000</u>	<u>7,592</u>	<u>19,000</u>
0	2,166	0	0	0	0
0	0	0	0	0	0
0	0	2,417	0	0	0
0	0	0	0	1,248	16,717
0	0	0	14,000	0	0
0	0	0	0	0	0
0	0	0	0	0	0
129,193	0	0	0	0	0
<u>129,193</u>	<u>2,166</u>	<u>2,417</u>	<u>14,000</u>	<u>1,248</u>	<u>16,717</u>
(19,355)	(2,166)	2,667	0	6,344	2,283
0	0	0	0	0	0
(19,355)	(2,166)	2,667	0	6,344	2,283
23,910	2,166	208	0	4,000	2,631
<u>\$4,555</u>	<u>\$0</u>	<u>\$2,875</u>	<u>\$0</u>	<u>\$10,344</u>	<u>\$4,914</u>

(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, 2002*

	Summer Intervention	School Improvement Model	Eisenhower Math and Science
<b>Revenues</b>			
Intergovernmental	\$0	\$0	\$5,586
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Charges for Services	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>5,586</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	2,334	0	5,280
Special	0	0	0
Support Services:			
Pupil	0	17,847	0
Instructional Staff	0	0	0
Administration	0	0	0
Business	0	0	0
Operation of Food Services	0	0	0
Extracurricular Activities	0	0	0
<i>Total Expenditures</i>	<u>2,334</u>	<u>17,847</u>	<u>5,280</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,334)	(17,847)	306
<b>Other Financing Sources</b>			
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(2,334)	(17,847)	306
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>5,995</u>	<u>25,000</u>	<u>2,415</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$3,661</u></u>	<u><u>\$7,153</u></u>	<u><u>\$2,721</u></u>

Title VI-B	Title I	Title VI	Drug Free Schools Grant	Class Size Reduction Grant	Total Nonmajor Special Revenue Funds
\$83,450	\$83,103	\$7,126	\$5,408	\$27,725	\$323,125
0	0	0	0	0	79,686
0	0	0	0	0	76,215
0	0	0	0	0	278,455
<u>83,450</u>	<u>83,103</u>	<u>7,126</u>	<u>5,408</u>	<u>27,725</u>	<u>757,481</u>
0	0	5,217	5,811	24,856	72,978
0	114,883	0	0	0	114,883
46,800	0	0	0	0	67,064
1,694	0	0	0	0	19,659
27,454	0	0	0	0	41,454
0	0	0	300	0	300
0	0	0	0	0	357,014
0	0	0	0	0	172,488
<u>75,948</u>	<u>114,883</u>	<u>5,217</u>	<u>6,111</u>	<u>24,856</u>	<u>845,840</u>
7,502	(31,780)	1,909	(703)	2,869	(88,359)
0	0	0	0	0	25,000
7,502	(31,780)	1,909	(703)	2,869	(63,359)
0	(7,641)	5,217	703	(2,869)	60,865
<u>\$7,502</u>	<u>(\$39,421)</u>	<u>\$7,126</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$2,494)</u>

## ***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, 2001*

	Beginning Balance 6/30/01	Additions	Deductions	Ending Balance 6/30/02
<b><i>Student Activities</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$28,448	\$75,907	\$72,497	\$31,858
<b>Liabilities</b>				
Due to Students	\$28,448	\$75,907	\$72,497	\$31,858
<b><i>Employee Computer Purchase</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$1,071	\$0	\$1,071
<b>Liabilities</b>				
Undistributed Monies	\$0	\$1,071	\$0	\$1,071
<b><i>Elementary</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,903	\$1,876	\$1,600	\$6,179
<b>Liabilities</b>				
Due to Students				
Undistributed Monies	\$5,903	\$1,876	\$1,600	\$6,179
<b><i>Total - All Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$34,351	\$78,854	\$74,097	\$39,108
<b>Liabilities</b>				
Due to Students	\$28,448	\$75,907	\$72,497	\$31,858
Undistributed Monies	5,903	2,947	1,600	7,250
Total Liabilities	\$34,351	\$78,854	\$74,097	\$39,108

**Individual Fund Schedules of Revenues, Expenditures/Expenses  
and Changes in Fund Balance – 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, 2002*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Income Taxes	\$1,101,797	\$1,126,299	\$1,126,299	\$0
Property and Other Local Taxes	3,930,227	4,017,628	4,017,628	0
Intergovernmental	3,649,894	3,731,061	3,731,061	0
Interest	161,411	165,000	158,450	(6,550)
Tuition and Fees	41,023	41,935	20,084	(21,851)
Extracurricular Activities	56,275	57,526	57,526	0
Contributions and Donations	9,068	9,270	9,270	0
Charges for Services	978	1,000	977	(23)
Rentals	23,683	24,210	24,210	0
Miscellaneous	110,889	110,889	110,889	0
<i>Total Revenues</i>	<u>9,085,245</u>	<u>9,284,818</u>	<u>9,256,394</u>	<u>(28,424)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	3,505,769	3,775,634	3,670,527	105,107
Fringe Benefits	1,082,400	1,093,467	1,050,367	43,100
Purchased Services	152,947	167,500	142,716	24,784
Materials and Supplies	156,732	148,590	112,388	36,202
Capital Outlay - New	18,430	25,037	22,912	2,125
Capital Outlay - Replacement	12,942	15,464	13,094	2,370
Total Regular	<u>4,929,220</u>	<u>5,225,692</u>	<u>5,012,004</u>	<u>213,688</u>
Special:				
Salaries and Wages	429,509	448,217	412,090	36,127
Fringe Benefits	177,932	171,211	159,267	11,944
Purchased Services	389,912	295,412	268,530	26,882
Materials and Supplies	17,223	17,705	15,397	2,308
Capital Outlay - New	0	160	155	5
Capital Outlay - Replacement	0	679	633	46
Total Special	<u>1,014,576</u>	<u>933,384</u>	<u>856,072</u>	<u>77,312</u>
Vocational:				
Salaries and Wages	43,500	43,500	39,401	4,099
Fringe Benefits	11,490	11,526	10,608	918
Purchased Services	200	200	0	200
Materials and Supplies	3,636	3,974	3,964	10
Total Vocational	<u>58,826</u>	<u>59,200</u>	<u>53,973</u>	<u>5,227</u>
Total Instruction	<u>\$6,002,622</u>	<u>\$6,218,276</u>	<u>\$5,922,049</u>	<u>\$296,227</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, 2002*

