



**Auditor of State  
Betty Montgomery**



BERKSHIRE LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY

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**BERKSHIRE LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$26,641	\$0	\$24,712
National School Lunch Program FY02	LL-P4-02	10.555	12,229	0	12,229	0
National School Lunch Program FY03	LL-P4-03	10.555	47,754	0	47,754	0
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>			<b>59,983</b>	<b>26,641</b>	<b>59,983</b>	<b>24,712</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Title VI-B - FY 02	6B-SF-02	84.027	1,440	0	11,720	0
Title VI-B - FY 03	6B-SF-03	84.027	114,167	0	100,119	0
Title VI-B - FY 03 - Access Grant	6B-SD-03	84.027	15,000	0	8,926	0
<b>Total Special Education Cluster</b>			<b>130,607</b>	<b>0</b>	<b>120,765</b>	<b>0</b>
Grants to Local Educational Agencies Title I FY 03	C1-S1-03	84.010	92,051	0	87,723	0
<b>Total Title I</b>			<b>92,051</b>	<b>0</b>	<b>87,723</b>	<b>0</b>
Drug-Free Schools Grant FY 03	DR-S1-03	84.186	5,234	0	5,234	0
<b>Total Drug-Free Schools Grant</b>			<b>5,234</b>	<b>0</b>	<b>5,234</b>	<b>0</b>
Eisenhower Math and Science FY 01	MS-S1-01	84.281	455	0	2,390	0
Eisenhower Math and Science FY 02	MS-S1-02	84.281	0	0	200	0
<b>Total Eisenhower Math and Science</b>			<b>455</b>	<b>0</b>	<b>2,590</b>	<b>0</b>
Title VI (Innovative Ed) FY 02	C2-S1-02	84.298	0	0	7,126	0
Title VI (Innovative Ed) FY 03	C2-S1-03	84.298	2,834	0	225	0
<b>Total Title VI (Innovative Ed)</b>			<b>2,834</b>	<b>0</b>	<b>7,351</b>	<b>0</b>
Title 11D Education Technology Grant FY 03	TJ-S1-03	84.318	2,520	0	2,520	0
<b>Total Title 11D Education Technology Grant</b>			<b>2,520</b>	<b>0</b>	<b>2,520</b>	<b>0</b>
Assistive Technology Infusion FY 02	AT-S3-02	84.352	6,627	0	6,627	0
<b>Total Assistive Technology Infusion</b>			<b>6,627</b>	<b>0</b>	<b>6,627</b>	<b>0</b>
Title 11A FY03	TR-S1-03	84.367	36,110	0	37,609	0
<b>Total Title 11A</b>			<b>36,110</b>	<b>0</b>	<b>37,609</b>	<b>0</b>
<b>Total Department of Education</b>			<b>276,438</b>	<b>0</b>	<b>270,419</b>	<b>0</b>
<b>Total Federal Assistance</b>			<b>\$336,421</b>	<b>\$26,641</b>	<b>\$330,402</b>	<b>\$24,712</b>

See accompanying notes to the Schedule of Federal Awards Expenditures

**BERKSHIRE LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

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

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B—CHILD NUTRITION CLUSTER**

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

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

CFDA – Catalog of Federal Domestic Assistance



## **Auditor of State Betty Montgomery**

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

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

We have audited the financial statements of the Berkshire Local School District, Geauga County, Ohio (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated October 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter date October 17, 2003.

#### **Internal Control Over Financial Reporting**

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

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

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

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

**Betty Montgomery**  
Auditor of State

October 17, 2003





## Auditor of State Betty Montgomery

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

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

#### Compliance

We have audited the compliance of Berkshire Local School District, Geauga County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to the management of the District in a separate letter dated October 17, 2003.

#### Internal Control Over Compliance

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

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

We have audited the basic financial statements of the District as of and for the year ended June 30, 2003, and have issued our report thereon dated October 17, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

October 17, 2003

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

**BERKSHIRE LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY  
JUNE 30, 2003**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Nutrition Cluster, CFDA #10.550, #10.555 Title VI-B, CFDA #84.027
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



Berkshire Local School District  
Burton, Ohio

Comprehensive  
Annual Financial Report

For the Fiscal Year Ended June 30, 2003

Prepared by  
Treasurer's Office

Julie A. Kirby  
Treasurer



**Berkshire Local School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2003*  
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# Berkshire Local School District

BOARD OF EDUCATION

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



October 17, 2003

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, 2003. 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 Independent Accountants' Report, and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents social and economic data, financial trends and the fiscal capacity of the Berkshire Local School District.

## The School District

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

Serving the Communities of Burton, Claridon, Troy

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

An Equal Opportunity Employer

Richard Markwardt, Ph.D.  
Superintendent  
(440) 834-4123  
FAX (440) 834-2058

Julie A. Kirby  
Treasurer  
(440) 834-4406  
FAX (440) 834-2058

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 88 certificated full time teaching personnel and 65 non-certificated employees to provide services to 1,377 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 \$1,046,000.

Of the School District's General Fund operations, 39 percent of the General Fund revenue is received from real estate taxes on residential, commercial and industrial properties. Another 7.88 percent is received from tangible personal property taxpayers, with 39.5 being received from various forms of State aid including Homestead and Rollback exclusions on property taxes. The income tax accounts for 10.89 percent. Investment earnings are .92 percent and miscellaneous revenues are 1.81 percent.

## **Major Initiatives**

### *Strong Leadership Continues*

The School Superintendent, Richard A. Markwardt, has been with Berkshire for three and a half years.

The School Treasurer Julie A. Kirby has been at Berkshire for eighteen years. She came to Berkshire with ten years prior experience. The Treasurer's office benefits from Mrs. Kirby's expectations for strong service to the School District and community.

### *Educational Happenings*

Fiscal year 2003 was a productive year for the Berkshire Local School District. Several noteworthy achievements occurred.

Currently, Berkshire is rated an "Effective" school district by the State of Ohio. The fiscal year 2003 District Report Card showed the School District to be meeting or surpassing the standard in 20 of the State's 22 success indicators. Yearly improvement has been considerable.

Curriculum continued to receive much attention. The implementation of the specifics outlined in the Federal No Child Left Behind Act involved us heavily in the process of diagnostic assessment and data management. Standardized testing results are becoming increasingly important to the development of instructional practice. Specific strengths, shortcomings and needs of existing programs and trends are being identified through examination of test results including item analysis and frequency distributions. Teachers and administrators are developing strategies to improve our delivery of curriculum in the classroom.

Special education services also received concentrated attention in fiscal year 2003. The needs of students and their parents continue to be addressed effectively. One of the noteworthy accomplishments of the special education director was the securing of a \$50,000 grant from the Ohio Department of Education to correlate more closely the new Academic Content Standards and the Special Education and academic intervention curricula. Berkshire Local School District was the only Geauga County school district to receive this competitive grant.

One of the more noticeable accomplishments in fiscal year 2003 was the construction of a 4000-plus, two-story, square foot addition to Berkshire Junior Senior High School. The project was made possible by private donations through Purple Pride, a community-based organization of parents and community businesses. The addition houses a new fitness center, a trainer's facility and a large multi-purpose room that

serves as a wrestling room in the winter. The new space, dedicated to physical education and athletics, frees academic space formerly used to house athletic equipment.

The School District also entered into an agreement with the National School Fitness Foundation in fiscal year 2003 that allowed for the lease-purchase of over \$200,000 worth of athletic equipment for the new fitness center. In exchange for aggregate information on student fitness gains, the Foundation will refund all of our lease payments and interest. The net result will be that Berkshire may keep the equipment for a final payment of one dollar at the end of the 36-month lease.

Many new staff members arrived in Berkshire in fiscal year 2003. Due to retirements, moves and resignations, the School District hired twenty new teachers. Teacher orientation and ongoing mentoring efforts took on greater importance than usual so that the teachers could manage the challenges of their new duties.

A new kindergarten orientation program began in fiscal year 2003. 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.

Overall, the year was a highly productive one with significant progress in the areas of curriculum, programming and facilities. As always, strong community and staff support made such gains possible.

### *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 70 percent of graduates continue their education at a college, university, or technical school. There were as many as 20 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: 95.5 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 20 of 22 indicators.

The foregoing projects represent an incomplete list of undertakings during the 2003 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 second year the School District has prepared financial statements following GASB Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB 34 creates basic financial statements for reporting on the School District's financial activities as follows:

***Government-wide financial statements*** These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business type activities.

***Fund financial statements*** These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

***Statement of budgetary comparisons*** These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion appears after the Independent Accountants' Report in the financial section of this report. Management's Discussion and Analysis provides an assessment of the School District's finances for fiscal year 2003. 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 \$39,045 at June 30, 2003, compared with net assets of \$37,812 at June 30, 2002, reflecting a net increase in net assets of \$1,233.

### **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 \$88,847 for the year ended June 30, 2003 all of which was credited directly to the general fund.



Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

## **Risk Management**

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

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

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

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

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

## **Independent Audit**

State statutes require the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor Betty Montgomery, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2003. 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, 2002. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

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

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

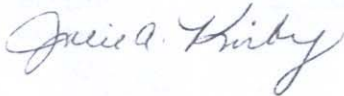


## Acknowledgments

The publication of this report is a significant step toward elevating the professional standard for the Berkshire Local School District's financial reporting. It enhances the School District's accountability to the residents and provides all interested parties with a broad historical perspective of the Berkshire Local School District's financial and demographic information. Assistance from the County Auditor's staff and outside agencies made possible the fair presentation of statistical data.

Special appreciation is expressed to the Local Government Services Division of State Auditor Betty Montgomery's office for assistance in planning, designing and reviewing this financial report.

Respectfully submitted,



Julie A. Kirby  
Treasurer



Richard A. Markwardt  
Superintendent

**Berkshire Local School District**

*Principal Officials*

*June 30, 2003*

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***Board of Education***

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

***Treasurer***

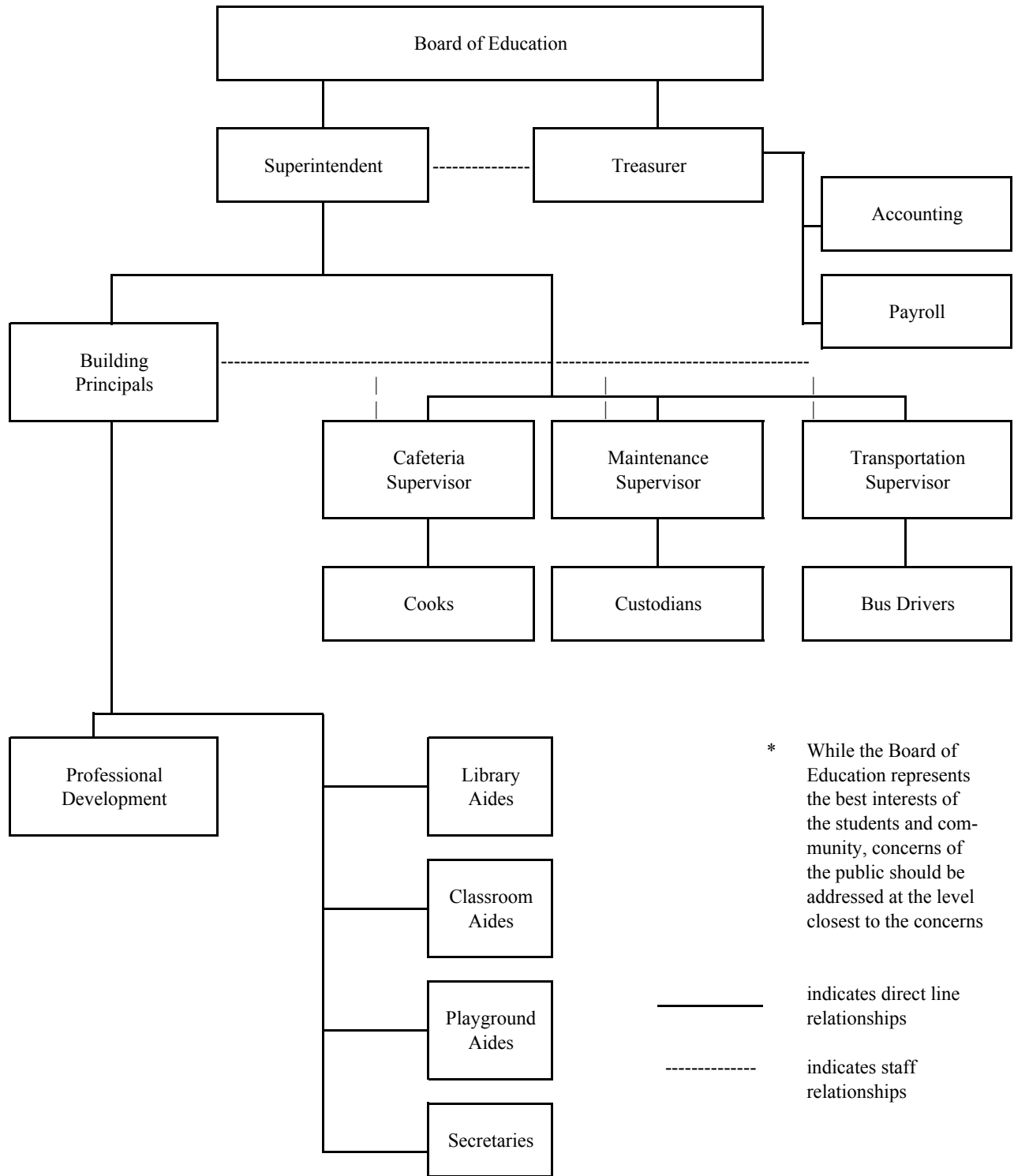
Ms. Julie A. Kirby

***Superintendent***

Mr. Richard A. Markwardt

# Berkshire Local School District

## Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Berkshire Local School  
District, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

