



**Auditor of State
Betty Montgomery**

**BEREA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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**BEREA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	N/A	10.550	\$0	\$98,696	\$0	\$98,696
National School Breakfast Program	05PU-2003	10.553	6,115	0	6,115	0
National School Breakfast Program	05PU-2004	10.553	15,421	0	15,421	0
Subtotal National School Breakfast Program			21,536		21,536	
National School Lunch Program	LLP4-2003	10.555	101,624	0	101,624	0
National School Lunch Program	LLP4-2004	10.555	299,094	0	299,094	0
Subtotal National School Lunch Program			400,718	0	400,718	0
Total U.S. Department of Agriculture - Nutrition Cluster			422,254	98,696	422,254	98,696
U.S. Department of Education						
<i>Passed Through Ohio Department of Education:</i>						
Title I, Part A	C1S1-2003	84.010	26,522	0	6,387	0
Title I, Part A	C1S1-2004	84.010	586,339	0	543,862	0
<i>Passed Through Cleveland Municipal School District:</i>						
Title I, Part A	C1S1-2003	84.010	648	0	0	0
Title I, Part A	C1S1-2004	84.010	3,596	0	3,596	0
<i>Passed Through Parma City School District:</i>						
Title I, Part A	C1S1-2004	84.010	429	0	429	0
Total Title I, Part A			617,534	0	554,274	0
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
IDEA Part B	6BSF-2003P	84.027	(8,019)	0	113,219	0
IDEA Part B	6BSF-2004P	84.027	1,084,465	0	964,475	0
Total IDEA Part B			1,076,446		1,077,694	
Preschool Disability Grant	PGS1-2003P	84.173	8,483	0	13,236	0
Preschool Disability Grant	PGS1-2004P	84.173	41,050	0	33,306	0
Total Preschool Disability Grant			49,533		46,542	
Total Special Education Cluster			1,125,979	0	1,124,236	0
Drug Free School Grant	DRS1-2002	84.186	0	0	7,454	0
Drug Free School Grant	DRS1-2003	84.186	3,732	0	0	0
Drug Free School Grant	DRS1-2004	84.186	47,848	0	41,345	0
Total Drug Free School Grant			51,580	0	48,799	0
English Language Acquisition Grants (LEP) - Title III, Part A	T3S1-2003	84.365	0	0	414	0
English Language Acquisition Grants (LEP) - Title III, Part A	T3S1-2004	84.365	26,477	0	24,133	0
Total English Language Acquisition Grants (LEP) - Title III, Part A			26,477	0	24,547	0
Title V - Innovative Programs	C2S1-2003	84.298	0	0	3,240	0
Title V - Innovative Programs	C2S1-2004	84.298	50,900	0	47,373	0
Total Title V - Innovative Programs			50,900	0	50,613	0
Title II, Part A - Teacher and Principal Training and Recruiting	TRS1-2002	84.367	0	0	429	0
Title II, Part A - Teacher and Principal Training and Recruiting	TRS1-2003	84.367	37,685	0	26,956	0
Title II, Part A - Teacher and Principal Training and Recruiting	TRS1-2004	84.367	214,308	0	158,806	0
Total Title II, Part A - Teacher and Principal Training Recruiting			251,993	0	186,191	0

BEREA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
Assistive Technology Infusion Grants	ATS2-2002	84.352A	(1,565)	0	6,791	0
Assistive Technology Infusion Grants	ATS3-2002	84.352A	(2)	0	1,127	0
Assistive Technology Infusion Grants	ATS4-2002	84.352A	10,348	0	11,140	0
Total Assistive Technology Infusion Grant			8,781	0	19,058	0
Title II D - Education Technology Grants	TJS1-2003	84.318	(101)	0	0	0
Title II D - Education Technology Grants	TJS1-2004	84.318	5,004	0	3,937	0
Total Title II D - Education Technology Grants			4,903	0	3,937	0
Total Department of Education			2,138,147	0	2,011,655	0
Total Federal Financial Assistance			\$2,560,401	\$98,696	\$2,433,909	\$98,696

The accompanying notes to this schedule are an integral part of this schedule.

**BEREA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.

NOTE C - FEDERAL TRANSFERS

The Ohio Department of Education (ODE) transferred federal monies from grant year 2003 to grant year 2004 for several of the District's federal grants. These transfers appear as negative receipts in the 2003 grant year and positive receipts in the 2004 grant year. This action by ODE allowed the District to extend the availability period for expenditure of these receipts.

The District operates a schoolwide program. This program allows the District to transfer funds from one federal grant program to another federal grant program. Transfers made by the District appear as negative receipts in the grant providing the funds and positive receipts in the grant receiving the funds.

N/A – Not Applicable

CFDA – Catalog of Federal Domestic Assistance

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Auditor of State Betty Montgomery

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

Board of Education
Berea City School District
Cuyahoga County
390 Fair Street
Berea, Ohio 44017

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Berea City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated December 17, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the District's management in a separate letter dated December 17, 2004.

This report is intended for the information and use of the management, the 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

December 17, 2004



Auditor of State Betty Montgomery

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

Board of Education
Berea City School District
Cuyahoga County
390 Fair Street
Berea, Ohio 44017

Compliance

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

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

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

Internal Control Over Compliance

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

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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.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the Berea City School District, Cuyahoga County, Ohio, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 17, 2004. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying schedule of federal awards receipts and 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 management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 17, 2004

**BEREA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster (10.550, 10.553, 10.555) Title I (84.010)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**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

**BEREA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2004**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <u>Explain:</u>
2003-001	Ohio Rev. Code Section 5705.39 prohibits a political subdivision from making funds appropriations in excess of estimated resources available for expenditure. In addition, Ohio Rev. Code Section 5705.40 requires that any appropriation measure can be amended or supplemented provided the District complies with the same provisions of the law as are used in making the original appropriation. The District had seven funds during the year and one fund at fiscal year end which had appropriations in excess of the amount certified as available by the budget commission.	No	The District had three funds during the year which were in violation of 5705.39. The comment has been reissued in the management letter.
2003-002	<p>Internal Revenue Regulations Title 26 (Code of Federal Regulations), Section 1.61-21(a): Taxation of fringe benefits states that, except as otherwise provided, gross income means all income from whatever source derived, including but not limited to, compensation for services including fees, commissions, fringe benefits, and similar items. Consequently, a fringe benefit provided by an employer to an employee is presumed to be income to the employee unless it is specifically excluded from gross income by another section of the Code.</p> <p>In 2002, the Treasurer, Randy Scherf, as part of his Interim Treasurer's contract, received three months of his mortgage paid at his old residence (\$6,300) while in transition to the Berea City School District. This taxable benefit was excluded from gross income and was not included on the Treasurer's W-2 nor was a 1099 issued. The excluded benefit amounted to the underpayment of federal, state and local taxes.</p>	Yes	This was an isolated incident. The District issued a 1099 for the related payment during our audit period.

Berea City School District

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

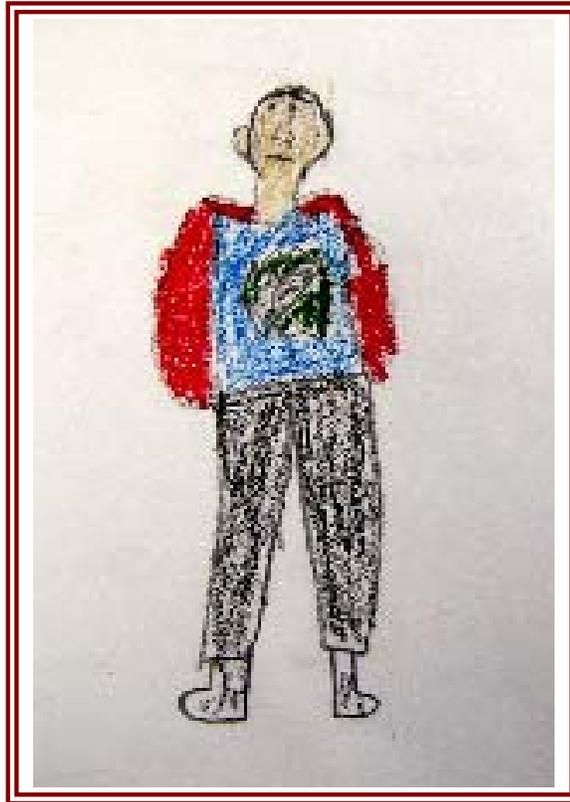


Cody Buskirk
Grade 3
Riveredge Elementary School
Art Instructor: Connie Stidham

BEREA, OHIO

Berea, Ohio City School District

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



Emily Sutter
Grade 2
Smith Elementary School
Art Instructor: Greg Sierputowski

**Issued by: Treasurer's Office
Randal A. Scherf, Treasurer
Dale Cummins, Assistant Treasurer**

Berea City School District
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December 17, 2004

Board of Education Members and
Residents of Berea City School District;

**Berea City
School
District**

**Berea
Brook Park
Middleburg Heights**

We are pleased to submit to you the fourteenth Comprehensive Annual Financial Report (CAFR) of Berea City School District. This CAFR, which includes an opinion from the Auditor of the State of Ohio, conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of Berea City School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs. Copies will be made available to the Cuyahoga 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, Government Finance Officer's Association (GFOA) Certificate of Achievement, List of Principal Officials and an Organizational Chart of the School District.
2. The Financial Section, which begins with the Independent Accountants Report, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, the Combining Statements by Fund Type, and other schedules providing detailed information relative to the Basic Financial Statements.
3. The Statistical Section, which presents social and economic data, financial trends and the fiscal capacity of Berea City School District.

*James V. Connell, Ph.D.
Superintendent of Schools*

School District Organization

Berea City School District is one of the 613 school districts in the State of Ohio and one of 31 school districts in Cuyahoga County. The School District provides education to 7,801 students in grades kindergarten through twelfth. Additionally, the School District provides preschool, after school, adult and community education services to a large number of students. Berea City School District is located in northeastern Ohio, approximately twelve miles southwest of downtown Cleveland. Berea City School District includes the cities of Brook Park and Middleburg Heights, most of the City of Berea and small portions of the cities of Olmsted Falls and Cleveland.

When first settled, Middleburg Township was one community. The first school in Middleburg Township was in Ephriam Vaughan's log house in the year 1822. In the 1830's, Middleburg Township dissolved into three distinct political entities; Berea, Brook Park and Middleburg Heights.

In 1853, a law was enacted which created a local township board of education comprised of three directors. The responsibility of these directors was to hire teachers and to maintain school property. This system was followed until 1904, when rural schools were placed under a five-member township board of education who could hire a superintendent to oversee all of the sub-districts in the township.

The School District used the name "Berea" because of the size of the city in earlier days when Brook Park and Middleburg Heights were too small to support a complete school system. Today, the Berea Public School System stands unique as the common bond between Berea, Brook Park and Middleburg Heights.

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

Reporting Entity

The School District has reviewed its operating entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the Berea City School District (the primary government) and its potential component units.

The City of Berea, City of Brook Park, City of Middleburg Heights, Cuyahoga County Public Library, and the Parent Teacher Organization have not been included in the accompanying financial statements. The boards are not appointed by the School District, nor are they fiscally dependent on the School District. Polaris Career Center, the Educational Community Foundation and the Ohio Schools Council are reported as jointly governed organizations. The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool.

Economic Condition and Outlook

The School District contains an amalgamation of communities. The portion of the School District containing all of Brook Park and a small portion of the City of Cleveland is a commercial and industrial center, as well as being a residential community. It contains Ford Motor Company's casting plant and two engine plants. Total employment by the three plants is approximately 2,000 people. Also located in this section of the School District is Cleveland Hopkins International Airport, which provides international air transportation and delivery services for the County and surrounding areas.