	<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	\$315,629	\$318,000	\$288,174	\$29,826
Fringe Benefits	131,299	121,636	103,214	18,422
Purchased Services	83,043	243,861	141,863	101,998
Materials and Supplies	50,252	51,326	34,671	16,655
Capital Outlay - New	1,483	1,483	1,308	175
Capital Outlay - Replacement	15,000	0	0	0
Total Pupil	<u>596,706</u>	<u>736,306</u>	<u>569,230</u>	<u>167,076</u>
Instructional Staff:				
Salaries and Wages	164,050	172,643	161,924	10,719
Fringe Benefits	46,367	46,367	40,298	6,069
Purchased Services	97,890	77,890	71,577	6,313
Materials and Supplies	34,300	36,123	34,375	1,748
Capital Outlay - New	84,816	90,019	87,036	2,983
Capital Outlay - Replacement	1,500	1,500	0	1,500
Total Instructional Staff	<u>428,923</u>	<u>424,542</u>	<u>395,210</u>	<u>29,332</u>
Board of Education:				
Salaries and Wages	4,640	4,720	4,720	0
Fringe Benefits	657	657	589	68
Purchased Services	81,607	65,607	45,737	19,870
Materials and Supplies	4,700	4,700	1,356	3,344
Other	10,000	10,000	7,304	2,696
Total Board of Education	<u>101,604</u>	<u>85,684</u>	<u>59,706</u>	<u>25,978</u>
Administration:				
Salaries and Wages	559,716	564,415	538,908	25,507
Fringe Benefits	213,153	217,083	209,105	7,978
Purchased Services	55,906	46,106	34,659	11,447
Materials and Supplies	7,094	6,614	4,631	1,983
Capital Outlay - New	3,690	3,397	3,330	67
Capital Outlay - Replacement	2,500	1,500	975	525
Other	80,200	93,551	93,551	0
Total Administration	<u>\$922,259</u>	<u>\$932,666</u>	<u>\$885,159</u>	<u>\$47,507</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, 2002*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Fiscal:</b>				
Salaries and Wages	\$126,361	\$118,572	\$114,502	\$4,070
Fringe Benefits	42,752	42,752	40,425	2,327
Purchased Services	20,900	22,900	19,275	3,625
Materials and Supplies	3,530	2,530	1,815	715
Other	594,500	613,577	138,539	475,038
<b>Total Fiscal</b>	<b>788,043</b>	<b>800,331</b>	<b>314,556</b>	<b>485,775</b>
<b>Business:</b>				
Other	12,650	33,672	33,672	0
<b>Operation and Maintenance of Plant:</b>				
Salaries and Wages	388,350	391,554	374,472	17,082
Fringe Benefits	151,476	151,599	147,549	4,050
Purchased Services	535,828	459,062	426,449	32,613
Materials and Supplies	130,193	103,993	99,517	4,476
Capital Outlay - New	17,000	13,140	12,858	282
Capital Outlay - Replacement	5,000	6,000	5,131	869
<b>Total Operation and Maintenance of Plant</b>	<b>1,227,847</b>	<b>1,125,348</b>	<b>1,065,976</b>	<b>59,372</b>
<b>Pupil Transportation:</b>				
Salaries and Wages	356,855	389,383	350,726	38,657
Fringe Benefits	166,670	161,906	160,051	1,855
Purchased Services	147,393	186,506	148,399	38,107
Materials and Supplies	101,797	103,997	55,737	48,260
Capital Outlay - New	21,900	33,900	32,149	1,751
Capital Outlay - Replacement	106,534	106,534	105,662	872
<b>Total Pupil Transportation</b>	<b>901,149</b>	<b>982,226</b>	<b>852,724</b>	<b>129,502</b>
<b>Total Support Services</b>	<b>4,979,181</b>	<b>5,120,775</b>	<b>4,176,233</b>	<b>944,542</b>
<b>Operation of Non-Instructional Services:</b>				
<b>Community Services:</b>				
Fringe Benefits	27,180	27,180	26,063	1,117
Materials and Supplies	6,000	7,100	7,099	1
Capital Outlay - Replacement	1,000	1,000	0	1,000
<b>Total Operation of Non-Instructional Services:</b>	<b>\$34,180</b>	<b>\$35,280</b>	<b>\$33,162</b>	<b>\$2,118</b>