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



President

Executive Director



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Berkshire Local School District, Geauga County, Ohio as of June 30, 2003, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis 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 inquiries 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.

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

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

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

**Betty Montgomery**  
Auditor of State

October 17, 2003

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*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, 2003. 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 2003 are as follows:

- Total net assets of governmental activities decreased \$185,074 which represents a 5.51 percent decrease from 2002.
- Total revenues of \$11,009,304 were comprised of general revenues in the amount of \$9,767,967 or 88.72 percent and program specific revenues from charges for services, grants and contributions in the amount of \$1,241,337 or 11.28 percent.
- Total assets of governmental activities increased by \$175,700 which includes increases to property taxes receivable and capital assets in the amounts of \$365,645 and \$453,568 respectively. Cash and cash equivalents decreased by \$605,393.
- The School District had \$11,194,378 in expenses related to governmental activities; only \$1,241,337 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$9,767,967 helped to provide for these programs.
- The general fund balance was \$871,433 at year end, down from \$1,506,812 at June 30, 2002.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

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

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

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**Reporting the School District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2003?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**Reporting the School District's Most Significant Funds**

*Fund Financial Statements*

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

*Governmental Funds*

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



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

**The School District as a Whole**

You may recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's Net Assets for 2003 compared to 2002:

Table (1)  
 Net Assets  
 Governmental Activities

	2003	2002
<b>Assets</b>		
Current and Other Assets	\$6,599,634	\$6,877,502
Capital Assets	2,848,267	2,394,699
<i>Total Assets</i>	9,447,901	9,272,201
<b>Liabilities</b>		
Current Liabilities	5,235,776	5,078,030
Long-Term Liabilities		
Due within One Year	150,483	77,285
Due in More than One Year	887,459	757,629
<i>Total Liabilities</i>	6,273,718	5,912,944
<b>Net Assets</b>		
Invested in Capital Assets		
Net of Related Debt	2,848,267	2,394,699
Restricted for:		
Capital Projects	310,541	156,522
Debt Service	52,024	52,024
Set Asides	39,468	39,468
Other Purposes	87,604	107,382
Unrestricted (Deficit)	(163,721)	609,162
<i>Total Net Assets</i>	\$3,174,183	\$3,359,257

Total assets increased \$175,700. The increase was due primarily to an increase in capital assets of \$453,568 and an increase in property taxes receivable of \$365,645. The School District received a building donation in the amount of \$275,000 during the fiscal year resulting in an increase to capital assets. The increase was offset by a \$605,393 decrease in equity in pooled cash and cash equivalents due primarily to step increases.

Total liabilities increased \$360,774. Deferred revenue was the biggest increase representing \$201,162 of the increase due to the increase in property taxes receivable. The increase in liabilities was also due to the 3.75 percent increase in salaries and additional staff training and an increase in due within one year and due within more than one year because of a new capital lease.

Total net assets decreased \$185,074 due mainly to the increase in salaries and benefits.

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

Table 2 shows the changes in net assets for fiscal year 2003 compared to 2002.

Table (2)  
Change in Net Assets  
Governmental Activities

	2003	2002
<b>Revenues</b>		
<b><i>Program Revenues</i></b>		
Charges for Services and Sales	\$482,204	\$460,481
Operating Grants and Contributions	438,818	408,776
Capital Grants and Contributions	320,315	27,343
<i>Total Program Revenues</i>	<u>1,241,337</u>	<u>896,600</u>
<b><i>General Revenues</i></b>		
Property and Other Local Taxes	4,753,996	4,147,079
Income Tax	1,046,293	1,085,872
Intergovernmental	3,797,347	3,693,492
Investment Earnings	88,847	136,719
Miscellaneous	81,484	110,889
<i>Total General Revenues</i>	<u>9,767,967</u>	<u>9,174,051</u>
<i>Total Revenues</i>	<u>11,009,304</u>	<u>10,070,651</u>
<b><i>Program Expenses</i></b>		
Current:		
Instruction:		
Regular	4,905,643	5,062,243
Special	967,922	954,287
Vocational	47,206	53,659
Support Services:		
Pupil	599,157	648,079
Instructional Staff	542,635	410,336
Board of Education	47,565	49,191
Administration	1,003,572	951,540
Fiscal	309,202	286,878
Business	16,910	33,972
Operation and Maintenance of Plant	1,088,676	1,070,121
Pupil Transportation	827,529	786,010
Operation of Non-Instructional Services	107,645	32,827
Operation of Food Services	316,403	368,629
Extracurricular Activities	413,973	351,015
Interest and Fiscal Charges	340	2,594
<i>Total Program Expenses</i>	<u>11,194,378</u>	<u>11,061,381</u>
<i>Decrease in Net Assets</i>	(185,074)	(990,730)
Net Assets Beginning of Year	<u>3,359,257</u>	<u>4,349,987</u>
<i>Net Assets End of Year</i>	<u>\$3,174,183</u>	<u>\$3,359,257</u>

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

***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, 52.88 percent of the School Districts budget is used to fund instructional expenses. Additional supporting services for pupils, staff, board of education, administration, business and plant, food and business operations encompass an additional 32.3 percent. The remaining amount of program expenses, 14.82 percent, is budgeted to facilitate other obligations of the School District such as fiscal services, transportation, non-instructional services 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 governmental activities, the total cost of services and the net cost of services for 2003 compared to 2002.

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

	2003		2002	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$4,905,643	\$4,757,972	\$5,062,243	\$4,962,070
Special	967,922	861,703	954,287	871,184
Vocational	47,206	47,206	53,659	53,659
Support Services:				
Pupil	599,157	505,670	648,079	591,572
Instructional Staff	542,635	518,308	410,336	381,882
Board of Education	47,565	47,565	49,191	49,191
Administration	1,003,572	955,601	951,540	907,375
Fiscal	309,202	309,202	286,878	286,878
Business	16,910	16,810	33,972	33,707
Operation and Maintenance of Plant	1,088,676	1,077,192	1,070,121	1,047,278
Pupil Transportation	827,529	803,017	786,010	758,667
Operation of Non-Instructional Services	107,645	107,645	32,827	32,827
Operation of Food Service	316,403	(23,954)	368,629	48,309
Extracurricular Activities	413,973	(31,236)	351,015	137,588
Interest and Fiscal Charges	340	340	2,594	2,594
<b>Total</b>	<b>\$11,194,378</b>	<b>\$9,953,041</b>	<b>\$11,061,381</b>	<b>\$10,164,781</b>

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

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Property taxes and income tax made up 52.68 percent of total revenues for governmental activities for Berkshire Local Schools in fiscal year 2003. Program Revenues for governmental activities provided 11.28 percent of governmental revenues with 88.72 percent of all governmental activities supported through property taxes, grants and entitlements, and other general revenues. The 34.49 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 \$10,747,680 and expenditures of \$11,383,961. The net change in fund balance for the fiscal year was most significant in the General Fund, a decrease of \$635,379 due to an increase in salaries and a twenty percent increase in health insurance premiums. Since the General Fund is now paying the food service employees' benefits, the Food Service Special Revenue Fund is showing an increase of \$28,756, reducing the deficit fund balance to \$13,929. The School District has also received an increase in grant monies to better provide services to our students. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Funds, property taxes are the largest revenue source, accounting for 44.35 percent of total governmental revenue. Clearly, the four communities that comprise the School District are by far the greatest source of financial support for the students of the Berkshire Local School District.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2003, 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 \$9,481,954 representing a \$423,668 increase from the original budget estimates of \$9,058,286. 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 2003 Amended Certificate of Resources that reflected the revised tax duplicate for 2002. The School District's general unencumbered fund balance at the end of the year was \$970,159 reflecting additional funds budgeted but not expended or encumbered.

The School District revises its budget throughout the fiscal year. During fiscal year 2003, significant increases were made to regular instruction, special instruction, instructional staff and pupil transportation. Modifications to the original budget in instruction and benefit accounts were due to step increases and a health insurance premium increase. The increase in pupil transportation was due to the cost of diesel fuel and repairs increasing over the previous fiscal year and major repairs to buildings.

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

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

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2003 the School District had \$2,848,267 invested in land, land improvements, buildings and improvements, furniture and fixtures, vehicles and construction in progress in governmental activities. Table 4 shows fiscal year 2003 balances compared to fiscal year 2002:

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

	2003	2002
Land	\$52,216	\$52,216
Land Improvements	112,055	113,777
Buildings and Improvements	1,386,027	1,140,610
Furniture and Fixtures	728,696	506,930
Vehicles	557,361	570,462
Construction in Progress	11,912	10,704
Total	\$2,848,267	\$2,394,699

The increase in capital assets of \$453,568 was the result of the purchase of a bus, parking lot pavement, a new septic system and the donation of a building to the School District in the amount of \$275,000. These purchases and the donation were offset by the annual depreciation. See Note 12 to the Basic Financial Statements for additional capital asset information.

***Debt***

The School District had no bonded debt in fiscal year 2003 and also maintains a AAA bond rating.

**Challenges and Opportunities**

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

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

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

Residential growth has also continued over the past year. Housing developments continue to move toward completion. Affordable new homes in the \$124,500 to \$200,000 price range are still available. Residential permits issued in calendar 2002 increased by 10 percent over 2001. Residential property contributes 58 percent of the School District's real estate valuation.