The portion of the School District containing all of Berea and a small portion of the City of Olmsted Falls is a commercial center and residential community. This area was a commercial center before many of the present-day Cleveland suburbs came into being and is the home of Baldwin-Wallace College.

The portion of the School District containing all of Middleburg Heights is primarily a suburban residential community that is younger and not as developed as the other portions of the School District. In recent years, this area has experienced increases in commercial development, primarily hotels and restaurants serving visitors to the area. The growth is due to its close proximity to Cleveland Hopkins International Airport and to Interstates I-71, I-80 and I-480.

Also located within this portion of the School District is United Parcel Service, Incorporated, which employs approximately 1,100 people and Southwest General Hospital, which employs approximately 1,700 people.

Major Initiatives

For the Year Berea City School District has a guardedly optimistic outlook for the future. The voters approved an additional 5.9 mill continuing operating levy in November 2002. Collection began in January 2003. The last operating levy was passed in 1999. The real property tax system in Ohio does not permit school districts to receive additional tax revenue solely as a result of reassessment or appraisal. As a result, real property tax revenue increases very little. The primary means of increasing revenue for Berea City School District is through an additional operating levy, requiring voter approval. Berea City School District will ask voters for a 5.9 mill levy on the February, 2005 ballot.

Further indicating voter support, a 1.0 mill continuing permanent improvement levy was passed in November 1996. Beginning collection in January 1997, this levy is allowing the School District to address ongoing facility needs. The annual revenue from this levy, approximately \$1.8 million, almost equals the depreciation expense of the School District.

State funding, specifically funding for general operations, remains unclear for future years. In March 1997, the Ohio Supreme Court ruled the present system of funding Ohio schools to be unconstitutional. The State legislature was directed to adequately fund schools without reducing funds to tax dependent schools such as Berea City Schools. In May 2000 the Ohio Supreme Court reviewed the State's efforts since 1997 and indicated the State had not met the constitutional requirements. However, the most recent effort by the Ohio Legislature and Governor during 2003 has been considered constitutional by the Ohio Supreme Court if certain additional funding requirements are met. The Supreme Court has since declared the DeRolph case closed. The U.S. Supreme Court dismissed further action secured by the coalition. Berea City School District will not see additional revenue as a result of this state funding system.

Primary accomplishments for 2004 were as follows:

Financial

Received the second Award for Outstanding Achievement in Popular Annual Financial Reporting.

Received the Certificate of Excellence in Financial Reporting for the CAFR from the Government Finance Officer's Association (GFOA), for the thirteenth consecutive year.

Successfully negotiated new labor agreements with all three labor groups.

Instruction

Continued the ongoing training of our elementary teaching staff on the use of "lesson study" to increase their performance in the classroom by focusing attention on essential elements for truly outstanding lessons in mathematics.

Successfully implemented the new Every Day Math program in grades K-5.

Purchased and implemented new textbooks in social studies and mathematics for grades 6-12.

Continued to implement the District Continuous Improvement Plan through specific defined tasks and strategies that address the improvement of student achievement in the State tested content areas.

Using Title I funds, we hired a Literacy Specialist to provide ongoing literacy training to our elementary tutors and staff.

Community

The Educational Community Foundation expanded its grants to students and staff for education and instructional programs and expanded its endowment.

For the Future Our primary focus continues to be on the educational program. This program serves our students, parents and community in an effort to continuously improve. This process involves assessing current programs, identifying areas to improve, developing options, selecting the best option and assessing the results.

Specific goals for 2005 are:

Financial

Continue multi-year planning for capital projects, technology and maintenance to assure limited funds are used for the best instructional use through the Permanent Improvement Coordinating Committee.

Receive the Certificate of Excellence in Financial Reporting for the School District's 2004 Comprehensive Annual Financial Report on the new reporting model for the sixth year.

Pass a new 5.9 mill levy producing \$9 million annually in operating funds.

Instruction

Initiate lesson study for elementary science lessons for all elementary teachers.

Continue implementation of the Tripod Project and advanced classes at the middle schools.

Evaluate and select new elementary social studies textbooks and materials.

Evaluate and rewrite course of study in library media services, guidance, world languages and work study.

Service Efforts There are currently twenty-eight members on the School District's Business Advisory Council (the Council). The overall focus of the Council is to establish a trusting relationship between business and school communities, where both parties gain additional information and skills. The Council has four subcommittees to help in promoting school/business involvement: the Learning Integrating Networking Communicating (LINC) Team, which works to bring interested staff and business members together; a membership subcommittee to promote partnerships within the business community; a communications subcommittee to provide ongoing publicity and information; and a student subcommittee to involve students in planning business involvement.

Through its Ford Academy of Manufacturing Sciences Program, developed in cooperation with Ford Motor Company, the School District offers an extensive two-year curriculum for high school students. An integral part of this program is an internship in a manufacturing environment during the summer between a student's junior and senior year.

The School District has established a separate Educational Community Foundation to support and enhance educational opportunities for the youth of the communities served by the School District. The Foundation funds grants to students and staff through a voluntary employee payroll deduction program. The Foundation awards a yearly endowment grant and also accepts, manages, and in accordance with donors' intent, awards scholarships to deserving students.

The School District has an ongoing partnership with Southwest General Hospital, located in Middleburg Heights, providing student health services, athletic training services and mental health services. The hospital's physicians council has provided significant medical assistance to students unable to afford such services as well as classroom guidance on health related issues.

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 a temporary appropriation measure for that fiscal year. By Statute, permanent appropriations must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates. The School District adopts the permanent appropriation measure in September.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the object account level within a function and fund. All purchase order requests must be approved by the site administrator, Assistant Superintendent or appropriate central office director and be certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriations are rejected until additional appropriations are secured.

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

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 and account groups utilized by Berea City Schools are fully described in Note 2 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

Financial Condition This is the sixth year the School District has prepared financial statements following GASB Statement 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.” GASB 34 creates new basic financial statements for reporting on the School District’s financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

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

As part of this new reporting model, management is responsible for preparing a Discussion and Analysis of the School District. This discussion follows this letter of transmittal, providing an assessment of the School District’s finances for 2004 and the outlook for the future. Because that discussion focuses on major funds, other non-major funds are discussed briefly in this letter.

Financial Highlights – Internal Service Fund The only internal service fund carried on the financial records of the School District is related to self-insurance. This fund accounts for the revenues and expenses related to the provision of dental, vision and medical benefits to School District employees. Effective October 1, 1997 the School District implemented a medical self-insurance program. The internal service fund had net assets of (\$1,168,685) at June 30, 2004, compared with net assets of (\$949,113) at June 30, 2003. The School District is examining the additional amount of funds needed through the Health Benefits Committee. At the present time a recommendation is being shared with the School District’s employees.

Financial Highlights - Fiduciary Funds The trust fund carried on the financial records of the School District is a private purpose trust fund that has net assets totaling \$12,980 at June 30, 2004.

Cash Management

The Board pursues an aggressive cash management program by expediting the receipt of revenues and prudently depositing and investing available cash balances. The cash management program is beneficial because of access to daily balances which enables the Board to maintain minimum balance accounts and invest to the maximum extent. The total amount of interest earned for the general fund was \$134,960 for the fiscal year ended 2004.

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 be equal to 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.

During fiscal year 2004, investments were limited to Federal Home Loan Bank Notes and Bonds, Federal Home Loan Mortgage Notes, Federal National Mortgage Association Notes, Certificates of Deposit, overnight Repurchase Agreements, Victory Money Market mutual fund and STAR Ohio.

Risk Management

The School District manages the dental/vision benefits for its employees on a self-insured basis. A third party administrator processes and pays the claims. Because the maximum payment per participant is limited in both the dental and vision plans, no individual or aggregate stop-losses are necessary. During 1997, the School District converted its fully insured health insurance plan to a self-insured plan. The School District funds the plan by charging each appropriate fund premium amounts per employee.

The School District uses the State Workers' Compensation plan and pays the premium based on a rate per \$100 of salaries. The School District is a member of the Ohio School Boards Association Workers' Compensation Group Rating Program. The projected savings show a ten percent reduction in the workers' compensation premium.

The School District contracts for general liability insurance with a \$10,000,000 umbrella policy. The School District also carries a single occurrence \$1,000,000 limit for professional liability, which is also covered under the \$10,000,000 umbrella policy.

Independent Audit

State statutes require the School District to be subjected to an annual examination by an independent auditor. Independent auditor Betty Montgomery, Auditor of State, was selected to render an opinion on the School District's financial statements as of June 30, 2004. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Pursuant to statute, the State prescribed a uniform accounting system to standardize accounting classification and financial reporting for all school districts in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for the 1979 year.

Awards

GFOA Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Berea City School District for its comprehensive annual financial report for the year ended June 30, 2003.

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 content conforms 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 for review.

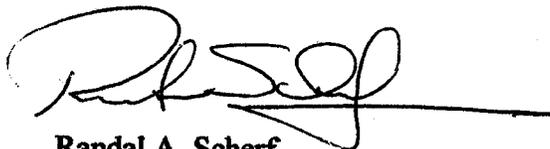
Outstanding Achievements Berea City School District students and staff have received numerous local, state, and national recognition. Three of our teachers have completed the rigorous requirements set by the National Board for Professional Teaching Standards and achieved National Board Certification, while 11 additional teachers are completing the process this year. The Berea City School District is rated as an Effective district by the Ohio Department of Education. For the fifth year in a row, the School District was named among the Top 100 in music education in the nation, the only Ohio district and one of less than twenty districts in the nation to achieve this recognition for four consecutive years.

Acknowledgments

Each year we take time to recognize an individual who has contributed much to the well being of the School District. This year we would like to single out Dale Cummins, the School District's Assistant Treasurer. She has continued the tradition of quality instilled in the Berea City School District.

Finally, our thanks is extended to the Board of Education where the commitment to excellence begins.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Randal A. Scherf', with a long horizontal line extending to the right.

Randal A. Scherf
Treasurer

A handwritten signature in black ink, appearing to read 'Dr. James V. Connell', with a long horizontal line extending to the right.

Dr. James V. Connell
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Berea City School District,
Ohio

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

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



President

Executive Director

**Berea City School District
Principal Officials**

Board of Education

Mr. David Pusti..... President
Mrs. Gale Patten..... Vice-President
Mr. Robert Drake..... Member
Mr. Ken Slovick..... Member
Mr. David Thureau Member

Treasurer

Mr. Randal A. Scherf

Administration

Dr. James V. Connell..... Superintendent
Mr. Derran Wimer Assistant Superintendent
Mrs. Jennie Adams Director, Pupil Personnel
Mrs. Nancy Braford Director, School/Community Relations
Mr. Kenneth Clickenger..... Director, Business Services
Mr. Kevin Jaynes Director, Information Technology
Mr. Michael Sheppard Director, Personnel and Employee Relations

RESIDENTS OF THE DISTRICT

BOARD OF EDUCATION

Treasurer

Assistant Treasurer

Superintendent

City/County Personnel assigned to BCSD

Assistant Superintendent

High School Principals & Assistant Principals

Athletic Directors

Middle School Principals & Assistant Principals

Elementary Principals & Assistant Principals

Supervisor: Middlebrook

Community & Adult Basic Ed. Coordinator

Curriculum Coordinators

Director Business Services

Supervisor Buildings & Grounds

Asst. Supervisor Buildings & Grounds

Supervisor Transportation

Asst. Supervisor Transportation

Supervisor Food Services

Coordinator Purchasing

Director Community Relations

Director Information Technology

Supervisor Data Processing

Data Processing Analyst

District Communication Specialists

Director Personnel & Employee Relations

Director Pupil Services

Principal Snow School

Coordinator Special Education

Psychologists

Coordinators Preschool Program
Extended Care Program



ORGANIZATIONAL CHART
BEREA CITY SCHOOLS
2003-2004

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Board of Education
Berea City School District
Cuyahoga County
390 Fair Street
Berea, Ohio 44017

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Berea City School District, Cuyahoga County, Ohio, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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 non-major fund statements and schedules, and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual non-major fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

Betty Montgomery
Auditor of State

December 17, 2004

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

The discussion and analysis of Berea City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Key financial highlights for 2004 are as follows:

Overall:

- Total net assets declined \$.3 million, Governmental Activities decreased \$.1 million as well as a decrease in business-type activities of \$.2 million.
- Total revenue increased to \$82.9 million from \$72.2 million in 2003, an increase of \$10.7 million, virtually all in Governmental Activities.
- Total program expenses were \$83.3 million, up from \$77.6 million in 2003, an increase of \$5.7 million. Governmental activities increased \$6.0 million and business type activities decreased \$.3 million.
- Outstanding debt increased to \$11.5 million from \$11.4 million in 2003 and \$11.7 million in 2002.