(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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	\$16,890	\$17,890	\$15,675	\$2,215
Fringe Benefits	6,275	6,275	5,643	632
Total Academic and Subject Oriented Activities	<u>23,165</u>	<u>24,165</u>	<u>21,318</u>	<u>2,847</u>
Sports Oriented Activities:				
Salaries and Wages	120,366	141,877	133,174	8,703
Fringe Benefits	16,405	16,555	9,950	6,605
Total Sports Oriented Activities	<u>136,771</u>	<u>158,432</u>	<u>143,124</u>	<u>15,308</u>
School and Public Service Co-Curricular Activities:				
Salaries and Wages	8,035	7,164	5,799	1,365
Fringe Benefits	300	300	299	1
Total School and Public Service Co-Curricular Activities	<u>8,335</u>	<u>7,464</u>	<u>6,098</u>	<u>1,366</u>
Total Extracurricular Activities	<u>168,271</u>	<u>190,061</u>	<u>170,540</u>	<u>19,521</u>
<i>Total Expenditures</i>	<u>11,184,254</u>	<u>11,564,392</u>	<u>10,301,984</u>	<u>1,262,408</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,099,009)</u>	<u>(2,279,574)</u>	<u>(1,045,590)</u>	<u>1,233,984</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	1,196	1,196	1,196	0
Advances Out	(20,000)	(1,839)	(1,839)	0
Transfers Out	(25,000)	(25,000)	(25,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(43,804)</u>	<u>(25,643)</u>	<u>(25,643)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(2,142,813)</u>	<u>(2,305,217)</u>	<u>(1,071,233)</u>	<u>1,233,984</u>
<i>Fund Balance Beginning of Year</i>	2,181,025	2,181,025	2,181,025	0
Prior Year Encumbrances Appropriated	<u>346,844</u>	<u>346,844</u>	<u>346,844</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$385,056</u></u>	<u><u>\$222,652</u></u>	<u><u>\$1,456,636</u></u>	<u><u>\$1,233,984</u></u>

**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, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Local Taxes	\$231,918	\$241,369	\$241,369	\$0
Intergovernmental	23,646	24,610	24,610	0
<i>Total Revenues</i>	<u>255,564</u>	<u>265,979</u>	<u>265,979</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	5,858	4,559	4,559	0
Operation and Maintenance of Plant:				
Purchased Services	362,867	416,438	415,795	643
Capital Outlay - Replacement	43,278	43,279	43,279	0
Total Operation and Maintenance of Plant	<u>406,145</u>	<u>459,717</u>	<u>459,074</u>	<u>643</u>
<i>Total Expenditures</i>	<u>412,003</u>	<u>464,276</u>	<u>463,633</u>	<u>643</u>
<i>Net Change in Fund Balance</i>	(156,439)	(198,297)	(197,654)	643
<i>Fund Balance Beginning of Year</i>	5,958	5,958	5,958	0
Prior Year Encumbrances Appropriated	<u>258,604</u>	<u>258,604</u>	<u>258,604</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$108,123</u></u>	<u><u>\$66,265</u></u>	<u><u>\$66,908</u></u>	<u><u>\$643</u></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, 2002*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$45,171	\$48,079	\$48,080	\$1
Charges for Services	239,829	255,269	255,269	0
<i>Total Revenues</i>	<u>285,000</u>	<u>303,348</u>	<u>303,349</u>	<u>1</u>
<b>Expenditures</b>				
Current:				
Operation of Food Services:				
Food Service:				
Salaries and Wages	130,298	134,872	134,872	0
Fringe Benefits	49,700	47,656	47,512	144
Materials and Supplies	120,000	148,710	148,710	0
<i>Total Expenditures</i>	<u>299,998</u>	<u>331,238</u>	<u>331,094</u>	<u>144</u>
<i>Excess of Revenues Under Expenditures</i>	(14,998)	(27,890)	(27,745)	145
<b>Other Financing Sources</b>				
Transfers In	25,000	25,000	25,000	0
<i>Net Change in Fund Balance</i>	10,002	(2,890)	(2,745)	145
<i>Fund Balance Beginning of Year</i>	<u>2,908</u>	<u>2,908</u>	<u>2,908</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,910</u></u>	<u><u>\$18</u></u>	<u><u>\$163</u></u>	<u><u>\$145</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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$25,000	\$23,200	\$23,186	(\$14)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	28,509	28,513	27,479	1,034
<i>Net Change in Fund Balance</i>	(3,509)	(5,313)	(4,293)	1,020
<i>Fund Balance Beginning of Year</i>	5,413	5,413	5,413	0
<i>Fund Balance End of Year</i>	\$1,904	\$100	\$1,120	\$1,020