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

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

**Contacting the School District's Financial Management**

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

**Basic Financial Statements**

# Berkshire Local School District

## Statement of Net Assets

June 30, 2003

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,630,225
Accounts Receivable	240
Intergovernmental Receivable	4,587
Prepaid Items	3,412
Inventory Held for Resale	6,589
Materials and Supplies Inventory	30,822
Income Taxes Receivable	455,207
Property Taxes Receivable	4,468,552
Nondepreciable Capital Assets	64,128
Depreciable Capital Assets, Net	2,784,139
<i>Total Assets</i>	<u>9,447,901</u>
<b>Liabilities</b>	
Accounts Payable	30,552
Accrued Wages	903,547
Intergovernmental Payable	264,559
Matured Compensated Absences Payable	75,508
Matured Special Termination Benefits Payable	28,519
Deferred Revenue	3,931,662
Accrued Interest Payable	340
Claims Payable	1,089
Long-Term Liabilities:	
Due Within One Year	150,483
Due In More Than One Year	887,459
<i>Total Liabilities</i>	<u>6,273,718</u>
<b>Net Assets</b>	
Invested in Capital Assets	2,848,267
Restricted for:	
Capital Projects	310,541
Debt Service	52,024
Set Asides	39,468
Other Purposes	87,604
Unrestricted (Deficit)	(163,721)
<i>Total Net Assets</i>	<u><u>\$3,174,183</u></u>

See accompanying notes to the basic financial statements



**Berkshire Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2003

	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	\$4,905,643	\$75,428	\$51,440	\$20,803	(\$4,757,972)
Special	967,922	0	106,219	0	(861,703)
Vocational	47,206	0	0	0	(47,206)
Support Services:					
Pupil	599,157	0	93,487	0	(505,670)
Instructional Staff	542,635	0	24,327	0	(518,308)
Board of Education	47,565	0	0	0	(47,565)
Administration	1,003,572	0	47,971	0	(955,601)
Fiscal	309,202	0	0	0	(309,202)
Business	16,910	0	100	0	(16,810)
Operation and Maintenance of Plant	1,088,676	11,484	0	0	(1,077,192)
Pupil Transportation	827,529	0	0	24,512	(803,017)
Operation of Non-Instructional Services	107,645	0	0	0	(107,645)
Operation of Food Services	316,403	261,458	78,899	0	23,954
Extracurricular Activities	413,973	133,834	36,375	275,000	31,236
Interest and Fiscal Charges	340	0	0	0	(340)
<b>Totals</b>	<b>\$11,194,378</b>	<b>\$482,204</b>	<b>\$438,818</b>	<b>\$320,315</b>	<b>(9,953,041)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	4,493,546
Capital Outlay	260,450
Income Taxes Levied for General Purposes	1,046,293
Grants and Entitlements not Restricted to Specific Programs	3,797,347
Investment Earnings	88,847
Miscellaneous	81,484

*Total General Revenues* 9,767,967

Change in Net Assets (185,074)

*Net Assets Beginning of Year* 3,359,257

*Net Assets End of Year* \$3,174,183

See accompanying notes to the basic financial statements

**Berkshire Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2003*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,057,388	\$299,092	\$169,631	\$1,526,111
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	63,980	0	0	63,980
Property Taxes Receivable	4,227,493	241,059	0	4,468,552
Income Taxes Receivable	455,207	0	0	455,207
Accounts Receivable	240	0	0	240
Intergovernmental Receivable	0	0	4,587	4,587
Interfund Receivable	30,338	0	0	30,338
Prepaid Items	3,412	0	0	3,412
Inventory Held for Resale	0	0	6,589	6,589
Materials and Supplies Inventory	28,550	0	2,272	30,822
<i>Total Assets</i>	<u>\$5,866,608</u>	<u>\$540,151</u>	<u>\$183,079</u>	<u>\$6,589,838</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$9,751	\$20,067	\$734	\$30,552
Accrued Wages and Benefits	866,573	0	36,974	903,547
Interfund Payable	0	0	30,338	30,338
Intergovernmental Payable	167,440	0	874	168,314
Matured Compensated Absences Payable	75,508	0	0	75,508
Matured Special Termination Benefits Payable	28,519	0	0	28,519
Deferred Revenue	3,847,384	218,630	0	4,066,014
<i>Total Liabilities</i>	<u>4,995,175</u>	<u>238,697</u>	<u>68,920</u>	<u>5,302,792</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	162,249	174,074	22,131	358,454
Reserved for Property Taxes	380,109	22,429	0	402,538
Reserved for Budget Stabilization	39,468	0	0	39,468
Reserved for School Bus Purchase	24,512	0	0	24,512
Unreserved:				
Undesignated, Reported in:				
General Fund	265,095	0	0	265,095
Special Revenue Funds	0	0	40,004	40,004
Debt Service Fund	0	0	52,024	52,024
Capital Projects Funds	0	104,951	0	104,951
<i>Total Fund Balances</i>	<u>871,433</u>	<u>301,454</u>	<u>114,159</u>	<u>1,287,046</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,866,608</u>	<u>\$540,151</u>	<u>\$183,079</u>	<u>\$6,589,838</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, 2003*

<b>Total Governmental Fund Balances</b>	<b>\$1,287,046</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	2,848,267
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes.	134,352
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.	39,045
In the statement of activities, interest is accrued on outstanding capital leases, whereas in governmental funds, an interest expenditure is reported when due.	(340)
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.	(96,245)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(825,380)
Capital Leases Payable	<u>(212,562)</u>
Total	<u>(1,037,942)</u>
 <i>Net Assets of Governmental Activities</i>	 <u><u>\$3,174,183</u></u>

See accompanying notes to the basic financial statements

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

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Income Taxes	\$1,046,293	\$0	\$0	\$1,046,293
Property and Other Local Taxes	4,505,622	261,129	0	4,766,751
Intergovernmental	3,796,815	25,210	423,701	4,245,726
Interest	88,847	0	0	88,847
Tuition and Fees	44,700	0	0	44,700
Extracurricular Activities	24,169	0	109,665	133,834
Contributions and Donations	2,839	0	36,375	39,214
Charges for Services	9,696	0	279,651	289,347
Rentals	11,484	0	0	11,484
Miscellaneous	81,484	0	0	81,484
<i>Total Revenues</i>	<u>9,611,949</u>	<u>286,339</u>	<u>849,392</u>	<u>10,747,680</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,009,463	0	75,694	5,085,157
Special	893,127	0	70,905	964,032
Vocational	46,735	0	0	46,735
Support Services:				
Pupil	492,727	0	102,011	594,738
Instructional Staff	511,219	0	28,742	539,961
Board of Education	47,562	0	0	47,562
Administration	946,402	0	46,044	992,446
Fiscal	296,593	0	0	296,593
Business	16,810	0	100	16,910
Operation and Maintenance of Plant	1,042,087	0	0	1,042,087
Pupil Transportation	789,847	0	0	789,847
Operation of Non-Instructional Services	81,255	0	0	81,255
Operation of Food Services	0	0	336,601	336,601
Extracurricular Activities	261,063	0	130,191	391,254
Capital Outlay	0	119,980	32,464	152,444
Debt Service:				
Principal Retirement	6,339	0	0	6,339
<i>Total Expenditures</i>	<u>10,441,229</u>	<u>119,980</u>	<u>822,752</u>	<u>11,383,961</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(829,280)</u>	<u>166,359</u>	<u>26,640</u>	<u>(636,281)</u>
<b>Other Financing Sources (Uses)</b>				
Inception of Capital Lease	218,901	0	0	218,901
Transfers In	0	0	25,000	25,000
Transfers Out	(25,000)	0	0	(25,000)
<i>Total Other Financing Sources (Uses)</i>	<u>193,901</u>	<u>0</u>	<u>25,000</u>	<u>218,901</u>
<i>Net Change in Fund Balances</i>	(635,379)	166,359	51,640	(417,380)
<i>Fund Balances Beginning of Year</i>	<u>1,506,812</u>	<u>135,095</u>	<u>62,519</u>	<u>1,704,426</u>
<i>Fund Balances End of Year</i>	<u>\$871,433</u>	<u>\$301,454</u>	<u>\$114,159</u>	<u>\$1,287,046</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, 2003*

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**Net Change in Fund Balances - Total Governmental Funds** (\$417,380)

*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	406,009
Donated Capital Assets	275,000
Depreciation	<u>(227,253)</u>

Total 453,756

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (188)

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

Property Taxes	(12,755)
Intergovernmental	<u>(621)</u>

Total (13,376)

Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.  
Inception of Capital Lease (218,901)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 6,339

In the statement of activities, interest is accrued on outstanding capital leases, whereas in governmental funds, an interest expenditure is reported when due. (340)

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	9,534
Pension Obligation	<u>(5,751)</u>

Total 3,783

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. 1,233

*Change in Net Assets of Governmental Activities* (\$185,074)

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, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Income Taxes	\$1,024,043	\$1,071,939	\$1,072,058	\$119
Property and Other Local Taxes	4,143,245	4,337,030	4,337,513	483
Intergovernmental	3,628,473	3,798,181	3,798,604	423
Interest	95,107	99,555	99,566	11
Tuition and Fees	42,698	44,695	44,700	5
Extracurricular Activities	23,087	24,166	24,169	3
Contributions and Donations	2,712	2,839	2,839	0
Charges for Services	10,130	10,605	10,606	1
Rentals	11,071	11,588	11,590	2
Miscellaneous	77,720	81,356	81,484	128
<i>Total Revenues</i>	<u>9,058,286</u>	<u>9,481,954</u>	<u>9,483,129</u>	<u>1,175</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,689,613	4,980,072	4,906,506	73,566
Special	707,308	957,630	934,496	23,134
Vocational	56,041	48,193	47,907	286
Support Services:				
Pupil	516,071	508,712	489,191	19,521
Instructional Staff	392,386	507,327	498,702	8,625
Board of Education	60,355	51,042	47,673	3,369
Administration	966,998	910,488	901,485	9,003
Fiscal	306,669	326,486	323,242	3,244
Business	5,200	17,343	16,810	533
Operation and Maintenance of Plant	1,529,793	1,161,180	1,108,820	52,360
Pupil Transportation	825,309	848,984	800,194	48,790
Operation of Non-Instructional Services	31,000	67,065	65,425	1,640
Extracurricular Activities	48,175	262,029	258,243	3,786
<i>Total Expenditures</i>	<u>10,134,918</u>	<u>10,646,551</u>	<u>10,398,694</u>	<u>247,857</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,076,632)</u>	<u>(1,164,597)</u>	<u>(915,565)</u>	<u>249,032</u>
<b>Other Financing Uses</b>				
Advances Out	0	(1,499)	(1,499)	0
Transfers Out	(25,000)	(25,000)	(25,000)	0
<i>Total Other Financing Uses</i>	<u>(25,000)</u>	<u>(26,499)</u>	<u>(26,499)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,101,632)	(1,191,096)	(942,064)	249,032
<i>Fund Balance Beginning of Year</i>	1,456,636	1,456,636	1,456,636	0
Prior Year Encumbrances Appropriated	455,587	455,587	455,587	0
<i>Fund Balance End of Year</i>	<u>\$810,591</u>	<u>\$721,127</u>	<u>\$970,159</u>	<u>\$249,032</u>

See accompanying notes to the basic financial statements

**Berkshire Local School District**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2003*

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	<u>Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$40,134
<b>Liabilities</b>	
Claims Payable	<u>1,089</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$39,045</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, 2003*

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	<u>Insurance</u>
<b>Operating Revenues</b>	
Charges for Services	<u>\$270,122</u>
<b>Operating Expenses</b>	
Purchased Services	11,452
Claims	<u>257,437</u>
<i>Total Operating Expenses</i>	<u>268,889</u>
<i>Change in Net Assets</i>	1,233
<i>Net Assets Beginning of Year</i>	<u>37,812</u>
<i>Net Assets End of Year</i>	<u><u>\$39,045</u></u>

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, 2003

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services	\$270,122
Cash Payments for Goods and Services	(11,452)
Cash Payments for Claims	(262,294)
<i>Net Decrease in Cash and Cash Equivalents</i>	(3,624)
<i>Cash and Cash Equivalents Beginning of Year</i>	43,758
<i>Cash and Cash Equivalents End of Year</i>	\$40,134
 <b>Reconciliation of Operating Income to Net Cash Used for Operating Activities</b>	
Operating Income	\$1,233
Adjustments:	
Decrease in Claims Payable	(4,857)
<i>Net Cash Used for Operating Activities</i>	(\$3,624)
 See accompanying notes to the basic financial statements	

**Berkshire Local School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*June 30, 2003*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$51,061</u>
<b>Liabilities</b>	
Due to Students	\$43,631
Undistributed Monies	<u>7,430</u>
<i>Total Liabilities</i>	<u>\$51,061</u>

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, 2003*

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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, 88 certified full time teaching personnel and five administrative employees to provide services to 1,377 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 the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

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

**Note 2 - Summary of Significant Accounting Policies**

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

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

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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 fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the School District.