Governmental Activities:

- Assets decreased by \$.7 million, and liabilities decreased by \$.6 million.
- Total revenue increased from \$69.1 million in 2003 to \$79.9 million in 2004, and program expenses increased from \$74.1 million to \$80.1 million.
- The increase in revenue is primarily due to general-purpose tax levies.

Business-Type Activities:

- Program revenues decreased by \$.1 million for Business Activities. Expenses decreased by \$.1 million.
- Days cash for all Business-Type Activities declined to 63 operating days for business activities from 72 in 2003 and 99 in 2002.
- Net assets in Food Service decreased \$232,278, Uniform School Supplies increased \$13,411, and Adult and Community Education decreased \$20,260.

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

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Berea City School District as a financial whole, an entire 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 view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Berea City School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities answer 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. This basis of 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 property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities – Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's food service, uniform school supplies and adult and community education programs are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 22. 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, debt service fund and the permanent improvement capital projects fund.

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

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, 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.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the School District as a whole.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2004 compared to the two prior years:

Table 1.
Net Assets
(In Millions)

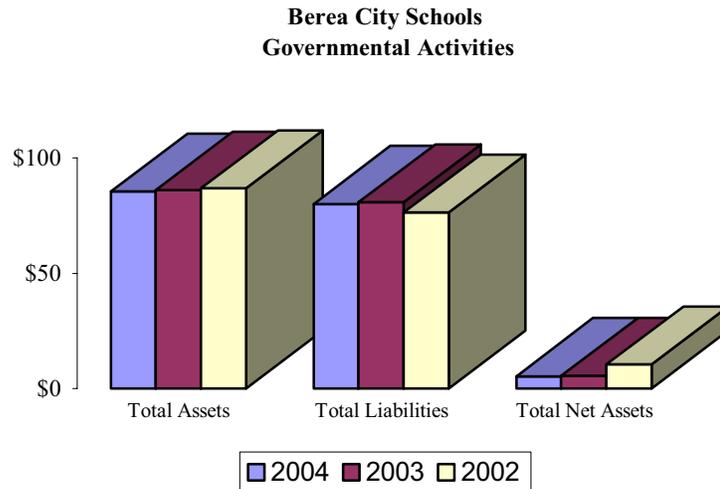
	<i>Governmental Activities</i>			<i>Business -Type Activities</i>			<i>Totals</i>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<i>Assets</i>									
Current and Other Assets	\$ 68.2	\$ 67.9	\$ 66.5	\$ 0.7	\$ 0.8	\$ 1.0	\$ 68.9	\$ 68.7	\$ 67.5
Capital Assets	<u>17.2</u>	<u>18.2</u>	<u>20.3</u>	<u>0.1</u>	<u>0.1</u>	<u>0.3</u>	<u>17.3</u>	<u>18.3</u>	<u>20.6</u>
<i>Total Assets</i>	<u>85.4</u>	<u>86.1</u>	<u>86.8</u>	<u>0.8</u>	<u>0.9</u>	<u>1.3</u>	<u>86.2</u>	<u>87.0</u>	<u>88.1</u>
<i>Liabilities</i>									
Long Term Liabilities	(17.6)	(17.5)	(18.9)	(0.2)	(0.1)	(0.1)	(17.8)	(17.6)	(19.0)
Other Liabilities	<u>(62.5)</u>	<u>(63.2)</u>	<u>(57.5)</u>	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.2)</u>	<u>(62.7)</u>	<u>(63.4)</u>	<u>(57.7)</u>
<i>Total Liabilities</i>	<u>(80.1)</u>	<u>(80.7)</u>	<u>(76.4)</u>	<u>(0.4)</u>	<u>(0.3)</u>	<u>(0.3)</u>	<u>(80.5)</u>	<u>(81.0)</u>	<u>(76.7)</u>
<i>Net Assets</i>									
Invested in Capital Assets									
Net of Debt	5.9	7.0	8.6	0.2	0.2	0.3	6.1	7.2	8.9
Restricted	4.3	5.0	4.8	-	-	-	4.3	5.0	4.8
Unrestricted (deficit)	<u>(4.9)</u>	<u>(6.6)</u>	<u>(3.0)</u>	<u>0.2</u>	<u>0.4</u>	<u>0.7</u>	<u>(4.7)</u>	<u>(6.2)</u>	<u>(2.3)</u>
<i>Total Net Assets</i>	<u>\$ 5.3</u>	<u>\$ 5.4</u>	<u>\$ 10.4</u>	<u>\$ 0.4</u>	<u>\$ 0.6</u>	<u>\$ 1.0</u>	<u>\$ 5.7</u>	<u>\$ 6.0</u>	<u>\$ 11.4</u>

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

Governmental Activities

Graph 1.
 Net Assets Governmental Activities
(In Millions)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Total Assets	\$85.4	\$86.1	\$86.8
Total Liabilities	<u>80.1</u>	<u>80.7</u>	<u>76.4</u>
Total Net Assets	<u>\$ 5.3</u>	<u>\$5.4</u>	<u>\$10.4</u>



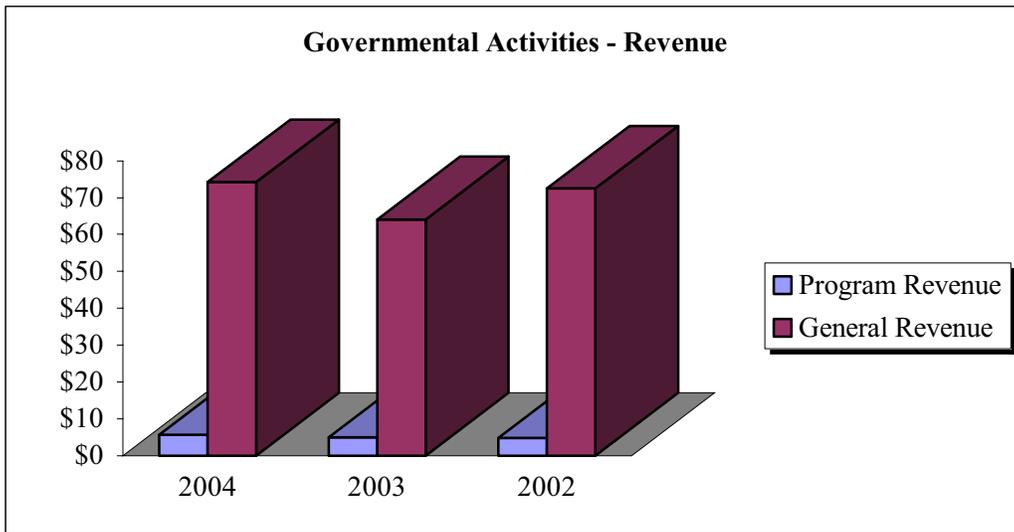
Total assets decreased by \$0.7 million. Taxes receivable totaled \$61.2 million; of this amount \$50.3 million is offset as deferred revenue, revenue to be used in future periods. Taxes receivable increased from 2003 due mainly to the passage of a 5.9 mill continuing operating levy. Cash decreased from \$5.6 million in 2003 to \$5.3 million in 2004. Total liabilities for Governmental Activities decreased by \$.6 million.

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

While program revenue increased for Governmental Activities from \$5.0 million to \$5.7 million, the vast majority of revenue supporting Governmental Activities is general revenue. General revenue increased in 2004 to \$74.2 million from \$64.1 million in 2003. General revenue comprised 93% of revenue supporting Governmental Activities. The primary source of the increase was property taxes. Taxes comprised \$59.2 million of general revenue in 2004, compared to \$50.5 million in 2003 and \$58.1 million in 2002.

Graph 2.
 Revenue For Governmental Activities
 (In Millions)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Program Revenue	\$5.7	\$5.0	\$4.8
General Revenue	74.2	64.1	72.5

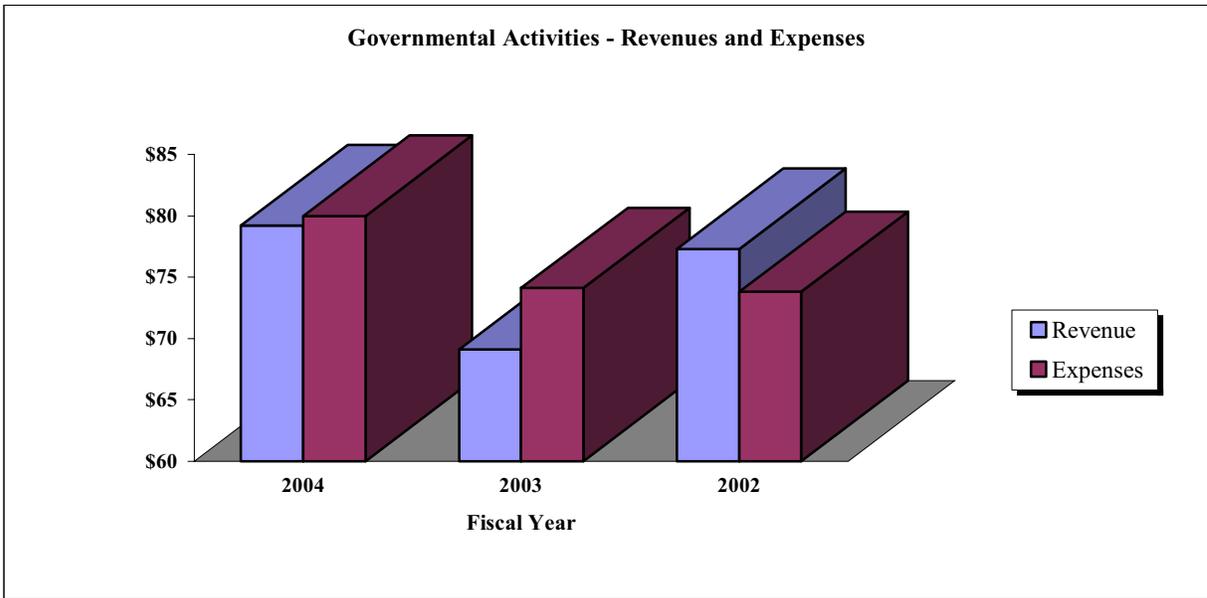


Berea City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Program expense increased from \$73.8 million in 2002 to \$74.1 million in 2003 and then to \$80.1 million in 2004.

Graph 3.
 Revenues and Expenses For Governmental Activities
 (In Millions)

<i>Governmental Activities</i>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenue	\$79.9	\$69.1	\$77.3
Expenses	80.1	74.1	73.8



The decrease in revenue between 2002 and 2003 is due to the amount available as an advance at year end. The difference was in timing and collection by the County Auditor.

The revenue increase in 2004 is due to property taxes. On November 5, 2002 the voters approved a 5.9 mill continuing operating levy. Collections on the additional levy began in January of 2003. The increase in expenses in 2004 was mainly due to the early retirement incentive.