**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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Extracurricular Activities	\$10,000	\$16,875	\$16,868	(\$7)
Contributions and Donations	<u>25,000</u>	<u>29,195</u>	<u>29,195</u>	<u>0</u>
<i>Total Revenues</i>	35,000	46,070	46,063	(7)
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Materials and Supplies	<u>51,648</u>	<u>55,298</u>	<u>43,708</u>	<u>11,590</u>
<i>Net Change in Fund Balance</i>	(16,648)	(9,228)	2,355	11,583
<i>Fund Balance Beginning of Year</i>	24,171	24,171	24,171	0
Prior Year Encumbrances Appropriated	<u>198</u>	<u>198</u>	<u>198</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$7,721</u>	<u>\$15,141</u>	<u>\$26,724</u>	<u>\$11,583</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, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Extracurricular Activities	\$75,000	\$62,818	\$62,818	\$0
Contributions and Donations	57,000	47,020	47,020	0
<i>Total Revenues</i>	<u>132,000</u>	<u>109,838</u>	<u>109,838</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Sports Oriented Activities:				
Salaries and Wages	1,700	1,087	1,087	0
Fringe Benefits	225	225	7	218
Purchased Services	50,147	53,373	52,073	1,300
Materials and Supplies	26,630	21,002	20,794	208
Capital Outlay - New	48,100	54,364	53,578	786
Other	6,350	5,987	4,473	1,514
<i>Total Expenditures</i>	<u>133,152</u>	<u>136,038</u>	<u>132,012</u>	<u>4,026</u>
<i>Excess of Revenues Under Expenditures</i>	(1,152)	(26,200)	(22,174)	4,026
<b>Other Financing Sources</b>				
Advances In	0	1,839	1,839	0
<i>Net Change in Fund Balance</i>	(1,152)	(24,361)	(20,335)	4,026
<i>Fund Balance Beginning of Year</i>	23,028	23,028	23,028	0
Prior Year Encumbrances Appropriated	2,877	2,877	2,877	0
<i>Fund Balance End of Year</i>	<u>\$24,753</u>	<u>\$1,544</u>	<u>\$5,570</u>	<u>\$4,026</u>

**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Teacher Development Fund*  
*For the Fiscal Year Ended June 30, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$5,800	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	2,996	2,996	2,996	0
<i>Net Change in Fund Balance</i>	2,804	(2,996)	(2,996)	0
<i>Fund Balance Beginning of Year</i>	2,995	2,995	2,995	0
Prior Year Encumbrances Appropriated	1	1	1	0
<i>Fund Balance End of Year</i>	\$5,800	\$0	\$0	\$0



**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, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$5,500	\$5,084	\$5,084	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Salaries and Wages	2,132	2,132	0	2,132
Purchased Services	2,000	2,000	2,000	0
Materials and Supplies	208	1,160	417	743
<i>Total Expenditures</i>	4,340	5,292	2,417	2,875
<i>Net Change in Fund Balance</i>	1,160	(208)	2,667	2,875
<i>Fund Balance Beginning of Year</i>	138	138	138	0
Prior Year Encumbrances Appropriated	70	70	70	0
<i>Fund Balance End of Year</i>	\$1,368	\$0	\$2,875	\$2,875

**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, 2002*

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

**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, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$4,000	\$4,142	\$7,592	\$3,450
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	4,000	4,000	1,248	2,752
<i>Net Change in Fund Balance</i>	0	142	6,344	6,202
<i>Fund Balance Beginning of Year</i>	4,000	4,000	4,000	0
<i>Fund Balance End of Year</i>	\$4,000	\$4,142	\$10,344	\$6,202

**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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$19,000	\$19,000	\$19,000	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	2,500	2,500	1,545	955
Purchased Services	3,831	5,200	4,743	457
Materials and Supplies	8,800	8,800	8,500	300
Other	2,500	2,500	2,111	389
<i>Total Expenditures</i>	<u>17,631</u>	<u>19,000</u>	<u>16,899</u>	<u>2,101</u>
<i>Net Change in Fund Balance</i>	1,369	0	2,101	2,101
<i>Fund Balance Beginning of Year</i>	<u>2,631</u>	<u>2,631</u>	<u>2,631</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$4,000</u>	<u>\$2,631</u>	<u>\$4,732</u>	<u>\$2,101</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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$7,000	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	3,650	3,650	250	3,400
Materials and Supplies	2,344	2,344	2,084	260
<i>Total Expenditures</i>	<u>5,994</u>	<u>5,994</u>	<u>2,334</u>	<u>3,660</u>
<i>Net Change in Fund Balance</i>	1,006	(5,994)	(2,334)	3,660
<i>Fund Balance Beginning of Year</i>	3,651	3,651	3,651	0
Prior Year Encumbrances Appropriated	<u>2,344</u>	<u>2,344</u>	<u>2,344</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,001</u></u>	<u><u>\$1</u></u>	<u><u>\$3,661</u></u>	<u><u>\$3,660</u></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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$25,000	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Purchased Services	6,000	6,000	1,873	4,127
Materials and Supplies	19,000	19,000	16,880	2,120
<i>Total Expenditures</i>	<u>25,000</u>	<u>25,000</u>	<u>18,753</u>	<u>6,247</u>
<i>Net Change in Fund Balance</i>	0	(25,000)	(18,753)	6,247
<i>Fund Balance Beginning of Year</i>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$25,000</u>	<u>\$0</u>	<u>\$6,247</u>	<u>\$6,247</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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$4,554	\$5,586	\$5,586	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	4,800	4,800	4,800	0
Purchased Services	6,910	2,910	975	1,935
<i>Total Expenditures</i>	11,710	7,710	5,775	1,935
<i>Net Change in Fund Balance</i>	(7,156)	(2,124)	(189)	1,935
<i>Fund Balance Beginning of Year</i>	1,999	1,999	1,999	0
Prior Year Encumbrances Appropriated	911	911	911	0
<i>Fund Balance (Deficit) End of Year</i>	(\$4,246)	\$786	\$2,721	\$1,935