***Fund Financial Statements*** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

***Governmental Funds*** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

***General Fund*** The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

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

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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 and employee computer purchases.

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

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenditures) in total net assets.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

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

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***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 of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Non-Exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal values, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

***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.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
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***E. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the proprietary fund, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2003, investments were limited to Fannie Mae Bonds, which are reported at fair value based on quoted market prices, and STAROhio.

STAROhio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2003.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$88,847, which includes \$29,589 assigned from other School District funds.

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

***F. Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund represent amounts required by State statute to be set aside to create a reserve for budget stabilization and unspent resources restricted for the purchase of buses. 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, 2003, 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***

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

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
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***I. Capital Assets***

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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*  
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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 fiscal year. Capital leases are recognized as a liability on the fund financial statements when due.

***M. Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment 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 school 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. Net assets restricted for other purposes include food service operations and extracurricular activities.

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

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

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***P. Operating Revenues and Expenses***

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

***Q. Extraordinary and Special Items***

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

***R. Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

***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**

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

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

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**Note 4 - Accountability and Compliance**

**A. Fund Deficits**

The Food Service, Title I and Class Size Reduction Grant special revenue funds at year-end had deficits of \$13,929, \$5,370 and \$7,498; 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 Drug Free Schools Grant special revenue fund had total original appropriations in excess of estimated resources plus carryover balances in the amount of \$58 in violation of Section 5705.39, Ohio Revised Code.

The following funds had total final appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	Estimated Resources Plus Carryover Balances	Appropriations	Excess
<i>Special Revenue Funds:</i>			
Uniform School Supplies	\$19,622	\$20,516	\$894
Eisenhower Math and Science	3,176	3,376	200
Title VI-B	140,887	175,237	34,350
Drug Free Schools Grant	5,234	5,292	58

The SchoolNet Professional Development special revenue fund had expenditures plus encumbrances exceeding appropriations in the support services-instructional staff; purchased services line item in the amount of \$1,132, contrary to Section 5705.41(D), Ohio Revised Code.

Although these violations were not corrected by fiscal year end, management has indicated that appropriations will be closely monitored to ensure no future violations.

As of January 31, 2003, the Title I special revenue fund had total appropriations in excess of estimated resources plus carryover balances in the amount of \$477 in violation of Section 5705.39, Ohio Revised Code. This error was corrected prior to fiscal year end.

As of January 31, 2003, the OneNet special revenue fund had expenditures plus encumbrances exceeding appropriations in the support services-administration; purchased services line item in the amount of \$2,000, contrary to Section 5705.41(D), Ohio Revised Code. This error was corrected prior to fiscal year end.

**Note 5 - Budgetary Basis of Accounting**

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

**Berkshire Local School District**  
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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	(\$635,379)
Net Adjustment for Revenue Accruals	(139,539)
Beginning Fair Value Adjustment for Investments	(10,072)
Ending Fair Value Adjustment for Investments	20,791
Net Adjustment for Expenditure Accruals	(4,366)
Advances Out	(1,499)
Encumbrances	<u>(172,000)</u>
Budget Basis	<u><u>(\$942,064)</u></u>

**Note 6 - Deposits and Investments**

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

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

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

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

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

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
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Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

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*Notes to the Basic Financial Statements*  
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**Deposits** At year end, the carrying amount of the School District's deposits was \$56,532 and the bank balance was \$98,865. 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	Fair Value
Fannie Mae Bonds	\$702,096	\$702,096
STAROhio		922,633
Total	\$702,096	\$1,624,729

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$1,681,286	\$0
Investments Which are Part of a Cash Management Pool		
Fannie Mae Bonds	(702,096)	702,096
STAROhio	(922,633)	922,633
Cash on hand	(25)	0
GASB Statement No. 3	\$56,532	\$1,624,729

**Note 7 - Property Taxes**

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

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

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annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

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

The School District receives property taxes from Geauga County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2003 was \$380,109 in the general fund and \$22,429 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2002, was \$212,000 in the general fund and \$13,300 in the permanent improvement capital projects fund.

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

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

	2002 Second Half Collections		2003 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$151,943,830	87.58 %	\$170,902,090	86.58 %
Public Utility Personal	6,430,150	3.71	5,946,900	3.01
Tangible Personal Property	15,111,250	8.71	20,538,500	10.41
Total	<u>\$173,485,230</u>	<u>100.00 %</u>	<u>\$197,387,490</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$54.80		\$54.80	

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
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**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.

**Note 9 - Receivables**

Receivables at June 30, 2003, 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.

At June 30, 2003 the School District had an intergovernmental receivable of \$4,587 in the Title VI special revenue fund for grants.

**Note 10 - Interfund Balances**

Interfund Balances at June 30, 2003 consist of the following individual fund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General</u>
Food Service	\$27,000
Athletics and Music	1,839
Class Size Reduction Grant	1,499
Total	<u>\$30,338</u>

The loans to the Food Service and Athletics and Music special revenue funds were made to support programs and projects in these funds. The interfund payable in the Class Size Reduction Grant fund is due to the timing of the receipt of grant monies received by the fund.

**Note 11 - Interfund Transfers**

The only transfer made during fiscal year 2003 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.



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**Note 12 – Capital Assets**

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

	Balance June 30, 2002	Additions	Deletions	Balance June 30, 2003
<b>Nondepreciable Capital Assets</b>				
Land	\$52,216	\$0	\$0	\$52,216
Construction in Progress	10,704	1,208	0	11,912
<i>Total Nondepreciable Capital Assets</i>	62,920	1,208	0	64,128
<b>Depreciable Capital Assets</b>				
Land Improvements	125,253	0	0	125,253
Buildings and Improvements	3,860,165	310,800	0	4,170,965
Furniture and Fixtures	1,229,573	291,074	(7,797)	1,512,850
Vehicles	918,265	77,927	0	996,192
<i>Total at Historical Cost</i>	6,133,256	679,801	(7,797)	6,805,260
Less: Accumulated Depreciation				
Land Improvements	(11,476)	(1,722)	0	(13,198)
Buildings and Improvements	(2,719,555)	(65,383)	0	(2,784,938)
Furniture and Fixtures	(722,643)	(69,120)	7,609	(784,154)
Vehicles	(347,803)	(91,028)	0	(438,831)
<i>Total Accumulated Depreciation</i>	(3,801,477)	(227,253) *	7,609	(4,021,121)
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	2,331,779	452,548	(188)	2,784,139
<i>Governmental Activities Capital Assets, Net</i>	\$2,394,699	\$453,756	(\$188)	\$2,848,267

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

Instruction:	
Regular	\$40,339
Special	1,324
Support Services:	
Pupil	9,663
Instructional Staff	4,217
Administration	17,466
Fiscal	333
Operation and Maintenance of Plant	42,533
Pupil Transportation	90,398
Operation of Non-Instructional Services	181
Operation of Food Services	7,705
Extracurricular Activities	13,094
Total Depreciation Expense	\$227,253

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

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**Note 13 - Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

***B. Litigation***

The School District is not party to legal proceedings.

**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 2003, the School District participated in the Ohio Schools Council insurance program which contracted with Indiana Insurance. Indiana Insurance acts as the carrier and the coverage provided is as follows:

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

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

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

***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.

***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 \$67.16 per family coverage or \$25.39 per single coverage per month for the dental plan and \$144.50 per family or \$56.27 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 \$1,089 reported in the internal service fund at June 30, 2003 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 2002 and 2003 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2002	\$3,448	\$222,661	\$220,163	\$5,946
2003	5,946	257,437	262,294	1,089

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

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**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 305 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 75 days.

***B. Life / Medical Insurance***

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

**Note 16 - Pension Plans**

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

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$125,145, \$75,481 and \$54,452 respectively; 57.71 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

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

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

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

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

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

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

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002 and 2001 were \$612,399, \$445,446 and \$437,572 respectively; 85.76 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$3,561 made by the School District and \$4,474 made by the plan members.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement/State Teachers Retirement System. As of June 30, 2003, 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, 2003*

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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, 2003, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$47,108 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established as \$12,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2003 fiscal year equaled \$118,587.

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

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

**Note 18 - Long Term Obligations**

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

	Principal Outstanding 06/30/02	Additions	Reductions	Principal Outstanding 06/30/03	Amount Due in One Year
<b>Governmental Activities</b>					
Capital Leases Payable	\$0	\$218,901	\$6,339	\$212,562	\$70,879
Compensated Absences	<u>834,914</u>	<u>67,751</u>	<u>77,285</u>	<u>825,380</u>	<u>79,604</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$834,914</u>	<u>\$286,652</u>	<u>\$83,624</u>	<u>\$1,037,942</u>	<u>\$150,483</u>

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

The School District's overall debt margin was \$17,764,874 with an unvoted debt margin of \$197,387 at June 30, 2003.

**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 2003, the School District paid \$47,951 to LGCA. Financial information can be obtained from the Lake Geauga Computer Association, 8221 Auburn Road, Painesville, Ohio 44077.

**C. East Shore Regional Transportation System**

The East Shore Regional Transportation System (the "ESRTA") is a jointly governed organization formed for the purpose of providing a transportation system for the handicapped children in the 16 member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its

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

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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 2003, the School District paid \$315 to the East Shore Center. Financial information can be obtained by writing the fiscal agent, Lake County Educational Service Center, 30 South Park Place, Suite 30, Painesville, Ohio 44077.

***E. Ohio Schools Council***

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2003, the School District paid \$1,859 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

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

**Note 20 - Related Organization**

*Burton Public Library* The Burton Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Berkshire Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Burton Public Library, Linda Baker Clerk/Treasurer, PO Box 427, Burton, Ohio 44021.



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

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**Note 21 - Insurance Purchasing Pool**

*Ohio School Boards Association Workers' Compensation Group Rating Program* The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Director of OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Note 22 – Capital Leases**

During fiscal year 2003, the School District entered into a lease agreement for gym and exercise equipment. The lease obligation meets the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, "Accounting for Leases," and has been recorded on the government-wide statements. The equipment has been capitalized in the amount of \$218,901, the present value of the minimum lease payments at the inception of the lease. The book value as of June 30, 2003 was \$175,121. The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

<u>Fiscal Year Ending June 30,</u>	
2004	\$76,070
2005	76,070
2006	<u>69,730</u>
Total Minimum Lease Payments	221,870
Less: Amount Representing Interest	<u>(9,308)</u>
Present Value of Minimum Lease	<u><u>\$212,562</u></u>

**Note 23 - Set Asides**

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2003, 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.

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbook Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2002	\$39,468	\$0	(\$420,491)
Current Year Set-aside Requirement	0	186,068	186,068
Qualifying Disbursements	0	(893,686)	(695,369)
Totals	<u>\$39,468</u>	<u>(\$707,618)</u>	<u>(\$929,792)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$39,468</u>	<u>\$0</u>	<u>(\$929,792)</u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$39,468</u>	<u>\$0</u>	<u>\$0</u>

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

**Note 24 - State School Funding Decision**

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

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

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

**Combining Statements and  
Individual Fund Schedules**

## Combining Statements and Individual Fund Schedules

### *Combining Statements - Nonmajor Governmental Funds*

#### *Nonmajor Special Revenue Funds*

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

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

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

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

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

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

***Educational Management Information Systems Fund*** This fund accounts for State monies which support the development of hardware and software or other costs associated with the requirements of the management information system.

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

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

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

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

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

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

*(continued)*

## ***Combining Statements - Nonmajor Governmental Funds***

### ***Nonmajor Special Revenue Funds (continued)***

***Title VI-B Fund*** This fund accounts for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

***Title I Fund*** This fund accounts for Federal monies used to assist the School District in meeting the special needs of educationally deprived children.