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

Table 2 shows the changes in net assets for fiscal year 2004 for Governmental Activities compared to the two prior years.

Table 2.
Change In Net Assets For Governmental Activities
(In Millions)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues			
<i>Program Revenues:</i>			
Charges For Services and Sales	\$ 2.2	\$ 1.6	\$ 2.2
Operating Grants	3.4	3.2	2.5
Capital Grants and Contributions	0.1	0.2	0.1
<i>General Revenue:</i>			
Property Taxes	59.2	50.5	58.1
Grants and Entitlements	14.7	13.1	13.7
Other	<u>0.3</u>	<u>0.5</u>	<u>.7</u>
Total Revenue	<u>79.9</u>	<u>69.1</u>	<u>77.3</u>
Program Expenses			
Instruction	\$ 45.1	\$ 41.6	\$ 40.7
<i>Support Services:</i>			
Pupil and Instructional Staff	11.5	10.6	10.8
Board of Education, Administration, Fiscal and Business	6.8	6.3	6.5
Operation and Maintenance of Plant	8.4	7.6	8.0
Pupil Transportation	3.5	3.6	3.4
Central	2.0	1.7	1.5
Non-Instructional Services	0.6	0.8	0.6
Extracurricular Services	1.7	1.3	1.6
Interest and Fiscal Changes	<u>0.5</u>	<u>0.6</u>	<u>0.7</u>
Total Expenses	<u>80.1</u>	<u>74.1</u>	<u>73.8</u>
Special Item - Gain on Sale of Capital Assets	0	0	0.4
Increase (Decrease) In Net Assets	<u>\$ (.2)</u>	<u>\$ (5.0)</u>	<u>\$ 3.9</u>

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

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Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service. Property taxes made up 74 percent of revenues for governmental activities for Berea City School District in fiscal year 2004.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3.
 Total and Cost of Program Services
 Governmental Activities
 (In Millions)

	<u>2004</u>		<u>2003</u>		<u>2002</u>	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 45.1	\$ 42.2	\$ 41.6	\$ 39.6	\$ 40.7	\$ 38.7
Support Services						
Pupil and Instructional Staff	11.5	10.3	10.6	9.4	10.8	9.8
Board of Education, Administration, Fiscal and Business	6.8	6.6	6.3	6.1	6.5	6.3
Operation and Maintenance of Plant	8.4	8.3	7.6	7.4	8.0	7.8
Pupil Transportation	3.5	3.4	3.6	3.3	3.4	3.3
Central	2.0	2.0	1.7	1.6	1.5	1.4
Operation of Non-Instructional Services	0.6	(0.1)	0.8	0.1	0.6	(0.1)
Extracurricular Activities	1.7	1.2	1.3	1.0	1.6	1.2
Interest and Fiscal Charges	<u>0.5</u>	<u>0.5</u>	<u>0.6</u>	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>
Total Expenses	<u>\$ 80.1</u>	<u>\$ 74.4</u>	<u>\$ 74.1</u>	<u>\$ 69.1</u>	<u>\$ 73.8</u>	<u>\$ 69.1</u>

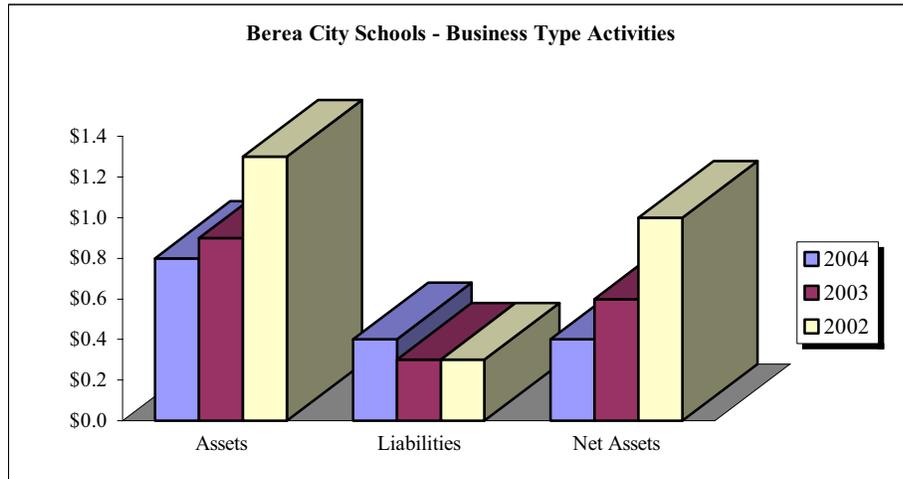
The dependence upon general tax revenues for governmental activities is apparent. Over 94 percent of instruction activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 93 percent as shown in Table 2. The community, as a whole, is by far the primary support for Berea City School District students.

Business-Type Activities

Business-type activities include food service, uniform school supply and adult/community education. The adult/community education program has three components: community education programs, preschool and after school programs.

Overall net assets decreased \$239,127 in 2004. Cash has declined from \$0.7 million in 2003 to \$0.6 million for 2004. As well, "days cash" is 27 less than management's goal of 90 days. Program revenues support business-type activities.

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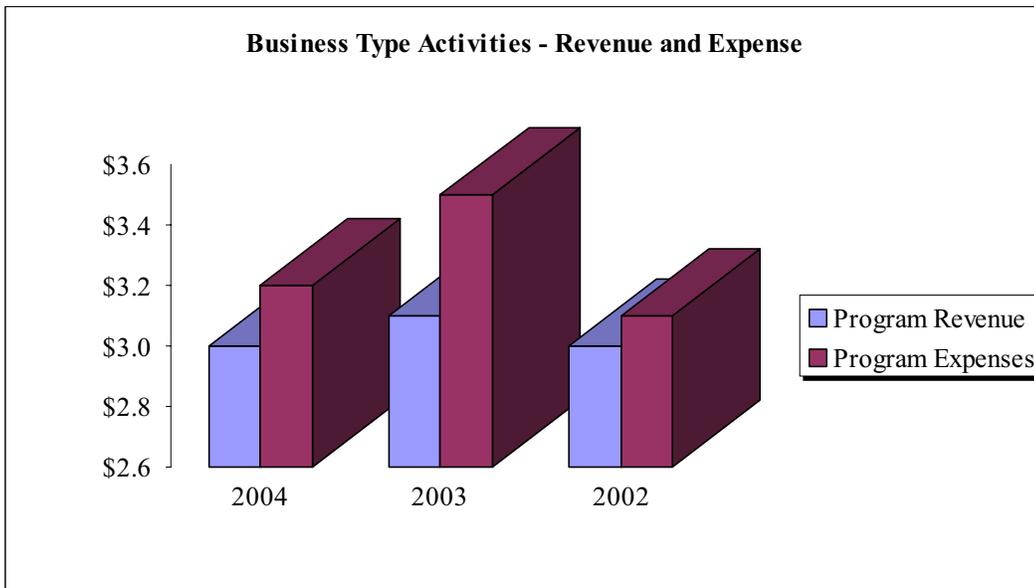
Graph 4.
 Net Assets Business Type Activities
 (In Millions)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Assets	\$ 0.8	\$ 0.9	\$ 1.3
Liabilities	0.4	0.3	0.3
Net Assets	0.4	0.6	1.0

Graph 5.
 Revenue and Expense for Business Type Activities
 (In Millions)

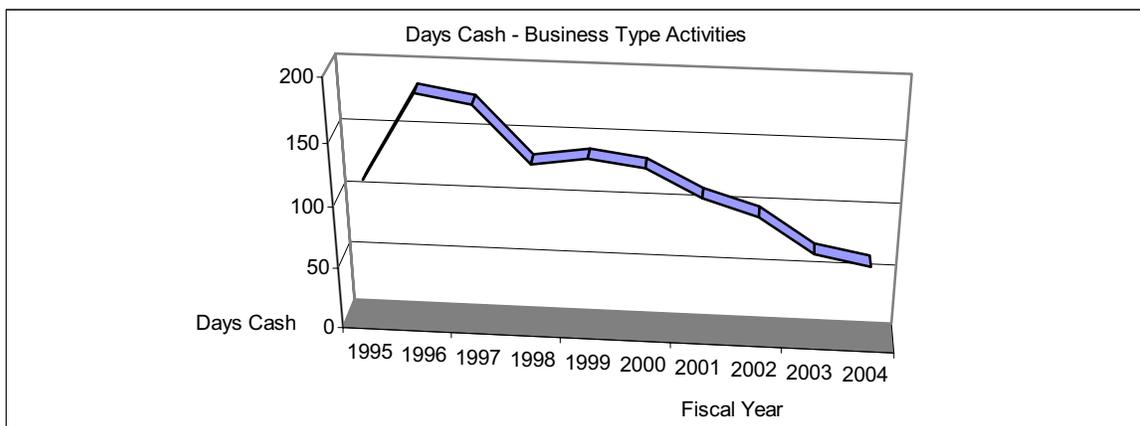
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Program Revenue	\$ 3.0	\$ 3.1	\$ 3.0
Program Expenses	3.2	3.5	3.1

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Graph 6.
 Days Cash Business-Type Activities

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Days Cash (1994 - 1998)	116	185	178	134	140
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Days Cash (1999 - 2003)	134	113	99	72	63



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The individual revenues and expenses for each program compared to the two prior years is shown in Table 4.

Table 4.
Changes In Net Assets for Business-Type Activity Programs
(In Millions)

<i>Business Type Activities</i>	<i>Food Service</i>			<i>Uniform School Supply</i>			<i>Adult and Community Education</i>			<i>Total Business - Type Activities</i>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Program Revenues												
Charges For Service and Sales	\$ 1.4	\$ 1.5	\$ 1.5	\$ 0.1	\$ 0.1	\$ 0.1	\$ 1.0	\$ 1.0	\$ 0.9	\$ 2.5	\$ 2.6	\$ 2.5
Operating Grants and Contributions	0.6	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.5	0.5
Total Program Revenue	2.0	2.0	2.0	0.1	0.1	0.1	1.0	1.0	0.9	3.1	3.1	3.0
Program Expenses	2.2	2.4	2.0	0.1	0.1	0.1	1.0	0.9	1.0	3.3	3.3	3.1
Increase (Decrease) In Net Assets	<u>\$ (0.2)</u>	<u>\$ (0.4)</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.1</u>	<u>\$ (0.1)</u>	<u>\$ (0.2)</u>	<u>\$ (0.2)</u>	<u>\$ (0.1)</u>

The School District's Funds

Information about the School District's governmental funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$79.5 million and expenditures of \$79.2 million. The net change in fund balance for the year was most significant in the General Fund, where the General Fund unreserved deficit went from \$.4 million in 2003 to \$.1 million for 2004. Unreserved fund balance increased from a deficit of \$5.9 million to a deficit of \$7.8 million.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law except as disclosed in Note 5 and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2004 the School District amended its general fund budget numerous times, none significant. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budget basis revenue was \$68.8 million, below original budget estimates of \$73.1 million. Of this \$4.3 million difference, taxes was \$3.3 million below original estimates and intergovernmental were \$.6 million below original estimates.

Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$70.0 million, \$1.2 million above revenues.

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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004 the School District had \$17.4 million invested in land, buildings, equipment and vehicles, \$17.2 million in governmental activities.