**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, 2002*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	<u>\$83,449</u>	<u>\$83,450</u>	<u>\$84,646</u>	<u>\$1,196</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils:				
Purchased Services	<u>51,600</u>	<u>51,800</u>	<u>51,800</u>	<u>0</u>
Instructional Staff:				
Materials and Supplies	<u>1,789</u>	<u>1,789</u>	<u>1,782</u>	<u>7</u>
Administration:				
Salaries and Wages	18,400	21,888	21,705	183
Fringe Benefits	2,225	2,900	2,829	71
Materials and Supplies	<u>166</u>	<u>166</u>	<u>142</u>	<u>24</u>
Total Administration	<u>20,791</u>	<u>24,954</u>	<u>24,676</u>	<u>278</u>
<i>Total Expenditures</i>	<u>74,180</u>	<u>78,543</u>	<u>78,258</u>	<u>285</u>
<i>Excess of Revenues Over Expenditures</i>	9,269	4,907	6,388	1,481
<b>Other Financing Uses</b>				
Advances Out	<u>(1,196)</u>	<u>(1,196)</u>	<u>(1,196)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	8,073	3,711	5,192	1,481
<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>\$8,073</u></u>	<u><u>\$3,711</u></u>	<u><u>\$5,192</u></u>	<u><u>\$1,481</u></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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	66,827	66,827	66,827	0
Fringe Benefits	<u>16,276</u>	<u>16,276</u>	<u>16,276</u>	<u>0</u>
<i>Total Expenditures</i>	<u>83,103</u>	<u>83,103</u>	<u>83,103</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$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*  
*Title VI Fund*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	<u>\$16,200</u>	<u>\$7,126</u>	<u>\$7,126</u>	<u>\$0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	6,500	12,143	5,217	6,926
Fringe Benefits	<u>1,717</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	8,217	12,143	5,217	6,926
Support Services:				
Administration:				
Salaries and Wages	<u>0</u>	<u>200</u>	<u>0</u>	<u>200</u>
<i>Total Expenditures</i>	<u>8,217</u>	<u>12,343</u>	<u>5,217</u>	<u>7,126</u>
<i>Net Change in Fund Balance</i>	7,983	(5,217)	1,909	7,126
<i>Fund Balance Beginning of Year</i>	<u>5,217</u>	<u>5,217</u>	<u>5,217</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$13,200</u></u>	<u><u>\$0</u></u>	<u><u>\$7,126</u></u>	<u><u>\$7,126</u></u>

**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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$5,367	\$5,408	\$5,408	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	1,954	2,004	2,004	0
Purchased Services	1,000	1,100	1,100	0
Materials and Supplies	3,419	3,228	3,228	0
Total Instruction	6,373	6,332	6,332	0
Support Services:				
Business:				
Salaries and Wages	0	300	300	0
<i>Total Expenditures</i>	6,373	6,632	6,632	0
<i>Net Change in Fund Balance</i>	(1,006)	(1,224)	(1,224)	0
<i>Fund Balance Beginning of Year</i>	543	543	543	0
Prior Year Encumbrances Appropriated	681	681	681	0
<i>Fund Balance End of Year</i>	\$218	\$0	\$0	\$0

**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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$27,730	\$27,730	\$27,730	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	<u>28,630</u>	<u>29,231</u>	<u>29,231</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(900)	(1,501)	(1,501)	0
<i>Fund Balance Beginning of Year</i>	<u>1,501</u>	<u>1,501</u>	<u>1,501</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$601</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*  
*Bond Retirement Fund*  
*For the Fiscal Year Ended June 30, 2002*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	<u>3,113</u>	<u>3,113</u>	<u>3,113</u>	<u>0</u>
<i>Total Expenditures</i>	<u>33,113</u>	<u>33,113</u>	<u>33,113</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(33,113)	(33,113)	(33,113)	0
<i>Fund Balance Beginning of Year</i>	<u>85,137</u>	<u>85,137</u>	<u>85,137</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$52,024</u>	<u>\$52,024</u>	<u>\$52,024</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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$49,600	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	12,989	12,989	12,989	0
<i>Net Change in Fund Balance</i>	36,611	(12,989)	(12,989)	0
<i>Fund Balance Beginning of Year</i>	12,989	12,989	12,989	0
<i>Fund Balance End of Year</i>	\$49,600	\$0	\$0	\$0

**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, 2002*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$200,000	\$232,406	\$232,188	(\$218)
<b>Expenses</b>				
Purchased Services	11,972	11,972	11,972	0
Claims	189,028	223,629	220,163	3,466
<i>Total Expenses</i>	<u>201,000</u>	<u>235,601</u>	<u>232,135</u>	<u>3,466</u>
<i>Net Change in Fund Equity</i>	(1,000)	(3,195)	53	3,248
<i>Fund Equity Beginning of Year</i>	<u>43,705</u>	<u>43,705</u>	<u>43,705</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$42,705</u>	<u>\$40,510</u>	<u>\$43,758</u>	<u>\$3,248</u>

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## **Statistical Section**

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

**Berkshire Local School District**  
*General Fund*  
*Revenues by Source and Expenditures by Function (1)*  
*Last Ten Fiscal Years*