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

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

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

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

### ***Nonmajor Debt Service Fund***

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

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

### ***Nonmajor Capital Projects Fund***

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

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

**Berkshire Local School District**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2003*

	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	\$116,279	\$52,024	\$1,328	\$169,631
Intergovernmental Receivable	4,587	0	0	4,587
Inventory Held for Resale	6,589	0	0	6,589
Materials and Supplies Inventory	2,272	0	0	2,272
<i>Total Assets</i>	<u>\$129,727</u>	<u>\$52,024</u>	<u>\$1,328</u>	<u>\$183,079</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$734	\$0	\$0	\$734
Accrued Wages and Benefits	36,974	0	0	36,974
Interfund Payable	30,338	0	0	30,338
Intergovernmental Payable	874	0	0	874
<i>Total Liabilities</i>	<u>68,920</u>	<u>0</u>	<u>0</u>	<u>68,920</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	20,803	0	1,328	22,131
Unreserved:				
Undesignated, Reported in:				
Special Revenue Funds	40,004	0	0	40,004
Debt Service Fund	0	52,024	0	52,024
<i>Total Fund Balances</i>	<u>60,807</u>	<u>52,024</u>	<u>1,328</u>	<u>114,159</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$129,727</u>	<u>\$52,024</u>	<u>\$1,328</u>	<u>\$183,079</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, 2003*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Intergovernmental	\$402,898	\$0	\$20,803	\$423,701
Extracurricular Activities	109,665	0	0	109,665
Contributions and Donations	36,375	0	0	36,375
Charges for Services	279,651	0	0	279,651
<i>Total Revenues</i>	<u>828,589</u>	<u>0</u>	<u>20,803</u>	<u>849,392</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	75,694	0	0	75,694
Special	70,905	0	0	70,905
Support Services:				
Pupil	102,011	0	0	102,011
Instructional Staff	28,742	0	0	28,742
Administration	46,044	0	0	46,044
Business	100	0	0	100
Operation of Food Services	336,601	0	0	336,601
Extracurricular Activities	130,191	0	0	130,191
Capital Outlay	0	0	32,464	32,464
<i>Total Expenditures</i>	<u>790,288</u>	<u>0</u>	<u>32,464</u>	<u>822,752</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	38,301	0	(11,661)	26,640
<b>Other Financing Sources</b>				
Transfers In	25,000	0	0	25,000
<i>Net Change in Fund Balances</i>	63,301	0	(11,661)	51,640
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(2,494)</u>	<u>52,024</u>	<u>12,989</u>	<u>62,519</u>
<i>Fund Balances End of Year</i>	<u><u>\$60,807</u></u>	<u><u>\$52,024</u></u>	<u><u>\$1,328</u></u>	<u><u>\$114,159</u></u>

**Berkshire Local School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2003*

	Food Service	Uniform School Supplies	Public School Support
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$23,333	\$539	\$32,552
Intergovernmental Receivable	0	0	0
Inventory Held for Resale	6,589	0	0
Materials and Supplies Inventory	2,272	0	0
<i>Total Assets</i>	<u>\$32,194</u>	<u>\$539</u>	<u>\$32,552</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$0	\$0	\$0
Accrued Wages and Benefits	19,123	0	0
Interfund Payable	27,000	0	0
Intergovernmental Payable	0	0	0
<i>Total Liabilities</i>	<u>46,123</u>	<u>0</u>	<u>0</u>
 <b>Fund Balances</b>			
Reserved for Encumbrances	0	20	250
Unreserved, Undesignated (Deficit)	(13,929)	519	32,302
<i>Total Fund Balances (Deficit)</i>	<u>(13,929)</u>	<u>539</u>	<u>32,552</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$32,194</u>	<u>\$539</u>	<u>\$32,552</u>



<u>Athletics and Music</u>	<u>Educational Management Information Systems</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>School Improvement Model</u>
\$16,828	\$199	\$1,875	\$8,740	\$4,568
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$16,828</u>	<u>\$199</u>	<u>\$1,875</u>	<u>\$8,740</u>	<u>\$4,568</u>
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
1,839	0	0	0	0
0	0	0	0	0
<u>1,839</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
921	0	0	0	502
14,068	199	1,875	8,740	4,066
<u>14,989</u>	<u>199</u>	<u>1,875</u>	<u>8,740</u>	<u>4,568</u>
<u>\$16,828</u>	<u>\$199</u>	<u>\$1,875</u>	<u>\$8,740</u>	<u>\$4,568</u>

(continued)

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

	Eisenhower Math and Science	Title VI-B	Title I
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$586	\$20,122	\$4,328
Intergovernmental Receivable	0	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	0	0	0
<i>Total Assets</i>	<u>\$586</u>	<u>\$20,122</u>	<u>\$4,328</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$0	\$734	\$0
Accrued Wages and Benefits	0	2,752	9,100
Interfund Payable	0	0	0
Intergovernmental Payable	0	189	598
<i>Total Liabilities</i>	<u>0</u>	<u>3,675</u>	<u>9,698</u>
 <b>Fund Balances</b>			
Reserved for Encumbrances	0	14,801	4,309
Unreserved, Undesignated (Deficit)	586	1,646	(9,679)
<i>Total Fund Balances (Deficit)</i>	<u>586</u>	<u>16,447</u>	<u>(5,370)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$586</u>	<u>\$20,122</u>	<u>\$4,328</u>

Title V	Class Size Reduction Grant	Total Nonmajor Special Revenue Funds
\$2,609	\$0	\$116,279
4,587	0	4,587
0	0	6,589
0	0	2,272
<u>\$7,196</u>	<u>\$0</u>	<u>\$129,727</u>
\$0	\$0	\$734
0	5,999	36,974
0	1,499	30,338
87	0	874
<u>87</u>	<u>7,498</u>	<u>68,920</u>
0	0	20,803
<u>7,109</u>	<u>(7,498)</u>	<u>40,004</u>
<u>7,109</u>	<u>(7,498)</u>	<u>60,807</u>
<u>\$7,196</u>	<u>\$0</u>	<u>\$129,727</u>

**Berkshire Local School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2003*

	Food Service	Uniform School Supplies	Public School Support
<b>Revenues</b>			
Intergovernmental	\$78,899	\$0	\$0
Extracurricular Activities	0	0	5,102
Contributions and Donations	0	0	24,398
Charges for Services	261,458	18,193	0
<i>Total Revenues</i>	<u>340,357</u>	<u>18,193</u>	<u>29,500</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	0	19,278	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	336,601	0	0
Extracurricular Activities	0	0	24,085
<i>Total Expenditures</i>	<u>336,601</u>	<u>19,278</u>	<u>24,085</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	3,756	(1,085)	5,415
<b>Other Financing Sources</b>			
Transfers In	25,000	0	0
<i>Net Change in Fund Balances</i>	28,756	(1,085)	5,415
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(42,685)</u>	<u>1,624</u>	<u>27,137</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$13,929)</u></u>	<u><u>\$539</u></u>	<u><u>\$32,552</u></u>

Martha Holden Jennings Grant	Athletics and Music	Educational Management Information Systems	ONenet	SchoolNet Professional Development	Ohio Reads Grant
\$2,775	\$0	\$5,199	\$14,000	\$0	\$21,000
0	104,563	0	0	0	0
0	11,977	0	0	0	0
0	0	0	0	0	0
<u>2,775</u>	<u>116,540</u>	<u>5,199</u>	<u>14,000</u>	<u>0</u>	<u>21,000</u>
2,775	0	0	0	0	0
0	0	0	0	0	0
0	0	7,875	0	0	0
0	0	0	0	8,469	17,174
0	0	0	14,000	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	106,106	0	0	0	0
<u>2,775</u>	<u>106,106</u>	<u>7,875</u>	<u>14,000</u>	<u>8,469</u>	<u>17,174</u>
0	10,434	(2,676)	0	(8,469)	3,826
0	0	0	0	0	0
0	10,434	(2,676)	0	(8,469)	3,826
0	4,555	2,875	0	10,344	4,914
<u>\$0</u>	<u>\$14,989</u>	<u>\$199</u>	<u>\$0</u>	<u>\$1,875</u>	<u>\$8,740</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, 2003*

	Summer Intervention	School Improvement Model	Eisenhower Math and Science	Title VI-B
<b>Revenues</b>				
Intergovernmental	\$0	\$0	\$455	\$130,607
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	0	0	0
Charges for Services	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>455</u>	<u>130,607</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	3,661	0	0	0
Special	0	0	0	13,198
Support Services:				
Pupil	0	2,585	2,390	73,721
Instructional Staff	0	0	0	3,099
Administration	0	0	200	31,644
Business	0	0	0	0
Operation of Food Services	0	0	0	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>3,661</u>	<u>2,585</u>	<u>2,590</u>	<u>121,662</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,661)	(2,585)	(2,135)	8,945
<b>Other Financing Sources</b>				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	(3,661)	(2,585)	(2,135)	8,945
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>3,661</u>	<u>7,153</u>	<u>2,721</u>	<u>7,502</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$0</u></u>	<u><u>\$4,568</u></u>	<u><u>\$586</u></u>	<u><u>\$16,447</u></u>

Title I	Title V	Drug Free Schools Grant	Class Size Reduction Grant	Title II-D Technology	Total Nonmajor Special Revenue Funds
\$92,051	\$7,421	\$5,234	\$36,110	\$9,147	\$402,898
0	0	0	0	0	109,665
0	0	0	0	0	36,375
0	0	0	0	0	279,651
<u>92,051</u>	<u>7,421</u>	<u>5,234</u>	<u>36,110</u>	<u>9,147</u>	<u>828,589</u>
0	7,238	5,134	37,608	0	75,694
57,707	0	0	0	0	70,905
293	0	0	6,000	9,147	102,011
0	0	0	0	0	28,742
0	200	0	0	0	46,044
0	0	100	0	0	100
0	0	0	0	0	336,601
0	0	0	0	0	130,191
<u>58,000</u>	<u>7,438</u>	<u>5,234</u>	<u>43,608</u>	<u>9,147</u>	<u>790,288</u>
34,051	(17)	0	(7,498)	0	38,301
0	0	0	0	0	25,000
34,051	(17)	0	(7,498)	0	63,301
(39,421)	7,126	0	0	0	(2,494)
<u>(\$5,370)</u>	<u>\$7,109</u>	<u>\$0</u>	<u>(\$7,498)</u>	<u>\$0</u>	<u>\$60,807</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, 2003*

	Beginning Balance 6/30/02	Additions	Deductions	Ending Balance 6/30/03
<b><i>Student Activities</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$31,858	\$65,528	\$53,755	\$43,631
<b>Liabilities</b>				
Due to Students	\$31,858	\$65,528	\$53,755	\$43,631
<b><i>Employee Computer Purchase</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,071	\$0	\$190	\$881
<b>Liabilities</b>				
Undistributed Monies	\$1,071	\$0	\$190	\$881
<b><i>Elementary</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$6,179	\$1,822	\$1,452	\$6,549
<b>Liabilities</b>				
Undistributed Monies	\$6,179	\$1,822	\$1,452	\$6,549
<b><i>Total - All Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$39,108	\$67,350	\$55,397	\$51,061
<b>Liabilities</b>				
Due to Students	\$31,858	\$65,528	\$53,755	\$43,631
Undistributed Monies	7,250	1,822	1,642	7,430
Total Liabilities	\$39,108	\$67,350	\$55,397	\$51,061