Table 5 shows fiscal 2004 balances compared to the prior two years:

Table 5.
 Capital Assets At June 30
 (Net of Depreciation - In Millions)

	<i>Governmental Activities</i>			<i>Business-Type Activities</i>			<i>Total</i>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Land & Improvements	\$ 2.4	\$ 2.5	\$ 2.5	-	-	-	\$ 2.4	\$ 2.5	\$ 2.5
Buildings & Improvements	10.8	11.5	14.3	-	-	-	10.8	11.5	14.3
Furniture & Equipment	2.8	3.3	1.5	\$ 0.2	\$ 0.2	\$ 0.3	3.0	3.5	1.8
Vehicles	1.2	0.9	0.9	-	-	-	1.2	0.9	0.9
Textbooks	<u>0.0</u>	<u>0.0</u>	<u>1.1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0</u>	<u>0.0</u>	<u>1.1</u>
Total	<u>\$ 17.2</u>	<u>\$ 18.2</u>	<u>\$ 20.3</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>	<u>\$ 0.3</u>	<u>\$ 17.4</u>	<u>\$ 18.4</u>	<u>\$ 20.6</u>

The decrease in capital assets is due to recognizing \$2.0 million in depreciation expense for 2004, offset by \$1.0 million in acquisitions. The District continued its ongoing commitment to maintaining and improving its fixed assets. For more information refer to Note 8 to the basic financial statements.

Senate Bill No. 345 made certain amendments to the textbook and capital reserve set-aside requirements, effective July 1, 2001. The reserves are calculated by multiplying a percentage of the preceding years' formula amount by the District's preceding years student population. For fiscal year 2004, the set-aside requirements amounted to \$1 million for each set aside. For fiscal year 2004 the School District had qualifying disbursements or offsets exceeding these requirements for capital improvements. For 2003 the School District deferred a portion of this amount for textbooks. Thus the required amount increased for 2004 by the deferred amount plus the \$1 million requirement. For 2004, \$0.4 million of this requirement has not yet been met and appears as a reservation of fund balance for 2004.

Debt

At June 30, 2004 the School District had \$10.8 million in bonds, \$0.6 million due within one year, and \$.7 million in notes.

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Table 6. summarizes bonds and notes outstanding for the past three years:

Table 6.
 Outstanding Debt At June 30
 Governmental Activities
 (In Millions)

	<u>2004</u>		<u>2003</u>		<u>2002</u>
<i>General Obligation Bonds:</i>					
1993 School Improvement	\$ 1.5	\$	2.1	\$	11.7
2003 School Improvement Refunding	9.3		9.3		0.0
2004 Bus Acquisition Notes	<u>0.7</u>		<u>0.0</u>		<u>0.0</u>
	\$ 11.5	\$	11.4	\$	11.7

In 1993 the School District passed a 1.0 mill bond issue, providing \$14.6 million for facility improvements including community facilities for each high school, library expansions and improvements in most buildings and other improvements. On March 1, 2003 the School District issued \$9.2 million in general obligation bonds to refund \$9,205,000 of the 1993 School Improvement Bonds. On March 8, 2004 the School District issued \$0.7 million in bus acquisition notes.

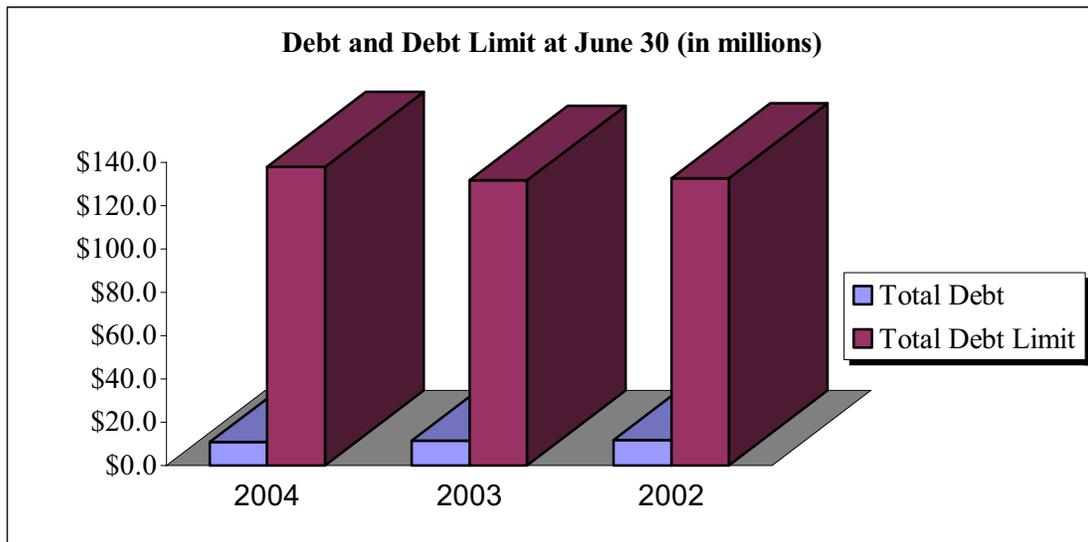
At June 30, 2004, the School District's overall legal debt margin was \$128.5 million with an unvoted debt margin of \$1.5 million. The debt is well within permissible limits. The School District maintains an A-1 bond rating. For more information refer to Note 16 to the basic financial statements.

Graph 7.
 Debt and Debt Limit At June 30
 (In Millions)

	<u>2004</u>		<u>2003</u>		<u>2002</u>
Total Debt	\$ 11.5	\$	11.4	\$	11.7
Total Debt Limit (1)	138.0		131.6		132.7

(1) Debt limit is 9% of assessed value for debt and 0.1% of unvoted debt. The district has no unvoted debt.

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Current Financial Related Activities

Berea City School District is strong financially. As the preceding information shows, the School District heavily depends on its property taxpayers. With the passage of a 5.9 mill operating levy and collection beginning January 2003 the School District has been able to continue its education programs. However, financially the future is not without challenges.

While the School District was successful in increasing its tax revenue base by \$8.7 million annually, this increase is a one-time increase. State law fixes the amount of this increase, forcing it to remain nearly constant. Thus management must diligently plan expenses, staying carefully within the School District's three-year plan.

Declining tax collections further challenges this plan. This decline due to decreasing personal property business taxes, means reduced tax revenues in future years. With its largest source of revenues decreasing, the School District must seek additional tax revenues to continue current operations. However, the School District cannot look to the State of Ohio for increased revenue.

The Board of Education has decided to place a levy on the February 5, 2005 ballot. This levy is to raise \$9 million annually for the general fund. The current needs of the School District will be met for 2005, but without new dollars in 2006, the District will be forced to make significant cuts.

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 plan 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 on its future State funding and its financial operations.

This scenario requires management to plan prudently to provide the resources to meet student needs over the next several years.

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Berea City School District has committed itself to financial excellence for many years. The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1991 and the GFOA Budget Award since 1996. The School District was one of the first School Districts in the nation to receive the GFOA Certificate of Achievement for its 1999 Comprehensive Annual Financial Report using the new financial reporting model. This report represents the sixth report using this new financial reporting model.

In addition, the School District's system of budgeting and internal controls is well regarded.

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 Randy Scherf, Treasurer at Berea City School District, 390 Fair Street, Berea, Ohio 44017. Or e-mail at rscherf@berea.k12.oh.us.

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Berea City School District
Statement of Net Assets
June 30, 2004

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,207,041	\$576,880	\$5,783,921
Cash and Cash Equivalents			
With Escrow Agents	46,590	0	46,590
Accrued Interest Receivable	7,022	0	7,022
Accounts Receivable	121,553	0	121,553
Intergovernmental Receivable	1,225,442	66,518	1,291,960
Prepaid Items	4,100	0	4,100
Inventory Held for Resale	0	38,467	38,467
Materials and Supplies			
Inventory	194,188	26,418	220,606
Taxes Receivable	61,182,411	0	61,182,411
Deferred Charges	120,298	0	120,298
Nondepreciable Capital Assets	920,067	0	920,067
Depreciable Capital Assets, Net	16,306,843	153,583	16,460,426
<i>Total Assets</i>	<u>85,335,555</u>	<u>861,866</u>	<u>86,197,421</u>
Liabilities			
Accounts Payable	583,556	25,800	609,356
Contracts Payable	196,863	0	196,863
Accrued Wages	4,529,603	42,888	4,572,491
Matured Compensated Absences Payable	878,980	0	878,980
Retainage Payable	54,670	0	54,670
Intergovernmental Payable	2,604,788	167,869	2,772,657
Deferred Revenue	50,337,719	0	50,337,719
Accrued Interest Payable	49,176	0	49,176
Claims Payable	1,328,920	0	1,328,920
Special Termination Benefit Payable	663,149	0	663,149
Early Retirement Incentive Payable	1,250,175	17,220	1,267,395
Long-Term Liabilities			
Due Within One Year	1,202,378	13,171	1,215,549
Due Within More Than One Year	16,392,854	173,631	16,566,485
<i>Total Liabilities</i>	<u>80,072,831</u>	<u>440,579</u>	<u>80,513,410</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,930,910	153,583	6,084,493
Restricted for:			
Capital Projects	1,274,847	0	1,274,847
Debt Service	1,749,312	0	1,749,312
Set Asides	433,879	0	433,879
Public School Support	143,228	0	143,228
District Managed Student Activity	180,617	0	180,617
Locally Funded Programs	81,718	0	81,718
State Funded Programs	200,242	0	200,242
Federal Funded Programs	198,240	0	198,240
Unclaimed Monies	7,527	0	7,527
Unrestricted (Deficit)	(4,937,796)	267,704	(4,670,092)
<i>Total Net Assets</i>	<u>\$5,262,724</u>	<u>\$421,287</u>	<u>\$5,684,011</u>

See accompanying notes to the basic financial statement:

Berea City School District
Statement of Activities
Major Funds (Accrual)
For the Fiscal Year Ended June 30, 2004

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
Instruction:				
Regular	\$37,751,017	\$911,564	\$587,622	\$0
Special	6,520,781	519,632	710,957	0
Vocational	776,375	0	47,438	0
Adult/Continuing	2,084	0	0	0
Other	0	0	0	0
Support Services:				
Pupil	4,688,217	2,548	607,097	0
Instructional Staff	6,831,035	131,794	516,951	0
Board of Education	43,963	0	0	0
Administration	4,269,239	0	65,743	0
Fiscal	1,540,926	0	0	0
Business	932,516	137,073	0	0
Operation and Maintenance of Plant	8,363,682	52,581	0	37,888
Pupil Transportation	3,476,174	36,677	34,664	0
Central	2,006,840	0	28,158	1,112
Operation of Non-Instructional Services	657,734	0	744,937	0
Extracurricular Activities	1,691,989	421,237	81,893	0
Capital Outlay	0	0	0	0
Intergovernmental	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	534,592	0	0	0
Depreciation	0	0	0	0
Loss on Disposal of Fixed Assets	0	0	0	0
<i>Total Governmental Activities</i>	<u>80,087,164</u>	<u>2,213,106</u>	<u>3,425,460</u>	<u>39,000</u>
Business-Type Activities				
Food Service	2,189,462	1,411,480	541,589	0
Uniform School Supplies	36,284	49,695	0	0
Adult and Community Education	1,023,773	1,003,513	0	0
<i>Total Business-Type Activities</i>	<u>3,249,519</u>	<u>2,464,688</u>	<u>541,589</u>	<u>0</u>
Totals	<u><u>\$83,336,683</u></u>	<u><u>\$4,677,794</u></u>	<u><u>\$3,967,049</u></u>	<u><u>\$39,000</u></u>

General Revenues

Property Taxes Levied for:

General Purposes

Debt Service

Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Contributions

Investment Earnings

Miscellaneous

Total General Revenues

Special Item

Gain on the Sale of Capital Assets

Total General Revenues and Special Items

Change in Net Assets

Net Assets Beginning of Year - Restated (Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$36,251,831)	\$0	(\$36,251,831)
(5,290,192)	0	(5,290,192)
(728,937)	0	(728,937)
(2,084)	0	(2,084)
(4,078,572)	0	(4,078,572)
(6,182,290)	0	(6,182,290)
(43,963)	0	(43,963)
(4,203,496)	0	(4,203,496)
(1,540,926)	0	(1,540,926)
(795,443)	0	(795,443)
(8,273,213)	0	(8,273,213)
(3,404,833)	0	(3,404,833)
(1,977,570)	0	(1,977,570)
87,203	0	87,203
(1,188,859)	0	(1,188,859)
(534,592)	0	(534,592)
(74,409,598)	0	(74,409,598)
0	(236,393)	(236,393)
0	13,411	13,411
0	(20,260)	(20,260)
0	(243,242)	(243,242)
(74,409,598)	(243,242)	(74,652,840)
56,243,592	0	56,243,592
1,299,561	0	1,299,561
1,648,807	0	1,648,807
14,713,414	0	14,713,414
136,001	4,115	140,116
236,263	0	236,263
74,277,638	4,115	74,281,753
(131,960)	(239,127)	(371,087)
5,394,684	660,414	6,055,098
\$5,262,724	\$421,287	\$5,684,011

Berea City School District
Balance Sheet
Governmental Funds
June 30, 2004

	General	Debt Service	Permanent Improvement Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$742,490	\$1,256,036	\$1,576,710	\$1,040,747	\$4,615,983
Cash and Cash Equivalents					
With Escrow Agents	0	0	46,590	0	46,590
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	433,879	0	0	0	433,879
Accrued Interest Receivable	7,022	0	0	0	7,022
Accounts Receivable	118,497	0	0	0	118,497
Intergovernmental Receivable	1,124,553	0	0	100,889	1,225,442
Prepaid Items	4,100	0	0	0	4,100
Interfund Receivable	49,438	300,000	0	0	349,438
Materials and Supplies Inventory	194,188	0	0	0	194,188
Taxes Receivable	58,129,497	1,377,803	1,675,111	0	61,182,411
<i>Total Assets</i>	<u>\$60,803,664</u>	<u>\$2,933,839</u>	<u>\$3,298,411</u>	<u>\$1,141,636</u>	<u>\$68,177,550</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$343,659	\$0	\$45,044	\$194,853	\$583,556
Contracts Payable	0	0	196,863	0	196,863
Accrued Wages	4,462,023	0	0	67,580	4,529,603
Matured Compensated Absences Payable	878,980	0	0	0	878,980
Retainage Payable	0	0	54,670	0	54,670
Interfund Payable	0	0	300,000	49,438	349,438
Intergovernmental Payable	1,626,589	0	0	14,056	1,640,645
Deferred Revenue	51,459,394	1,201,358	1,459,433	42,321	54,162,506
Accrued Interest Payable	0	0	7,562	0	7,562
Special Termination Benefit Payable	663,149	0	0	0	663,149
Early Retirement Incentive Payable	1,250,175	0	0	0	1,250,175
<i>Total Liabilities</i>	<u>60,683,969</u>	<u>1,201,358</u>	<u>2,063,572</u>	<u>368,248</u>	<u>64,317,147</u>
Fund Balances					
Reserved for Encumbrances	479,794	0	738,756	162,856	1,381,406
Reserved for Textbooks	433,879	0	0	0	433,879
Reserved for Unclaimed Monies	7,527	0	0	0	7,527
Reserved for Property Taxes	6,911,994	162,281	201,514	0	7,275,789
Unreserved, Undesignated, Reported in:					
General Fund (Deficit)	(7,713,499)	0	0	0	(7,713,499)
Special Revenue Funds	0	0	0	600,851	600,851
Debt Service Fund	0	1,570,200	0	0	1,570,200
Capital Projects Funds	0	0	294,569	9,681	304,250
<i>Total Fund Balances</i>	<u>119,695</u>	<u>1,732,481</u>	<u>1,234,839</u>	<u>773,388</u>	<u>3,860,403</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$60,803,664</u>	<u>\$2,933,839</u>	<u>\$3,298,411</u>	<u>\$1,141,636</u>	<u>\$68,177,550</u>

See accompanying notes to the basic financial statements

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

Total Governmental Fund Balances	\$3,860,403
 <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	17,226,910
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Taxes	2,620,337
Intergovernmental	42,321
Tuition and Fees	1,161,542
Rental	587
Total	3,824,787
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	(1,168,685)
Due to other government includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds:	(964,143)
Bond issuance costs will be amortized over the life of the bonds on the statement on net assets	120,298
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.	(41,614)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(10,690,000)
Gain on Refunding	(120,298)
Long Term Notes	(650,000)
Compensated Absences	(6,134,934)
Total	(17,595,232)
<i>Net Assets of Governmental Activities</i>	\$5,262,724

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

	General	Debt Service	Permanent Improvement Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$55,782,583	\$1,303,560	\$1,637,715	\$0	\$58,723,858
Intergovernmental	14,423,225	151,138	191,141	3,292,175	18,057,679
Interest	134,960	0	68	973	136,001
Tuition and Fees	1,391,368	0	0	0	1,391,368
Extracurricular Activities	18,004	0	0	566,497	584,501
Rentals	54,938	0	0	0	54,938
Charges for Services	26,110	0	0	0	26,110
Contributions and Donations	12,399	0	0	234,490	246,889
Miscellaneous	182,121	0	12,533	41,609	236,263
<i>Total Revenues</i>	<u>72,025,708</u>	<u>1,454,698</u>	<u>1,841,457</u>	<u>4,135,744</u>	<u>79,457,607</u>
Expenditures					
Current:					
Instruction:					
Regular	33,634,127	0	0	619,695	34,253,822
Special	5,681,738	0	0	718,259	6,399,997
Vocational	718,279	0	0	36,417	754,696
Adult/Continuing	0	0	0	2,084	2,084
Support Services:					
Pupil	4,174,824	0	0	599,926	4,774,750
Instructional Staff	5,839,362	0	0	622,702	6,462,064
Board of Education	43,963	0	0	0	43,963
Administration	4,081,449	0	0	64,700	4,146,149
Fiscal	1,502,721	0	0	0	1,502,721
Business	919,046	0	0	0	919,046
Operation and Maintenance of Plant	8,151,745	0	0	0	8,151,745
Pupil Transportation	3,628,000	0	0	7,534	3,635,534
Central	1,837,812	0	0	67,326	1,905,138
Operation of Non-Instructional Services	19,495	0	0	676,404	695,899
Extracurricular Activities	1,273,475	0	0	452,680	1,726,155
Capital Outlay	0	0	2,709,181	49,497	2,758,678
Debt Service:					
Principal Retirement	0	575,000	0	0	575,000
Interest and Fiscal Charges	0	516,818	21,025	0	537,843
<i>Total Expenditures</i>	<u>71,506,036</u>	<u>1,091,818</u>	<u>2,730,206</u>	<u>3,917,224</u>	<u>79,245,284</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>519,672</u>	<u>362,880</u>	<u>(888,749)</u>	<u>218,520</u>	<u>212,323</u>
Other Financing Sources (Uses)					
Notes Issued	0	0	650,000	0	650,000
Transfers In	0	0	0	3,921	3,921
Transfers Out	(3,921)	0	0	0	(3,921)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,921)</u>	<u>0</u>	<u>650,000</u>	<u>3,921</u>	<u>650,000</u>
<i>Net Change in Fund Balances</i>	<u>515,751</u>	<u>362,880</u>	<u>(238,749)</u>	<u>222,441</u>	<u>862,323</u>
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	<u>(396,056)</u>	<u>1,369,601</u>	<u>1,473,588</u>	<u>550,947</u>	<u>2,998,080</u>
<i>Fund Balances End of Year</i>	<u>\$119,695</u>	<u>\$1,732,481</u>	<u>\$1,234,839</u>	<u>\$773,388</u>	<u>\$3,860,403</u>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds		\$862,323
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded which depreciation exceeded capital-outlay exceeded capital-outlay in the current period		
Capital Asset Additions	1,090,191	
Current Year Depreciation	<u>(2,060,632)</u>	
Total		(970,441)
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.		
		(5,276)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	468,102	
Accounts	216,066	
Intergovernmental	<u>(114,295)</u>	
Total		569,873
Proceeds of notes in the governmental funds only affect long-term liabilities in the statement of net assets		
		(650,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		
		575,000
In the statement of activities, interest is accrued on outstanding bonds, and bond issuance costs and gain on refunding is amortized over the life of the bonds. In governmental funds an interest expenditure is reported when due		
		3,251
Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Intergovernmental Payable	(287,385)	
Compensated Absences Payable	<u>(9,733)</u>	
Total		(297,118)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(219,572)</u>
<i>Change in Net Assets of Governmental Activities</i>		<u><u>(\$131,960)</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$55,858,336	\$52,490,358	\$52,490,358	\$0
Intergovernmental	15,061,730	16,172,597	14,423,225	(1,749,372)
Interest	146,803	157,630	140,580	(17,050)
Tuition and Fees	1,701,657	1,704,442	1,428,083	(276,359)
Extracurricular Activities	18,801	20,188	18,004	(2,184)
Rentals	58,551	62,869	56,069	(6,800)
Charges for Services	27,266	47,132	26,110	(21,022)
Contributions and Donations	12,948	13,903	12,399	(1,504)
Miscellaneous	202,682	218,480	193,024	(25,456)
<i>Total Revenues</i>	<u>73,088,774</u>	<u>70,887,599</u>	<u>68,787,852</u>	<u>(2,099,747)</u>
Expenditures				
Current:				
Instruction:				
Regular	32,430,955	32,055,309	32,050,281	5,028
Special	6,030,713	5,644,111	5,643,347	764
Vocational	543,075	718,150	718,150	0
Support Services:				
Pupil	3,972,467	3,994,635	3,992,820	1,815
Instructional Staff	6,078,191	5,712,453	5,709,958	2,495
Board of Education	25,722	44,152	43,963	189
Administration	4,149,185	4,026,822	4,022,455	4,367
Fiscal	1,445,229	1,504,542	1,503,707	835
Business	1,231,334	1,013,746	1,013,196	550
Operation and Maintenance of Plant	8,776,246	8,245,233	8,243,729	1,504
Pupil Transportation	3,478,899	3,658,527	3,544,249	114,278
Central	2,203,404	2,275,490	2,272,851	2,639
Operation of Non-Instructional Services	0	19,053	19,052	1
Extracurricular Activities	1,190,877	1,273,514	1,273,411	103
<i>Total Expenditures</i>	<u>71,556,297</u>	<u>70,185,737</u>	<u>70,051,169</u>	<u>134,568</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<u>\$1,532,477</u>	<u>\$701,862</u>	<u>(\$1,263,317)</u>	<u>(\$1,965,179)</u> (continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Advances In	\$0	\$0	\$46,239	\$46,239
Advances Out	0	(49,438)	(49,438)	0
Transfers Out	0	0	(3,921)	(3,921)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(49,438)</u>	<u>(7,120)</u>	<u>42,318</u>
<i>Net Change in Fund Balance</i>	1,532,477	652,424	(1,270,437)	(1,922,861)
<i>Fund Balance Beginning of Year</i>	1,139,418	1,139,418	1,139,418	0
Prior Year Encumbrances Appropriated	<u>633,824</u>	<u>633,824</u>	<u>633,824</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,305,719</u>	<u>\$2,425,666</u>	<u>\$502,805</u>	<u>(\$1,922,861)</u>

See accompanying notes to the basic financial statements.