	2002 (2)	2001 (2)	2000 (2)	1999 (2)
<b>Revenues</b>				
Income Tax (3)	\$1,085,872	\$1,166,466	\$1,072,636	\$990,880
Property and Other Local Taxes	3,905,628	3,996,772	3,491,994	3,463,352
Intergovernmental	3,696,225	3,687,530	3,535,889	3,138,077
Interest	136,719	227,269	206,786	157,793
Tuition and Fees	20,084	16,524	24,690	15,995
Extracurricular Activities	57,526	42,875	43,173	38,000
Contributions and Donations	9,270	3,200	4,716	814
Charges for Services	1,887	6,750	7,685	8,856
Rentals	22,843	12,363	11,429	16,063
Miscellaneous	110,889	50,347	88,920	99,939
<i>Total</i>	<u>\$9,046,943</u>	<u>\$9,210,096</u>	<u>\$8,487,918</u>	<u>\$7,929,769</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	\$4,851,620	\$4,597,473	\$3,869,571	\$3,638,253
Special	847,553	735,228	695,021	613,746
Vocational	53,643	49,833	48,245	49,109
Support Services:				
Pupil	566,786	449,097	413,961	371,354
Instructional Staff	392,102	301,404	237,013	214,724
Board of Education	49,197	71,719	28,512	24,891
Administration	872,680	799,723	707,036	565,294
Fiscal	280,236	245,493	263,964	205,152
Business	33,672	20,483	19,987	16,674
Operation and Maintenance of Plant	1,003,395	1,041,022	986,513	896,663
Pupil Transportation	836,990	649,639	657,231	693,419
Operation of Non-Instructional Services	33,050	29,428	12,808	5,766
Extracurricular Activities	172,956	161,763	165,823	150,776
<i>Total</i>	<u>\$9,993,880</u>	<u>\$9,152,305</u>	<u>\$8,105,685</u>	<u>\$7,445,821</u>

Source: School District Financial Records

(1) Information is based on modified accrual. Information for full accrual will be presented when there are enough years of information to make comparisons.

(2) 1996 through 2002 reported on GAAP basis; all other years on Cash Basis.

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

1998 (2)	1997 (2)	1996 (2)	1995	1994	1993
\$0	\$0	\$0	\$0	\$0	\$0
3,833,417	4,269,142	3,580,863	3,736,335	3,318,901	2,879,679
2,854,859	2,532,403	2,543,538	2,479,440	2,458,722	2,482,981
135,300	128,036	100,380	66,251	35,891	40,136
12,377	2,553	23,438	16,009	9,428	8,545
47,744	65,910	50,139	12,760	12,560	7,893
0	1,039	422	0	0	0
2,770	21,200	26,925	0	0	0
14,701	13,583	12,470	0	0	0
39,565	0	7,469	43,478	50,936	140,096
<u>\$6,940,733</u>	<u>\$7,033,866</u>	<u>\$6,345,644</u>	<u>\$6,354,273</u>	<u>\$5,886,438</u>	<u>\$5,559,330</u>
\$3,299,715	\$3,648,808	\$3,133,085	\$3,263,745	\$3,216,604	\$3,000,379
505,154	426,927	445,285	292,623	287,773	260,799
43,371	57,166	55,752	53,545	53,849	46,907
249,819	259,489	254,844	256,268	262,093	222,728
144,236	77,471	65,033	90,046	136,740	129,390
26,282	17,546	23,597	14,525	17,193	11,675
668,741	580,492	614,463	629,757	584,611	536,144
193,027	183,245	180,898	179,344	179,242	169,278
9,648	10,944	10,868	0	0	0
793,691	683,078	600,205	609,033	733,613	645,086
621,739	513,033	600,963	594,144	577,592	583,674
4,225	0	0	0	0	0
136,176	135,464	130,025	122,017	112,367	95,437
<u>\$6,695,824</u>	<u>\$6,593,663</u>	<u>\$6,115,018</u>	<u>\$6,105,047</u>	<u>\$6,161,677</u>	<u>\$5,701,497</u>

**Berkshire Local School District**  
*Property Tax Levies and Collections*  
*Real and Tangible Personal Property (1)*  
*Last Nine Years (2)*

Year (3)	Current Levy	Delinquent Levy (4)	Total Levy	Current Collection	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection As a Percent of Current Levy
2001	\$4,515,025	\$181,654	\$4,696,679	\$4,370,504	96.8%	\$95,357	\$4,465,861	98.9%
2000	4,446,453	179,017	4,625,470	4,278,141	96.2	105,158	4,383,299	98.6
1999	4,171,283	258,586	4,429,869	4,010,823	96.1	105,508	4,116,331	98.7
1998	4,014,015	265,076	4,279,091	3,865,659	96.3	103,324	3,968,983	98.9
1997	3,907,286	289,412	4,196,698	3,758,943	96.2	118,273	3,877,216	99.2
1996	3,720,284	252,227	3,972,511	3,583,675	96.3	80,831	3,664,506	98.5
1995	3,635,813	288,419	3,924,232	3,510,668	96.6	164,377	3,675,045	101.1
1994	3,492,600	228,497	3,721,097	3,432,539	98.3	97,219	3,529,758	101.1
1993	3,449,828	235,714	3,685,542	3,332,666	96.6	87,735	3,420,401	99.2

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) Information prior to 1993 is not available.
- (3) Represents collection year. 2002 information cannot be presented because all collections have not been made by June 30.
- (4) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