**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, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Income Taxes	\$1,024,043	\$1,071,939	\$1,072,058	\$119
Property and Other Local Taxes	4,143,245	4,337,030	4,337,513	483
Intergovernmental	3,628,473	3,798,181	3,798,604	423
Interest	95,107	99,555	99,566	11
Tuition and Fees	42,698	44,695	44,700	5
Extracurricular Activities	23,087	24,166	24,169	3
Contributions and Donations	2,712	2,839	2,839	0
Charges for Services	10,130	10,605	10,606	1
Rentals	11,071	11,588	11,590	2
Miscellaneous	77,720	81,356	81,484	128
<i>Total Revenues</i>	<u>9,058,286</u>	<u>9,481,954</u>	<u>9,483,129</u>	<u>1,175</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	3,298,885	3,496,005	3,442,024	53,981
Fringe Benefits	1,072,849	1,096,818	1,091,139	5,679
Purchased Services	146,377	229,215	226,268	2,947
Materials and Supplies	157,208	124,827	120,407	4,420
Capital Outlay - New	7,088	24,577	18,079	6,498
Capital Outlay - Replacement	7,206	8,630	8,589	41
Total Regular	<u>4,689,613</u>	<u>4,980,072</u>	<u>4,906,506</u>	<u>73,566</u>
Special:				
Salaries and Wages	322,100	372,373	371,186	1,187
Fringe Benefits	154,930	122,273	121,020	1,253
Purchased Services	219,107	443,913	426,993	16,920
Materials and Supplies	11,171	18,535	14,761	3,774
Capital Outlay - Replacement	0	536	536	0
Total Special	<u>707,308</u>	<u>957,630</u>	<u>934,496</u>	<u>23,134</u>
Vocational:				
Salaries and Wages	40,000	30,461	30,461	0
Fringe Benefits	12,660	14,397	14,114	283
Purchased Services	50	0	0	0
Materials and Supplies	3,331	3,335	3,332	3
Total Vocational	<u>56,041</u>	<u>48,193</u>	<u>47,907</u>	<u>286</u>
Total Instruction	<u>\$5,452,962</u>	<u>\$5,985,895</u>	<u>\$5,888,909</u>	<u>\$96,986</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, 2003*

	<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	\$285,550	\$310,634	\$307,313	\$3,321
Fringe Benefits	108,644	107,687	105,671	2,016
Purchased Services	93,042	66,661	52,902	13,759
Materials and Supplies	28,835	23,730	23,305	425
Total Pupil	<u>516,071</u>	<u>508,712</u>	<u>489,191</u>	<u>19,521</u>
Instructional Staff:				
Salaries and Wages	279,950	303,069	297,298	5,771
Fringe Benefits	36,240	83,023	80,315	2,708
Purchased Services	32,000	40,226	40,187	39
Materials and Supplies	31,536	30,189	30,090	99
Capital Outlay - New	11,160	50,273	50,265	8
Capital Outlay - Replacement	1,500	547	547	0
Total Instructional Staff	<u>392,386</u>	<u>507,327</u>	<u>498,702</u>	<u>8,625</u>
Board of Education:				
Salaries and Wages	5,000	5,000	4,800	200
Fringe Benefits	660	670	609	61
Purchased Services	49,545	32,138	29,465	2,673
Materials and Supplies	1,150	1,650	1,215	435
Other	4,000	11,584	11,584	0
Total Board of Education	<u>60,355</u>	<u>51,042</u>	<u>47,673</u>	<u>3,369</u>
Administration:				
Salaries and Wages	619,000	594,172	587,222	6,950
Fringe Benefits	211,000	217,153	216,304	849
Purchased Services	36,677	42,572	41,388	1,184
Materials and Supplies	3,021	4,840	4,825	15
Capital Outlay - New	1,800	700	695	5
Capital Outlay - Replacement	500	0	0	0
Other	95,000	51,051	51,051	0
Total Administration	<u>\$966,998</u>	<u>\$910,488</u>	<u>\$901,485</u>	<u>\$9,003</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, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fiscal:				
Salaries and Wages	\$115,000	\$128,271	\$126,379	\$1,892
Fringe Benefits	41,650	38,333	37,340	993
Purchased Services	25,519	14,519	14,172	347
Materials and Supplies	3,500	5,468	5,456	12
Other	121,000	139,895	139,895	0
<b>Total Fiscal</b>	<b>306,669</b>	<b>326,486</b>	<b>323,242</b>	<b>3,244</b>
Business:				
Other	5,200	17,343	16,810	533
Operation and Maintenance of Plant:				
Salaries and Wages	667,300	414,028	400,633	13,395
Fringe Benefits	167,125	146,025	144,935	1,090
Purchased Services	583,384	485,517	454,406	31,111
Materials and Supplies	97,424	81,203	78,891	2,312
Capital Outlay - New	13,560	10,560	6,108	4,452
Capital Outlay - Replacement	1,000	23,847	23,847	0
<b>Total Operation and Maintenance of Plant</b>	<b>1,529,793</b>	<b>1,161,180</b>	<b>1,108,820</b>	<b>52,360</b>
Pupil Transportation:				
Salaries and Wages	367,778	378,496	372,237	6,259
Fringe Benefits	155,392	160,307	159,183	1,124
Purchased Services	160,409	173,236	148,938	24,298
Materials and Supplies	79,387	81,693	64,584	17,109
Capital Outlay - Replacement	62,343	55,252	55,252	0
<b>Total Pupil Transportation</b>	<b>825,309</b>	<b>848,984</b>	<b>800,194</b>	<b>48,790</b>
<b>Total Support Services</b>	<b>4,602,781</b>	<b>4,331,562</b>	<b>4,186,117</b>	<b>145,445</b>
Operation of Non-Instructional Services:				
Community Services:				
Fringe Benefits	27,500	57,065	55,539	1,526
Materials and Supplies	0	6,500	6,468	32
Capital Outlay - Replacement	3,500	3,500	3,418	82
<b>Total Operation of Non-Instructional Services:</b>	<b>\$31,000</b>	<b>\$67,065</b>	<b>\$65,425</b>	<b>\$1,640</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, 2003*

	<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	\$5,000	\$24,995	\$24,797	\$198
Fringe Benefits	6,500	7,392	7,099	293
Total Academic and Subject Oriented Activities	<u>11,500</u>	<u>32,387</u>	<u>31,896</u>	<u>491</u>
Sports Oriented Activities:				
Salaries and Wages	28,000	212,163	211,937	226
Fringe Benefits	4,000	11,369	8,812	2,557
Total Sports Oriented Activities	<u>32,000</u>	<u>223,532</u>	<u>220,749</u>	<u>2,783</u>
School and Public Service Co-Curricular Activities:				
Salaries and Wages	4,525	5,960	5,537	423
Fringe Benefits	150	150	61	89
Total School and Public Service Co-Curricular Activities	<u>4,675</u>	<u>6,110</u>	<u>5,598</u>	<u>512</u>
Total Extracurricular Activities	<u>48,175</u>	<u>262,029</u>	<u>258,243</u>	<u>3,786</u>
<i>Total Expenditures</i>	<u>10,134,918</u>	<u>10,646,551</u>	<u>10,398,694</u>	<u>247,857</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,076,632)</u>	<u>(1,164,597)</u>	<u>(915,565)</u>	<u>249,032</u>
<b>Other Financing Uses</b>				
Advances Out	0	(1,499)	(1,499)	0
Transfers Out	(25,000)	(25,000)	(25,000)	0
<i>Total Other Financing Uses</i>	<u>(25,000)</u>	<u>(26,499)</u>	<u>(26,499)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,101,632)</u>	<u>(1,191,096)</u>	<u>(942,064)</u>	<u>249,032</u>
<i>Fund Balance Beginning of Year</i>	1,456,636	1,456,636	1,456,636	0
Prior Year Encumbrances Appropriated	<u>455,587</u>	<u>455,587</u>	<u>455,587</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$810,591</u></u>	<u><u>\$721,127</u></u>	<u><u>\$970,159</u></u>	<u><u>\$249,032</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, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property and Other Local Taxes	\$234,912	\$252,000	\$252,000	\$0
Intergovernmental	23,500	25,210	25,210	0
<i>Total Revenues</i>	<u>258,412</u>	<u>277,210</u>	<u>277,210</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	4,600	4,656	4,656	0
Operation and Maintenance of Plant:				
Purchased Services	152,637	254,504	246,382	8,122
Capital Outlay - New	0	60,778	60,266	512
Total Operation and Maintenance of Plant	<u>152,637</u>	<u>315,282</u>	<u>306,648</u>	<u>8,634</u>
<i>Total Expenditures</i>	<u>157,237</u>	<u>319,938</u>	<u>311,304</u>	<u>8,634</u>
<i>Net Change in Fund Balance</i>	101,175	(42,728)	(34,094)	8,634
<i>Fund Balance Beginning of Year</i>	66,908	66,908	66,908	0
Prior Year Encumbrances Appropriated	72,137	72,137	72,137	0
<i>Fund Balance End of Year</i>	<u>\$240,220</u>	<u>\$96,317</u>	<u>\$104,951</u>	<u>\$8,634</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, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$62,812	\$65,500	\$61,812	(\$3,688)
Charges for Services	265,688	277,058	261,458	(15,600)
<i>Total Revenues</i>	<u>328,500</u>	<u>342,558</u>	<u>323,270</u>	<u>(19,288)</u>
<b>Expenditures</b>				
Current:				
Operation of Food Services:				
Food Service:				
Salaries and Wages	35,000	143,753	143,753	0
Fringe Benefits	26,587	27,513	26,787	726
Materials and Supplies	25,000	155,324	154,560	764
<i>Total Expenditures</i>	<u>86,587</u>	<u>326,590</u>	<u>325,100</u>	<u>1,490</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	241,913	15,968	(1,830)	(17,798)
<b>Other Financing Sources</b>				
Transfers In	0	0	25,000	25,000
<i>Net Change in Fund Balance</i>	241,913	15,968	23,170	7,202
<i>Fund Balance Beginning of Year</i>	<u>163</u>	<u>163</u>	<u>163</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$242,076</u>	<u>\$16,131</u>	<u>\$23,333</u>	<u>\$7,202</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, 2003*

	<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	\$17,998	\$18,193	\$195
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	<u>22,414</u>	<u>20,516</u>	<u>19,298</u>	<u>1,218</u>
<i>Net Change in Fund Balance</i>	2,586	(2,518)	(1,105)	1,413
<i>Fund Balance Beginning of Year</i>	1,120	1,120	1,120	0
Prior Year Encumbrances Appropriated	<u>504</u>	<u>504</u>	<u>504</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$4,210</u></u>	<u><u>(\$894)</u></u>	<u><u>\$519</u></u>	<u><u>\$1,413</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Extracurricular Activities	\$7,956	\$5,102	\$5,102	\$0
Contributions and Donations	38,044	24,398	24,398	0
<i>Total Revenues</i>	46,000	29,500	29,500	0
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Materials and Supplies	9,381	36,070	24,461	11,609
<i>Net Change in Fund Balance</i>	36,619	(6,570)	5,039	11,609
<i>Fund Balance Beginning of Year</i>	26,724	26,724	26,724	0
Prior Year Encumbrances Appropriated	539	539	539	0
<i>Fund Balance End of Year</i>	\$63,882	\$20,693	\$32,302	\$11,609

**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Martha Holden Jennings Grant Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$2,775	\$2,775	\$2,775	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	<u>2,775</u>	<u>2,775</u>	<u>2,775</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><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Extracurricular Activities	\$125,612	\$102,315	\$104,563	\$2,248
Contributions and Donations	14,388	11,720	11,977	257
<i>Total Revenues</i>	<u>140,000</u>	<u>114,035</u>	<u>116,540</u>	<u>2,505</u>
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Sports Oriented Activities:				
Salaries and Wages	1,000	1,000	975	25
Fringe Benefits	0	400	400	0
Purchased Services	40,097	65,393	65,364	29
Materials and Supplies	5,717	15,717	11,265	4,452
Capital Outlay - New	5,850	30,850	23,242	7,608
Other	3,899	7,425	6,621	804
<i>Total Expenditures</i>	<u>56,563</u>	<u>120,785</u>	<u>107,867</u>	<u>12,918</u>
<i>Net Change in Fund Balance</i>	83,437	(6,750)	8,673	15,423
<i>Fund Balance Beginning of Year</i>	5,570	5,570	5,570	0
Prior Year Encumbrances Appropriated	1,664	1,664	1,664	0
<i>Fund Balance End of Year</i>	<u>\$90,671</u>	<u>\$484</u>	<u>\$15,907</u>	<u>\$15,423</u>

**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP) and Actual  
 Educational Management Information Systems Fund  
 For the Fiscal Year Ended June 30, 2003*

	<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	\$5,000	\$5,199	\$5,199	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Purchased Services	0	5,199	5,000	199
Materials and Supplies	2,875	2,875	2,875	0
<i>Total Expenditures</i>	2,875	8,074	7,875	199
<i>Net Change in Fund Balance</i>	2,125	(2,875)	(2,676)	199
<i>Fund Balance Beginning of Year</i>	2,875	2,875	2,875	0
<i>Fund Balance End of Year</i>	\$5,000	\$0	\$199	\$199