Berea City School District
Statement of Fund Net Assets
Proprietary Funds
June 30, 2004

	Business-Type Activities - Non-major Enterprise Funds	Governmental Activity - Non-major Internal Service Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$576,880	\$157,179
Accounts Receivable	0	3,056
Intergovernmental Receivable	66,518	0
Inventory Held for Resale	38,467	0
Materials and Supplies Inventory	26,418	0
<i>Total Current Assets</i>	708,283	160,235
Depreciable Capital Assets, Net	153,583	0
<i>Total Assets</i>	861,866	160,235
Liabilities		
Current Liabilities:		
Accounts Payable	25,800	0
Accrued Wages	42,888	0
Intergovernmental Payable	167,869	0
Compensated Absences Payable	13,171	0
Early Retirement Incentive Payable	17,220	0
Claims Payable	0	1,328,920
<i>Total Current Liabilities</i>	266,948	1,328,920
Long-Term Liabilities:		
Compensated Absences Payable	173,631	0
<i>Total Liabilities</i>	440,579	1,328,920
Net Assets		
Invested in Capital Assets	153,583	0
Unrestricted (Deficit)	267,704	(1,168,685)
<i>Total Net Assets (Deficit)</i>	\$421,287	(\$1,168,685)

See accompanying notes to the basic financial statements

Berea City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2004*

	Business-Type Activities - Non-major Enterprise Funds	Governmental Activity - Non-major Internal Service Fund
Operating Revenues		
Tuition	\$1,003,513	\$0
Sales	1,461,175	0
Charges for Services	0	7,635,329
<i>Total Operating Revenues</i>	<u>2,464,688</u>	<u>7,635,329</u>
Operating Expenses		
Salaries	1,506,548	0
Fringe Benefits	551,771	0
Purchased Services	182,922	803,268
Materials and Supplies	227,079	0
Cost of Sales	715,452	0
Depreciation	56,627	0
Claims	0	7,051,633
Other	9,120	0
<i>Total Operating Expenses</i>	<u>3,249,519</u>	<u>7,854,901</u>
<i>Operating Loss</i>	<u>(784,831)</u>	<u>(219,572)</u>
Non-Operating Revenues		
Donated Commodities	90,990	0
Interest	4,115	0
Operating Grants	450,599	0
<i>Total Non-Operating Revenues</i>	<u>545,704</u>	<u>0</u>
<i>Change in Net Assets</i>	<u>(239,127)</u>	<u>(219,572)</u>
<i>Net Assets Beginning of Year Restated (See Note 3)</i>	<u>660,414</u>	<u>(949,113)</u>

Berea City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2004

	Business-Type Activities - Non-major Enterprise Funds	Governmental Activity - Non-major Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	\$2,471,467	\$0
Cash Received from Other Funds	0	7,638,213
Other Cash Receipts	0	0
Cash Payments to Employees for Services	(1,488,753)	0
Cash Payments for Employee Benefits	(482,982)	0
Cash Payments for Goods and Services	(1,020,544)	(803,268)
Cash Payments for Claims	0	(6,753,998)
Other Cash Payments	(9,120)	0
<i>Net Cash Provided by (Used In) Operating Activities</i>	(529,932)	80,947
Cash Flows from Noncapital Financing Activities		
Operating Grants Received	439,498	0
Cash Flows from Investing Activities		
Interest on Investments	4,115	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(86,319)	80,947
<i>Cash and Cash Equivalents Beginning of Year</i>	663,199	76,232
<i>Cash and Cash Equivalents End of Year</i>	\$576,880	\$157,179

(continued)

Berea City School District
Statement of Cash Flows
Proprietary Funds (continued)
For the Fiscal Year Ended June 30, 2004

	Business-Type Activities - Non-major Enterprise Funds	Governmental Activity - Non-major Internal Service Fund
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Operating Loss	(\$784,831)	(\$219,572)
Adjustments:		
Depreciation	56,627	0
Donated Commodities Received During Year	90,990	0
(Increase) Decrease in Assets:		
Accounts Receivable	736	2,884
Intergovernmental Receivable	6,043	0
Inventory Held for Resale	(2,434)	0
Materials and Supplies Inventory	10,962	0
Increase (Decrease) in Liabilities:		
Accounts Payable	3,450	0
Accrued Wages	(11,467)	0
Compensated Absences Payable	12,042	0
Early Retirement Incentive Payable	17,220	0
Intergovernmental Payable	70,730	0
Claims Payable	0	297,635
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>(\$529,932)</u>	<u>\$80,947</u>

Non Cash Non Capital Financing Activities:
Federal Donated Commodities in the amount of \$90,990 were recorded as revenue when received in the food service fund.

See accompanying notes to the basic financial statements

Berea City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalent:	\$12,980	\$181,986
Liabilities		
Undistributed Monies	0	\$18,768
Due to Students	0	163,218
<i>Total Liabilities</i>	0	\$181,986
Net Assets		
Held in Trust for Scholarships	12,980	
<i>Total Net Assets</i>	\$12,980	

See accompanying notes to the basic financial statement

Berea City School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2004

	<u>Scholarship</u>
Additions	
Interest	\$135
Deductions	
Scholarships Awarded	149
<i>Change in Net Assets</i>	(14)
<i>Net Assets Beginning of Year</i>	12,994
<i>Net Assets End of Year</i>	\$12,980

See accompanying notes to the basic financial statement

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

Note 1 - Description of the School District and Reporting Entity

Berea City School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies. This Board of Education controls the School District's eleven instructional/support facilities staffed by 502 classified employees, 538 certificated full-time personnel, and 63 administrators who provide services to 7,801 students and other community members.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Berea City School District, this includes general operations, food service, preschool, community services, and student related activities of the School District. The following activity is also included within the reporting entity.

Nonpublic Schools Within the School District boundaries, St. Mary's, St. Bartholomew's and St. Adalbert are operated through the Catholic diocese. The Greater Cleveland Christian School, Scribes and Scribblers, Lewis Little Folks and Family Life Center are also within School District boundaries. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed by the School District on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

Cities of Berea, Middleburg Heights and Brook Park The city governments of Berea, Middleburg Heights and Brook Park are separate bodies politic and corporate. An elected mayor and council administer the provision of traditional city services. Council acts as the taxing and budgeting authority.

Cuyahoga County Public Library The library is a distinct political subdivision of the State of Ohio governed by a board of trustees. 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.

Parent Teacher Organization The School District is not involved in budgeting or managing the organization, is not responsible for any debt of the organization and has no influence over the operation of the organization.

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

The School District participates in three jointly governed organizations and one public entity risk pool. These organizations are presented in Note 17 to the financial statements. These organizations are:

Jointly Governed Organizations:

Polaris Career Center
Educational Community Foundation
Ohio Schools' Council Association

Public Entity Risk Pool:

Ohio School Boards Association Workers' Compensation Group Rating Program

Note 2 - Summary of Significant Accounting Policies

The financial statements of Berea City 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) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds unless those pronouncements conflict with or contradict GASB pronouncements. The School District has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The most significant of the School District's accounting policies are described below.

A. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds Governmental funds focus 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 used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund The debt service fund is used to account for the accumulation of resources received from property taxes for the payment of school improvement general obligation bond, principal, interest and related costs.

Permanent Improvement Capital Projects Fund The permanent improvement capital projects fund accounts for resources received from property taxes to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

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

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

Proprietary Funds Proprietary funds focus on the determination of operating income/loss, changes in net assets, financial position and cash flows and are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds are used to account for food service operations, uniform school supplies and adult and community education.

Internal Service Funds Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The only internal service fund of the School District accounts for a self-insurance program which provides medical, dental and vision benefits to employees.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for a college scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds are student activities, employee benefits and staff services.

B. 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. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end.

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

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

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of 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 activities.

The trust fund is reported using the economic resources measurement focus.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and the presentation of expenses versus expenditure.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

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

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

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

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

D. Cash and Cash Equivalents

Cash received by the School District is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. The School District also utilizes an escrow agent to hold retainage on construction contracts. The balances in these accounts are presented on the financial statements as "cash and cash equivalents with escrow agents" and represents deposits or short-term investments in certificates of deposit.

During fiscal year 2004, investments were limited to Federal Farm Credit Bank Notes, Certificates of Deposit, overnight Repurchase Agreements, and STAR Ohio.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. For investments in open-end mutual funds, fair value is determined by the fund's share price. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

Berea City School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$134,960, which includes \$107,614 assigned from other School District funds.

For presentation on the financial statements, 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 considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

E. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the General Fund include amounts required by State statute to be set aside for textbooks and instructional materials. See Note 18 for additional information regarding set-asides.

F. Prepaid Items

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

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

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used.

Inventories consist of donated food, purchased food, school supplies held for resale and materials and supplies held for consumption.

H. Deferred Charges

Bond issuances costs are deferred and amortized over the term of the bonds using the straight-line method.

I. Gain on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter.

J. Capital Assets

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

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 dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	30 years	N/A
Buildings and Improvements	10 - 30 years	N/A
Furniture and Equipment	5 - 12 years	12 years
Vehicles	10 years	N/A

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

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is 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 or funds from which the employees who have accumulated the leave are paid.

M. Accrued Liabilities and Long-term Obligations

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

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

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, textbooks, unclaimed monies and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved. The reserve for textbooks represents money required to be set-aside by state statute for the purchase of textbooks and instructional materials.

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

O. Net Assets

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

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition and miscellaneous for adult education and youths and preschoolers classes, sales and miscellaneous for food service and uniform school supplies, and 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. Revenues and expenses not meeting this definition are reported as non-operating.

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

R. Interfund Activity

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

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

S. 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.

T. Estimates

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

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

U. 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 sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the function level in the general fund and the fund level for all other funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue, are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

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

Note 3 – Change in Accounting Principle and Restatement of Fund Balance/Net Assets

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

During fiscal year 2003, the School District reported a special termination benefit payable as a long-term liability instead of a current liability in the general fund. This change decreased the fund balance of the general fund by \$1,012,699 from \$616,643 to (\$396,056) as of June 30, 2003. This decreased the change in fund balance from (\$1,520,119) to (\$2,532,818).

As of June 30, 2003, capital assets for governmental activities were overstated by \$1,045,098. This adjustment decreased net assets from \$6,439,782 to \$5,394,684. Business-Type activity capital assets were overstated by \$101,291, which decreased net assets from \$761,705 to \$660,414. This decreased the change in net assets in governmental and business-type activities from (\$4,004,439) and (\$218,972) to (\$5,049,537) and (\$320,263), respectively.

Note 4 – Legal Compliance and Accountability

A. Legal Compliance

Contrary to Section 5705.39, Ohio Revised Code, the following funds had original appropriations in excess of original estimated revenues and carryover balances:

Fund	Original Estimated Resources Plus Carryover Balances	Original Appropriations	Excess
Nonmajor Funds			
Auxiliary Services	\$651,343	\$722,899	(\$71,556)
Parent Mentor Grant	21,195	25,284	(4,089)

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

Contrary to Section 5705.39, Ohio Revised Code, the parent mentor grant fund had final appropriations in excess of final estimated revenues and carryover balances by \$7,910. Although this budgetary violation was not corrected by year-end, management has indicated that appropriations will be closely monitored to ensure no future violations.

B. Accountability

The self insurance internal service fund has deficit net assets of \$1,168,685 at June 30, 2004, which resulted from an adjustment for accrued liabilities. The School District continues to examine ways to maintain the self-insurance fund at 115 percent of incurred liabilities. The School District is examining the additional amount of funds needed through the Health Benefits Committee. At the present time a recommendation is being shared with the School District's employees.

Note 5 - Budgetary Basis of Accounting

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

Net Change in Fund Balance	
GAAP Basis	\$515,751
Net Adjustment for Revenue Accruals	(3,232,316)
Advances In	46,239
Fair Value Adjustment for Investments	(5,540)
Net Adjustment for Expenditure Accruals	2,133,971
Advances Out	(49,438)
Adjustment for Encumbrances	<u>(679,104)</u>
Budget Basis	<u><u>(\$1,270,437)</u></u>

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

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003 on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. This year, the June 2004 tangible personal property tax settlement was not received until July 2004.