**Berkshire Local School District**

*Assessed and Estimated Actual Value of Taxable Property*

*Last Ten Years*

Year	Real Property		Public Utility Property		Tangible Personal Property		Total		
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
2002	\$151,943,830	\$434,125,229	\$6,430,150	\$7,306,989	\$15,111,250	\$60,445,000	\$173,485,230	\$501,877,217	35%
2001	147,965,940	422,759,829	8,186,330	9,302,648	15,483,450	61,933,800	171,635,720	493,996,277	35
2000	142,245,480	406,415,657	8,150,600	9,262,045	12,547,070	50,188,280	162,943,150	465,865,982	35
1999	113,874,170	325,354,771	8,730,000	9,920,455	10,135,990	40,543,960	132,740,160	375,819,186	35
1998	110,948,800	316,996,571	8,922,380	10,139,068	9,590,090	38,360,360	129,461,270	365,495,999	35
1997	107,141,390	306,118,257	9,117,080	10,360,318	8,548,600	34,194,400	124,807,070	350,672,975	36
1996	96,893,090	276,837,400	9,187,140	10,439,932	7,625,490	30,501,960	113,705,720	317,779,292	36
1995	94,397,260	269,706,457	9,600,380	10,909,523	6,938,050	27,752,200	110,935,690	308,368,180	36
1994	92,259,630	263,598,943	9,537,980	10,838,614	6,126,330	24,505,320	107,923,940	298,942,877	36
1993	74,923,440	214,066,971	10,416,360	11,836,773	6,154,100	24,616,400	91,493,900	250,520,144	37

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.

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

Year	School Levy	JVS	Troy Township	Library	County Levy	Total Levy	Debt Service Included in Total Levy		
							School	County	Total
2002	\$54.80	\$1.50	\$12.50	\$1.00	\$14.40	\$84.20	\$0.00	\$0.30	\$0.30
2001	54.80	1.50	12.50	1.00	13.40	83.20	0.00	0.30	0.30
2000	54.80	1.50	12.50	1.00	12.65	82.45	0.00	0.30	0.30
1999	54.80	1.50	12.50	1.00	12.45	82.25	0.00	0.30	0.30
1998	55.20	1.50	12.50	1.00	12.45	82.65	0.40	0.30	0.70
1997	55.40	1.50	12.50	1.00	12.45	82.85	0.60	0.30	0.90
1996	55.70	1.50	12.50	1.00	12.85	83.55	0.90	0.30	1.20
1995	55.70	1.50	12.50	1.00	10.85	81.55	0.90	0.30	1.20
1994	55.70	1.50	12.50	1.00	10.85	81.55	0.90	0.30	1.20
1993	56.30	1.50	14.80	1.00	10.20	83.80	1.50	0.30	1.80

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.

**Berkshire Local School District**  
*Ratio of Net General Obligation Bonded Debt to  
 Assessed Value and Net Bonded Debt Per Capita  
 Last Ten Years*

Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2002	\$0	\$173,485,230	8,647	0.00%	\$0.00
2001	0	171,635,720	8,647	0.00	0.00
2000	0	162,943,150	8,546	0.00	0.00
1999	13,924	132,740,160	8,546	0.01	1.63
1998	80,072	129,461,270	8,546	0.06	9.37
1997	74,806	124,807,070	8,546	0.06	8.75
1996	0	113,705,720	8,546	0.00	0.00
1995	60,369	110,935,690	8,546	0.05	7.06
1994	76,377	107,923,940	8,546	0.07	8.94
1993	221,885	91,493,900	8,546	0.24	25.96

Source:

- (1) School District Financial Records
- (2) Geauga County Auditor
- (3) U.S. Census of Population, 2000 Federal Census and 1990 Federal Census

**Berkshire Local School District**  
*Computation of Legal Debt Margin*  
*June 30, 2002*

Assessed Valuation	<u><u>\$173,485,230</u></u>
Debt Limit - 9% of Assessed Value (1)	\$15,613,671
Amount of Debt Applicable	<u>0</u>
Overall Debt Margin	<u><u>\$15,613,671</u></u>
Debt Limit - .10% of Assessed Value (1)	\$173,485
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u><u>\$173,485</u></u>

Source: Geauga County Auditor and School District Financial Records

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



**Berkshire Local School District**

*Computation of Direct and Overlapping General Obligation Bonded Debt  
December 31, 2001*

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<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	100.00%	\$0
Geauga County	1,250,000	8.55%	<u>106,875</u>
Total			<u><u>\$106,875</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 2001 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)
2002 (1)	\$30,000	\$3,113	\$33,113	\$9,993,880	0.33%
2001 (1)	30,000	4,669	34,669	9,152,305	0.38
2000 (1)	116,822	10,456	127,278	8,105,685	1.57
1999 (1)	197,461	24,042	221,503	7,445,821	2.97
1998 (1)	141,932	29,519	171,451	6,695,824	2.56
1997 (1)	63,785	19,758	83,543	6,593,663	1.27
1996 (1)	35,000	20,491	55,491	6,115,018	0.91
1995	90,000	25,363	115,363	6,105,047	1.89
1994	90,000	31,475	121,475	6,161,677	1.97
1993	90,000	37,588	127,588	5,701,497	2.24

Source: School District Financial Records

(1) 1996 through 2002 on GAAP Basis.