**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, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$12,000	\$14,000	\$14,000	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Administration:				
Purchased Services	<u>12,000</u>	<u>14,000</u>	<u>14,000</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><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP) and Actual  
 SchoolNet Professional Development Fund  
 For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$4,000	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	6,000	7,337	8,469	(1,132)
<i>Net Change in Fund Balance</i>	(2,000)	(7,337)	(8,469)	(1,132)
<i>Fund Balance Beginning of Year</i>	10,344	10,344	10,344	0
<i>Fund Balance End of Year</i>	\$8,344	\$3,007	\$1,875	(\$1,132)

**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, 2003*

	<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	\$21,000	\$21,000	\$21,000	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	3,455	3,455	750	2,705
Purchased Services	7,675	7,675	7,587	88
Materials and Supplies	10,150	10,150	8,875	1,275
Other	2,450	2,450	255	2,195
<i>Total Expenditures</i>	<u>23,730</u>	<u>23,730</u>	<u>17,467</u>	<u>6,263</u>
<i>Net Change in Fund Balance</i>	(2,730)	(2,730)	3,533	6,263
<i>Fund Balance Beginning of Year</i>	4,732	4,732	4,732	0
Prior Year Encumbrances Appropriated	<u>475</u>	<u>475</u>	<u>475</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,477</u></u>	<u><u>\$2,477</u></u>	<u><u>\$8,740</u></u>	<u><u>\$6,263</u></u>



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

	<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	<u>3,661</u>	<u>3,661</u>	<u>3,661</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	3,339	(3,661)	(3,661)	0
<i>Fund Balance Beginning of Year</i>	<u>3,661</u>	<u>3,661</u>	<u>3,661</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,000</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Purchased Services	2,150	4,397	1,870	2,527
Materials and Supplies	<u>2,756</u>	<u>2,756</u>	<u>1,217</u>	<u>1,539</u>
<i>Total Expenditures</i>	<u>4,906</u>	<u>7,153</u>	<u>3,087</u>	<u>4,066</u>
<i>Net Change in Fund Balance</i>	(4,906)	(7,153)	(3,087)	4,066
<i>Fund Balance Beginning of Year</i>	6,247	6,247	6,247	0
Prior Year Encumbrances Appropriated	<u>906</u>	<u>906</u>	<u>906</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,247</u></u>	<u><u>\$0</u></u>	<u><u>\$4,066</u></u>	<u><u>\$4,066</u></u>

**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Eisenhower Math and Science Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<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	\$4,554	\$455	\$455	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	786	786	0	786
Purchased Services	1,000	0	0	0
Total Instruction	1,786	786	0	786
Support Services:				
Pupil:				
Purchased Services	0	1,390	1,390	0
Materials and Supplies	0	1,000	1,000	0
Total Pupil	0	2,390	2,390	0
Administration:				
Salaries and Wages	200	200	200	0
Total Support Services	200	2,590	2,590	0
<i>Total Expenditures</i>	1,986	3,376	2,590	786
<i>Net Change in Fund Balance</i>	2,568	(2,921)	(2,135)	786
<i>Fund Balance Beginning of Year</i>	2,721	2,721	2,721	0
<i>Fund Balance (Deficit) End of Year</i>	\$5,289	(\$200)	\$586	\$786

**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, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$114,000	\$130,607	\$130,607	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	0	10,000	4,323	5,677
Fringe Benefits	0	1,850	395	1,455
Purchased Services	0	2,279	1,031	1,248
Materials and Supplies	0	27,573	9,834	17,739
Capital Outlay - New	0	2,280	2,200	80
Other	0	2,023	2,000	23
Total Instruction	0	46,005	19,783	26,222
Support Services:				
Pupil:				
Purchased Services	5,000	74,516	74,221	295
Instructional Staff:				
Purchased Services	0	10,000	1,605	8,395
Materials and Supplies	88	7,392	5,991	1,401
Total Instructional Staff	88	17,392	7,596	9,796
Administration:				
Salaries and Wages	13,495	25,298	23,008	2,290
Fringe Benefits	40	4,838	4,658	180
Materials and Supplies	0	4,688	4,685	3
Capital Outlay - New	0	2,500	2,349	151
Total Administration	13,535	37,324	34,700	2,624
Total Support Services	18,623	129,232	116,517	12,715
<i>Total Expenditures</i>	18,623	175,237	136,300	38,937
<i>Net Change in Fund Balance</i>	95,377	(44,630)	(5,693)	38,937
<i>Fund Balance Beginning of Year</i>	5,192	5,192	5,192	0
Prior Year Encumbrances Appropriated	5,088	5,088	5,088	0
<i>Fund Balance (Deficit) End of Year</i>	\$105,657	(\$34,350)	\$4,587	\$38,937

**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, 2003*

	<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	\$96,654	\$96,654	\$92,051	(\$4,603)
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	74,576	74,576	74,576	0
Fringe Benefits	12,873	12,873	12,854	19
Total Instruction	87,449	87,449	87,430	19
Support Services:				
Pupil:				
Purchased Services	4,603	4,603	4,603	0
<i>Total Expenditures</i>	92,052	92,052	92,033	19
<i>Net Change in Fund Balance</i>	4,602	4,602	18	(4,584)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$4,602	\$4,602	\$18	(\$4,584)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	<u>\$16,200</u>	<u>\$7,421</u>	<u>\$7,421</u>	<u>\$0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	6,400	13,847	6,926	6,921
Fringe Benefits	<u>0</u>	<u>300</u>	<u>225</u>	<u>75</u>
Total Instruction	6,400	14,147	7,151	6,996
Support Services:				
Administration:				
Salaries and Wages	<u>726</u>	<u>400</u>	<u>200</u>	<u>200</u>
<i>Total Expenditures</i>	<u>7,126</u>	<u>14,547</u>	<u>7,351</u>	<u>7,196</u>
<i>Net Change in Fund Balance</i>	9,074	(7,126)	70	7,196
<i>Fund Balance Beginning of Year</i>	<u>7,126</u>	<u>7,126</u>	<u>7,126</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$16,200</u></u>	<u><u>\$0</u></u>	<u><u>\$7,196</u></u>	<u><u>\$7,196</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, 2003*

	<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	\$5,234	\$5,234	\$5,234	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	2,500	2,500	2,500	0
Materials and Supplies	2,692	2,692	2,634	58
Total Instruction	5,192	5,192	5,134	58
Support Services:				
Business:				
Salaries and Wages	100	100	100	0
<i>Total Expenditures</i>	<u>5,292</u>	<u>5,292</u>	<u>5,234</u>	<u>58</u>
<i>Net Change in Fund Balance</i>	(58)	(58)	0	58
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$58)</u></u>	<u><u>(\$58)</u></u>	<u><u>\$0</u></u>	<u><u>\$58</u></u>

**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, 2003*

	<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	\$44,039	\$44,039	\$36,110	(\$7,929)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	31,609	31,609	31,609	0
Support Services:				
Pupil:				
Purchased Services	6,000	6,000	6,000	0
<i>Total Expenditures</i>	<u>37,609</u>	<u>37,609</u>	<u>37,609</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	6,430	6,430	(1,499)	(7,929)
<b>Other Financing Sources</b>				
Advances In	0	0	1,499	1,499
<i>Net Change in Fund Balance</i>	6,430	6,430	0	(6,430)
<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>\$6,430</u></u>	<u><u>\$6,430</u></u>	<u><u>\$0</u></u>	<u><u>(\$6,430)</u></u>



**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Title II-D Technology Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$9,147	\$9,147	\$9,147	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Purchased Services	2,520	2,520	2,520	0
Capital Outlay - New	6,627	6,627	6,627	0
<i>Total Expenditures</i>	<u>9,147</u>	<u>9,147</u>	<u>9,147</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><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

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

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

	<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	\$20,803	\$20,803	\$20,803	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	<u>33,792</u>	<u>33,792</u>	<u>33,792</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(12,989)	(12,989)	(12,989)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>12,989</u>	<u>12,989</u>	<u>12,989</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Berkshire Local School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP) and Actual*  
*Self Insurance Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<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	<u>\$232,200</u>	<u>\$270,120</u>	<u>\$270,122</u>	<u>\$2</u>
<b>Expenses</b>				
Purchased Services	11,452	21,473	11,452	10,021
Claims	<u>50,548</u>	<u>280,548</u>	<u>262,294</u>	<u>18,254</u>
<i>Total Expenses</i>	<u>62,000</u>	<u>302,021</u>	<u>273,746</u>	<u>28,275</u>
<i>Net Change in Fund Equity</i>	170,200	(31,901)	(3,624)	28,277
<i>Fund Equity Beginning of Year</i>	<u>43,758</u>	<u>43,758</u>	<u>43,758</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$213,958</u>	<u>\$11,857</u>	<u>\$40,134</u>	<u>\$28,277</u>

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

	2003	2002
<b>Program Revenues</b>		
Charges for Services and Sales	\$482,204	\$460,481
Operating Grants and Contributions	438,818	408,776
Capital Grants and Contributions	320,315	27,343
<b>General Revenues</b>		
Property and Other Local Taxes	4,753,996	4,147,079
Income Taxes	1,046,293	1,085,872
Grants and Entitlements not Restricted to Specific Programs	3,797,347	3,693,492
Investment Earnings	88,847	136,719
Miscellaneous	81,484	110,889
<i>Total</i>	<u>\$11,009,304</u>	<u>\$10,070,651</u>
<b>Expenses</b>		
Current:		
Instruction:		
Regular	\$4,905,643	\$5,062,243
Special	967,922	954,287
Vocational	47,206	53,659
Support Services:		
Pupil	599,157	648,079
Instructional Staff	542,635	410,336
Board of Education	47,565	49,191
Administration	1,003,572	951,540
Fiscal	309,202	286,878
Business	16,910	33,972
Operation and Maintenance of Plant	1,088,676	1,070,121
Pupil Transportation	827,529	786,010
Operation of Non-Instructional Services	107,645	32,827
Operation of Food Services	316,403	368,629
Extracurricular Activities	413,973	351,015
Interest and Fiscal Charges	340	2,594
<i>Total</i>	<u>\$11,194,378</u>	<u>\$11,061,381</u>

Source: School District Financial Records

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

	2003 (1)	2002 (1)	2001 (1)	2000 (1)
<b>Revenues</b>				
Income Taxes (2)	\$1,046,293	\$1,085,872	\$1,166,466	\$1,072,636
Property and Other Local Taxes	4,505,622	3,905,628	3,996,772	3,491,994
Intergovernmental	3,796,815	3,696,225	3,687,530	3,535,889
Interest	88,847	136,719	227,269	206,786
Tuition and Fees	44,700	20,084	16,524	24,690
Extracurricular Activities	24,169	57,526	42,875	43,173
Contributions and Donations	2,839	9,270	3,200	4,716
Charges for Services	9,696	1,887	6,750	7,685
Rentals	11,484	22,843	12,363	11,429
Miscellaneous	81,484	110,889	50,347	88,920
<i>Total</i>	<u>\$9,611,949</u>	<u>\$9,046,943</u>	<u>\$9,210,096</u>	<u>\$8,487,918</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	\$5,009,463	\$4,851,620	\$4,597,473	\$3,869,571
Special	893,127	847,553	735,228	695,021
Vocational	46,735	53,643	49,833	48,245
Support Services:				
Pupil	492,727	566,786	449,097	413,961
Instructional Staff	511,219	392,102	301,404	237,013
Board of Education	47,562	49,197	71,719	28,512
Administration	946,402	872,680	799,723	707,036
Fiscal	296,593	280,236	245,493	263,964
Business	16,810	33,672	20,483	19,987
Operation and Maintenance of Plant	1,042,087	1,003,395	1,041,022	986,513
Pupil Transportation	789,847	836,990	649,639	657,231
Operation of Non-Instructional Services	81,255	33,050	29,428	12,808
Extracurricular Activities	261,063	172,956	161,763	165,823
Principal Retirement	6,339	0	0	0
<i>Total</i>	<u>\$10,441,229</u>	<u>\$9,993,880</u>	<u>\$9,152,305</u>	<u>\$8,105,685</u>

Source: School District Financial Records

(1) 1996 through 2003 reported on GAAP basis; all other years on Cash Basis.