## Berkshire Local School District

### *Demographic Statistics*

#### *Last Ten Years*

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<u>Year</u>	<u>Geauga County Population (1)</u>	<u>Berkshire LSD Area Population (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2002	91,804	8,647	1,393	3.7%
2001	90,895	8,647	1,360	2.9
2000	89,598	8,546	1,375	2.8
1999	87,913	8,546	1,365	3.0
1998	86,054	8,546	1,355	3.5
1997	86,054	8,546	1,317	3.6
1996	84,260	8,546	1,305	3.8
1995	83,400	8,546	1,325	3.8
1994	83,241	8,546	1,293	5.1
1993	82,094	8,546	1,274	5.8

Sources:

- (1) Estimated Figure from U.S. Census Bureau
- (2) U.S. 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**  
*Property Value,*  
*Financial Institution Deposits and Building Permits*  
*Last Nine Years (1)*

Year	Property Value (2) (Real Estate Only)	Financial Institution Deposits				Values of Permits Issued			Values of Permits Issued		
		Banks	Geauga County	Burton Township	Claridon Township	Burton Village	Troy Township	Burton Village	Troy Township		
2002	\$151,943,830	\$220,100,693	\$212,264,882	\$3,494,134	\$3,414,146	\$459,140	\$2,282,417				
2001	147,965,940	222,518,000	199,824,566	4,626,261	5,123,086	1,316,470	6,042,887				
2000	142,245,480	249,478,000	65,015,002	4,680,933	2,939,795	1,346,190	5,302,735				
1999	113,874,170	254,641,000	47,503,140	2,370,380	9,999,747	2,946,851	4,083,882				
1998	110,948,800	222,202,000	38,142,850	3,075,000	4,111,491	389,462	16,415,496				
1997	107,141,390	212,641,000	41,162,110	2,485,208	3,960,556	338,521	2,459,911				
1996	96,893,090	194,409,000	35,438,050	2,937,168	3,100,441	3,295,300	1,335,625				
1995	94,397,260	188,020,000	28,009,880	2,770,629	2,597,590	823,824	1,088,725				
1994	92,259,630	184,462,000	23,820,980	1,997,260	1,730,508	462,850	1,895,245				

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

(1) Information prior to 1994 is unavailable.

(2) Represents assessed value.

**Berkshire Local School District**

*Principal Taxpayers*

*Real Estate Tax*

*December 31, 2001*

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<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Property Assessed Value</u>
Great Lakes Cheese	\$3,867,190	2.55%
Berkshire Hills Limited	1,321,310	0.87
M. A. Hanna Company	1,135,520	0.75
John J. Masternick	1,061,110	0.70
Troy Oaks Homes	788,810	0.52
Farmore Farms Limited	709,120	0.47
Safrna Inn LLO	648,700	0.43
Blaine M. Kaufmann	505,470	0.33
Grandview Golf Club	493,510	0.32
Stephen Rajki, Jr.	492,010	0.32
Total	<u>\$11,022,750</u>	<u>7.26%</u>

Source: Geauga County Auditor

(1) Assessed values are for the 2002 collection year.

**Berkshire Local School District**  
*Principal Taxpayers*  
*Tangible Personal Property Tax*  
*December 31, 2001*

Name of Taxpayer	Assessed Value (1)	Percent of Tangible Personal Property Assessed Value
Great Lakes Cheese Company, Inc.	\$6,408,110	42.41%
Troy Manufacturing Company, Inc.	847,210	5.61
Preston Chevrolet Cadillac, Inc	667,600	4.42
BFG Supply Company, LLC.	641,840	4.25
TRC Manufacturing, Inc.	446,150	2.95
Electrobock, Inc.	403,070	2.67
Crowley Company	356,130	2.36
New Methods, Inc.	309,890	2.05
Recycled Roadway, Inc	259,110	1.71
Preston Ford Motors	254,920	1.69
Total	<u>\$10,594,030</u>	<u>70.12%</u>

Source: Geauga County Auditor

(1) Assessed values are for the 2002 collection year.

**Berkshire Local School District**

*Principal Taxpayers*

*Public Utilities Tax*

*December 31, 2001*

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<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Public Utility Property Assessed Value</u>
Cleveland Electric Illuminating Company	\$4,171,370	64.87%
Ohio Bell Telephone Company	1,000,640	15.56
East Ohio Gas Company	202,530	3.15
Ohio Edison	<u>190,760</u>	<u>2.97</u>
Total	<u><u>\$5,565,300</u></u>	<u><u>86.55%</u></u>

Source: Geauga County Auditor

(1) Assessed values are for the 2002 collection year.

**Berkshire Local School District**

*Per Pupil Cost*

*Last Ten Fiscal Years*

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<u>Year</u>	<u>General Fund Expenditures</u>	<u>Average Daily Student Enrollment</u>	<u>Per Cost Pupil</u>
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
1994	6,161,677	1,293	4,765
1993	5,701,497	1,274	4,475

Source: School District Financial Records.

(1) 1996 through 2002 on GAAP Basis



**Berkshire Local School District**

*Teacher Education and Experience*

*June 30, 2002*

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<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	16	17.77%
Bachelor + 15	7	7.78
Bachelor + 30	25	27.78
Master's Degree	18	20.00
Master's + 15	9	10.00
Master's + 30	<u>15</u>	<u>16.67</u>
Total	<u><u>90</u></u>	<u><u>100.00%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	25	27.78%
6 - 10	13	14.44
11 and Over	<u>52</u>	<u>57.78</u>
	<u><u>90</u></u>	<u><u>100.00%</u></u>

Source: School District Personnel Records

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
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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 10, 2002**