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

1999 (1)	1998 (1)	1997 (1)	1996 (1)	1995	1994
\$990,880	\$0	\$0	\$0	\$0	\$0
3,463,352	3,833,417	4,269,142	3,580,863	3,736,335	3,318,901
3,138,077	2,854,859	2,532,403	2,543,538	2,479,440	2,458,722
157,793	135,300	128,036	100,380	66,251	35,891
15,995	12,377	2,553	23,438	16,009	9,428
38,000	47,744	65,910	50,139	12,760	12,560
814	0	1,039	422	0	0
8,856	2,770	21,200	26,925	0	0
16,063	14,701	13,583	12,470	0	0
99,939	39,565	0	7,469	43,478	50,936
<u>\$7,929,769</u>	<u>\$6,940,733</u>	<u>\$7,033,866</u>	<u>\$6,345,644</u>	<u>\$6,354,273</u>	<u>\$5,886,438</u>
\$3,638,253	\$3,299,715	\$3,648,808	\$3,133,085	\$3,263,745	\$3,216,604
613,746	505,154	426,927	445,285	292,623	287,773
49,109	43,371	57,166	55,752	53,545	53,849
371,354	249,819	259,489	254,844	256,268	262,093
214,724	144,236	77,471	65,033	90,046	136,740
24,891	26,282	17,546	23,597	14,525	17,193
565,294	668,741	580,492	614,463	629,757	584,611
205,152	193,027	183,245	180,898	179,344	179,242
16,674	9,648	10,944	10,868	0	0
896,663	793,691	683,078	600,205	609,033	733,613
693,419	621,739	513,033	600,963	594,144	577,592
5,766	4,225	0	0	0	0
150,776	136,176	135,464	130,025	122,017	112,367
0	0	0	0	0	0
<u>\$7,445,821</u>	<u>\$6,695,824</u>	<u>\$6,593,663</u>	<u>\$6,115,018</u>	<u>\$6,105,047</u>	<u>\$6,161,677</u>

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

Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Levy Collected	Delinquent Tax Collections	Total Tax Collections
2002	\$5,123,159	\$4,774,892	97.1%	\$117,633	\$4,892,525
2001	4,696,679	4,370,504	96.8	95,357	4,465,861
2000	4,625,470	4,278,141	96.2	105,158	4,383,299
1999	4,429,869	4,010,823	96.1	105,508	4,116,331
1998	4,279,091	3,865,659	96.3	103,324	3,968,983
1997	4,196,698	3,758,943	96.2	118,273	3,877,216
1996	3,972,511	3,583,675	96.3	80,831	3,664,506
1995	3,924,232	3,510,668	96.6	164,377	3,675,045
1994	3,721,097	3,432,539	98.3	97,219	3,529,758
1993	3,685,542	3,332,666	96.6	87,735	3,420,401

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2003 information cannot be presented because all collections have not been made by June 30.



<u>Ratio of Total Collections to Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Levy</u>
99.5%	\$88,038	1.72%
98.9	86,297	1.84
98.6	73,859	1.60
98.7	153,078	3.46
98.9	161,752	3.78
99.2	171,139	4.08
98.5	171,396	4.31
101.1	124,042	3.16
101.1	131,278	3.53
99.2	147,979	4.02

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

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2003	\$170,902,090	\$488,291,686	\$5,946,900	\$6,757,841
2002	151,943,830	434,125,229	6,430,150	7,306,989
2001	147,965,940	422,759,829	8,186,330	9,302,648
2000	142,245,480	406,415,657	8,150,600	9,262,045
1999	113,874,170	325,354,771	8,730,000	9,920,455
1998	110,948,800	316,996,571	8,922,380	10,139,068
1997	107,141,390	306,118,257	9,117,080	10,360,318
1996	96,893,090	276,837,400	9,187,140	10,439,932
1995	94,397,260	269,706,457	9,600,380	10,909,523
1994	92,259,630	263,598,943	9,537,980	10,838,614

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

- (1) This amount is calculated based on the following percentages:  
 Real estate is assessed at 35 percent of actual value.  
 Public utility personal is assessed at 88 percent of actual value.  
 Tangible personal property is assessed at 25 percent of actual value for capital assets and 24 percent for inventory.

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Ratio
\$20,538,500	\$82,154,000	\$197,387,490	\$577,203,527	34%
15,111,250	60,445,000	173,485,230	501,877,218	35
15,483,450	61,933,800	171,635,720	493,996,277	35
12,547,070	50,188,280	162,943,150	465,865,982	35
10,135,990	40,543,960	132,740,160	375,819,186	35
9,590,090	38,360,360	129,461,270	365,495,999	35
8,548,600	34,194,400	124,807,070	350,672,975	36
7,625,490	30,501,960	113,705,720	317,779,292	36
6,938,050	27,752,200	110,935,690	308,368,180	36
6,126,330	24,505,320	107,923,940	298,942,877	36

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

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Year	School Levy	JVS	Troy Township	Library	County Levy	Total Levy
2003	\$54.80	\$1.50	\$12.50	\$1.00	\$14.40	\$84.20
2002	54.80	1.50	12.50	1.00	14.40	84.20
2001	54.80	1.50	12.50	1.00	13.40	83.20
2000	54.80	1.50	12.50	1.00	12.65	82.45
1999	54.80	1.50	12.50	1.00	12.45	82.25
1998	55.20	1.50	12.50	1.00	12.45	82.65
1997	55.40	1.50	12.50	1.00	12.45	82.85
1996	55.70	1.50	12.50	1.00	12.85	83.55
1995	55.70	1.50	12.50	1.00	10.85	81.55
1994	55.70	1.50	12.50	1.00	10.85	81.55

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.

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Debt Service  
Included in Total Levy

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School	County	Total
\$0.00	\$0.30	\$0.30
0.00	0.30	0.30
0.00	0.30	0.30
0.00	0.30	0.30
0.00	0.30	0.30
0.40	0.30	0.70
0.60	0.30	0.90
0.90	0.30	1.20
0.90	0.30	1.20
0.90	0.30	1.20

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

Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2003	\$0	\$197,387,490	8,647	0.00%	\$0.00
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

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, 2003*

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Assessed Valuation	<u><u>\$197,387,490</u></u>
Debt Limit - 9% of Assessed Value (1)	\$17,764,874
Amount of Debt Applicable	<u>0</u>
Overall Debt Margin	<u><u>\$17,764,874</u></u>
Debt Limit - .10% of Assessed Value (1)	\$197,387
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u><u>\$197,387</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, 2002*

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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	4,723,947	7.32%	<u>345,793</u>
Total			<u><u>\$345,793</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 2002 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)
2003 (1)	\$0	\$0	\$0	\$10,441,229	0.00%
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

Source: School District Financial Records

(1) 1996 through 2003 on GAAP Basis.

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

Year	Property Value (1) (Real Estate Only)	Financial Institution Deposits Banks	Values of Permits Issued Geauga County	Values of Permits Issued Burton Township
2003	\$170,902,090	\$288,126,000	\$218,632,818	\$3,425,680
2002	151,943,830	220,100,693	212,264,882	3,494,134
2001	147,965,940	222,518,000	199,824,566	4,626,261
2000	142,245,480	249,478,000	65,015,002	4,680,933
1999	113,874,170	254,641,000	47,503,140	2,370,380
1998	110,948,800	222,202,000	38,142,850	3,075,000
1997	107,141,390	212,614,000	41,162,110	2,485,208
1996	96,893,090	194,409,000	35,438,050	2,937,168
1995	94,397,260	188,020,000	28,009,880	2,770,629
1994	92,259,630	184,462,000	23,820,980	1,997,260

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

(1) Represents assessed value.

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<u>Values of Permits Issued Claridon Township</u>	<u>Values of Permits Issued Burton Village</u>	<u>Values of Permits Issued Troy Township</u>
\$2,605,387	\$591,516	\$2,608,600
3,414,146	459,140	2,282,417
5,123,086	1,316,470	6,042,887
2,939,795	1,346,190	5,302,735
9,999,747	2,946,851	4,083,882
4,111,491	389,462	16,415,496
3,960,556	338,521	2,459,911
3,100,441	3,295,300	1,335,625
2,597,590	823,824	1,088,725
1,730,508	462,850	1,895,245

## 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>
2003	92,722	8,647	1,377	4.3%
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

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**

*Principal Taxpayers*

*Real Estate Tax*

*December 31, 2002*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Property Assessed Value</u>
Great Lakes Cheese	\$3,867,190	2.26%
Thistle Lane Real Properties	1,473,330	0.86
Berkshire Hills Limited	1,321,310	0.77
M. A. Hanna Company	1,138,920	0.67
John J. Masternick	1,061,110	0.62
Troy Oaks Homes	788,810	0.46
Farmore Farms Limited	709,120	0.41
Safra Inn LLO	648,700	0.38
Blaine M. Kaufmann	530,320	0.31
Grandview Golf Club	<u>493,510</u>	<u>0.29</u>
Total	<u>\$12,032,320</u>	<u>7.03%</u>
Total Real Estate Valuation	<u>\$170,902,090</u>	

Source: Geauga County Auditor

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

**Berkshire Local School District**  
*Principal Taxpayers*  
*Tangible Personal Property Tax*  
*December 31, 2002*

Name of Taxpayer	Assessed Value (1)	Percent of Tangible Personal Property Assessed Value
Great Lakes Cheese Company, Inc.	\$7,307,840	35.58%
Polyone Corporation	6,177,180	30.08
Troy Manufacturing Company, Inc.	764,360	3.72
Duramax Marine	691,660	3.37
Preston Chevrolet Cadillac, Inc.	667,920	3.25
BFG Supply Company, LLC.	515,880	2.51
Thistle Lane Real Properties	435,000	2.12
Electrobock, Inc.	419,510	2.04
Crowley Company	401,600	1.96
TRC Manufacturing, Inc.	393,370	1.92
Total	<u>\$17,774,320</u>	<u>86.55%</u>
Total Tangible Personal Property Valuator	<u>\$20,538,500</u>	

Source: Geauga County Auditor

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

**Berkshire Local School District**

*Principal Taxpayers*

*Public Utilities Tax*

*December 31, 2002*

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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	\$3,601,830	60.57%
Ohio Bell Telephone Company	1,011,800	17.01
East Ohio Gas Company	225,490	3.79
Ohio Edison	<u>189,570</u>	<u>3.19</u>
Total	<u>\$5,028,690</u>	<u>84.56%</u>
Total Public Utility Property Valuation	<u>\$5,946,900</u>	

Source: Geauga County Auditor

(1) Assessed values are for the 2003 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)	\$10,441,229	1,377	\$7,583
2002 (1)	9,993,880	1,393	7,174
2001 (1)	9,152,305	1,360	6,730
2000 (1)	8,105,685	1,375	5,895
1999 (1)	7,445,821	1,365	5,455
1998 (1)	6,695,824	1,355	4,942
1997 (1)	6,593,663	1,317	5,007
1996 (1)	6,115,018	1,305	4,686
1995	6,105,047	1,325	4,608
1994	6,161,677	1,293	4,765

Source: School District Financial Records.

(1) 1996 through 2003 on GAAP Basis



**Berkshire Local School District**

*Teacher Education and Experience*

*June 30, 2003*

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<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	21	23.86%
Bachelor + 15	8	9.09
Bachelor + 30	19	21.60
Master's Degree	16	18.18
Master's + 15	11	12.50
Master's + 30	13	14.77
Total	<u>88</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	33	37.50%
6 - 10	13	14.77
11 and Over	42	47.73
	<u>88</u>	<u>100.00%</u>

Source: School District Personnel Records

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**Auditor of State  
Betty Montgomery**

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Telephone 614-466-4514  
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Facsimile 614-466-4490

**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 11, 2003**