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

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

The amount available as an advance at June 30, 2004 was \$6,911,994 in the general fund, \$162,281 in the debt service fund, and \$201,514 in the permanent improvements capital projects fund. At June 30, 2003, the amount available as an advance was \$4,027,185 in the general fund, \$111,156 in the debt service fund, and \$120,525 in the permanent improvement capital projects fund. The difference was in timing and collection by the County Auditor.

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 2004 taxes were collected are:

	2003 Second- Half Collections		2004 First- Half Collections	
Agricultural/Residential and Other Real Estate	\$1,224,546,650	83.72 %	\$1,307,938,720	85.26 %
Public Utility Personal	38,752,080	2.65	38,647,280	2.52
Tangible Personal Property	199,438,922	13.63	187,459,887	12.22
Total	\$1,462,737,652	100.00 %	\$1,534,045,887	100.00 %
Tax rate per \$1,000 of assessed valuation	\$69.80		\$69.80	

Note 7- Deposits and Investments

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

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

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

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

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

Interim monies are to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to 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, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Berea City School District
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For the Fiscal Year Ended June 30, 2004

Undeposited Cash At year-end, the School District's had \$16,559 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

Deposits At year-end, the carrying amount of the School District's deposits was \$234,244 and the bank balance was \$1,585,285. \$246,590 of the bank balance was covered by federal depository insurance and \$1,338,695 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Category 3	Carrying and Fair Value
Federal Farm Credit Bank Notes	\$998,040	\$992,500
Repurchase Agreements	2,535,000	2,535,000
Investment in State Treasurer's Investment Pool		2,247,174
Total	\$3,533,040	\$5,774,674

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

	Equivalents/Deposits	Investments
GASB Statement 9	\$6,025,477	\$0
Undeposited Cash	(16,559)	0
Investments which are part of a cash management pool:		
Federal Farm Credit Bank Notes	(992,500)	992,500
Repurchase Agreements	(2,535,000)	2,535,000
Investment in State Treasurer's Investment Pool	(2,247,174)	2,247,174
GASB Statement 3	\$234,244	\$5,774,674

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

Note 8 - Capital Assets

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

	6/30/03	Additions	Deductions	6/30/04
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$920,067	\$0	\$0	\$920,067
<i>Capital Assets, being depreciated:</i>				
Land Improvements	2,516,306	0	0	2,516,306
Buildings and Improvements	42,651,842	96,990	0	42,748,832
Furniture and Equipment	7,304,626	387,151	(28,180)	7,663,597
Vehicles	3,615,507	606,050	(390,031)	3,831,526
<i>Total Capital Assets, being depreciated</i>	<i>56,088,281</i>	<i>1,090,191</i>	<i>(418,211)</i>	<i>56,760,261</i>
Less Accumulated Depreciation:				
Land Improvements	(944,152)	(83,877)	0	(1,028,029)
Buildings and Improvements	(31,131,647)	(761,408)	0	(31,893,055)
Furniture and Equipment	(3,979,955)	(934,144)	22,904	(4,891,195)
Vehicles	(2,749,967)	(281,203)	390,031	(2,641,139)
Total Accumulated Depreciation	(38,805,721)	(2,060,632) *	412,935	(40,453,418)
Total Capital Assets, being depreciated, net	17,282,560	(970,441)	(5,276)	16,306,843
Governmental Activities Capital Assets, Net	\$18,202,627	(\$970,441)	(\$5,276)	\$17,226,910
Business-Type Activities				
Furniture and Equipment	\$895,811	\$0	\$0	\$895,811
Less Accumulated Depreciation	(685,600)	(56,627)	0	(742,227)
Business-type activities Capital Assets, Net	\$210,211	(\$56,627)	\$0	\$153,584

Berea City School District
Notes to the Basic Financial Statements
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- Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$976,123
Special	75,834
Vocational	20,084
Support Services:	
Pupil	52,726
Instructional Staff	300,719
Administration	134,149
Fiscal	10,273
Business	3,026
Operation of Maintenance and Plant	125,467
Pupil Transportation	321,385
Central	33,166
Operation of Non-Instructional Services	3,071
Extracurricular Activities	4,609
Total Depreciation Expense	\$2,060,632

Depreciation expense was charged to the food service business-type activity fund in the amount of \$56,627.

Note 9 - Interfund Balances and Transfers

A. Interfund Balances

The interfund balances at June 30, 2004 were as follows:

	Interfund Receivable		
Interfund Payable	General	Debt Service	Total
<i>Major Governmental Funds</i>			
Permanent Improvement	\$0	\$300,000	\$300,000
<i>Non-Major Governmental Funds</i>			
Title III	494	0	494
Reading Intervention	48,944		48,944
<i>Total Non-Major Governmental Funds</i>	\$49,438	\$0	\$49,438
<i>Total</i>	\$49,438	\$300,000	\$349,438

The interfund transactions between general and nonmajor special revenue funds are due to the timing of the receipt of grant monies. The \$300,000 interfund transaction between the debt service and permanent improvement capital projects fund is a manuscript note.

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

B. Interfund Transfer

A transfer of \$3,921 was made during fiscal year 2004 from the general fund to the Title VI-B special revenue fund. This transfer was made to move unrestricted balances to support the program.

Note 10 – Receivables

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

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Tuition and Fees	\$1,063,281
Miscellaneous	61,272
Local Grants	4,120
Technology IID	9,726
Title IIA	26,447
Reading Intervention Grant	49,625
Title III	<u>10,971</u>
<i>Total Governmental Activities</i>	1,225,442
Business-Type Activities	
Food Service	<u>66,518</u>
<i>Total</i>	<u><u>\$1,291,960</u></u>

Note 11 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2004, the School District contracted with Todd Associates, Inc. for Property (Fire and Extended Coverage) through Indiana Insurance and for Boiler and Machinery coverage through Travelers Insurance. Both of these policies are part of the Council of Schools group purchasing plan.

General liability coverage including sexual misconduct and molestation, and school leaders errors and omissions employment practices are through Todd Associates with Indiana Insurance carrying the policy with a \$1,000,000 claims made coverage and a \$10,000,000 umbrella extending also over the District's fleet insurance.

Vehicles are covered by Indiana Insurance and have a \$1,000 deductible for comprehensive and collision. This insurance includes a bodily injury and property damage combined single limit of \$1,000,000 with a \$10,000,000 umbrella, \$50,000 uninsured/underinsured motorist, and \$15,000 medical payments.

The start of the policy year for liability insurance was adjusted from February 1 to July 1 to coincide with property and fleet time lines. Settled claims have not exceeded this commercial coverage in any of the past ten years. There have been no significant reductions in insurance coverage from the prior year.

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

B. Workers' Compensation

For fiscal year 2004 the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP.

The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

The School District operates and manages employee medical, dental and vision benefits on a self-insured basis. Commencing October 1, 1997 the School District converted its fully-insured medical insurance program to a self-insured basis. The dental and vision program limits total expenditures for any covered individual in a calendar year, therefore there is no individual or aggregate stop-loss maintained. Medical Mutual of Ohio provides claim review and processing.

The School District maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained at 115 percent of expected claims. The aggregate stop-loss was not met in 2004. Medical Mutual of Ohio provides claim review and processing for the medical insurance program as well.

The claims liability at June 30, 2004 estimated by the third party administrator to be \$1,328,920, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires 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 in fiscal year 2003 and 2004 were:

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
2003	\$898,588	\$6,687,014	\$6,554,317	\$1,031,285
2004	1,031,285	7,051,633	6,753,998	1,328,920

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 9.09 percent of annual covered salary was portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations.

The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$1,370,354, \$1,041,755 and \$703,612 respectively; 43.41 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003 and 2002 were \$4,443,072, \$4,279,129 and \$3,082,540 respectively; 91.09 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$39,929 made by the School District and \$59,112 made by the plan members.

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

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, one of the members of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13- Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are 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 the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$341,775 for fiscal year 2004.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll a decrease of .92 percent from fiscal year 2003. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay was established at \$25,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$753,526.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 (the latest information available), were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

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

Note 14 – Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for one fourth of the total sick leave accumulation, up to a maximum accumulation of 95 days. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Special Termination Benefit

The School District offered employees participation in a Special Termination Incentive program. Participation was open to employees between September 13, 1999 through October 29, 1999 who were at least fifty years old and qualified for retirement. A total of 33 certified employees and 2 administrative employees elected to retire under this plan. These employees will receive \$34,250 under this plan. This amount, along with the employee's severance, will be placed in an account and distributed to the employee over a period of ten years, commencing with their leaving the School District on June 30, 2001. A third party administrator manages this account. The School District recorded a "Special Termination Benefit Payable" liability for the amount owed to the employees at June 30, 2004.

C. Early Retirement Incentive Payable

The School District offered certified and administrative employees participation in an Early Retirement Incentive program. Participation was open for these employees between, November 10, 2003 through December 19, 2003. A total of 34 certified and 4 administrative employees elected to retire under this plan. The final date for retirement is December 31, 2004. Each person who participates in this program will receive \$1,000 for each year of service time, up to a maximum of \$30,000. Payment of this incentive will be done in two equal installments with the first to be paid no later than January 31, 2005, and the second to be paid no later than July 31, 2006.

The classified employees were offered participation in an Early Retirement Incentive program also. Participation was open between, October 20, 2003 and November 26, 2003. The final date for retirement is December 31, 2005. A total of 28 classified employees elected to retire under this plan. Each person will be eligible to receive \$420 for each full year of continuous service credit to the School District. Payment of this incentive will be made four months after the effective retirement date, with the last payment to be made October 2005. The School District recorded an "Early Retirement Incentive Payable" liability for the amount owed to the employees at June 30, 2004.

D. Health and Life Insurance

The School District operates and manages employee medical benefits on a self-insured basis. Medical Mutual of Ohio provides claim review and processing.

The School District continues to offer a fully insured HMO option for those employees who do not wish to participate in the self-insured plan. Fewer than five percent of employees seek this option.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Company. The amounts provided for certified employees equal the employee's annual salary. The amounts provided for classified employees equal the employees' annual salary or range from \$12,000 to \$20,000 for base salaries less than \$20,000.

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

Note 15 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

B. Litigation

Berea City School District is a party to legal proceedings. The School District management is of the opinion that ultimate disposition of these claims will not have a material effect on the financial condition of the School District.

Note 16 – Long – Term Liabilities

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

	Principal Outstanding 6/30/03	Additions	Reductions	Principal Outstanding 6/30/04	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds:					
1993 School Improvement	\$2,060,000	\$0	\$575,000	\$1,485,000	\$595,000
2003 School Improvement Refunding	9,205,000	0	0	9,205,000	0
Unamortized Gain on Refunding	129,046	0	8,748	120,298	0
Total General Obligation Bonds	11,394,046	0	583,748	10,810,298	595,000
Bus Acquisition Notes	0	650,000	0	650,000	0
Compensated Absences	6,125,201	123,094	113,361	6,134,934	607,378
Total Governmental Activities Long-Term Liabilities	<u>\$17,519,247</u>	<u>\$773,094</u>	<u>\$697,109</u>	<u>\$17,595,232</u>	<u>\$1,202,378</u>
Business-Type Activities					
Compensated Absences	<u>\$174,760</u>	<u>\$12,042</u>	<u>\$0</u>	<u>\$186,802</u>	<u>\$13,171</u>

On April 1, 1993, the School District issued \$14,575,000, 5.0 - 7.5 percent general obligation bonds. These bonds were issued to fund various school improvements and will be paid from property taxes.

On March 1, 2003, the School District issued \$9,205,000 in general obligation bonds with interest rates varying from 2.00 percent to 4.70 percent. Proceeds were used to refund \$9,205,000 of the outstanding 1993 School Improvement Bonds.

The bonds were sold at a premium of \$743,790. Proceeds of \$9,817,557 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment on the refunded portion of the 1993 School Improvement bonds. As a result, \$9,205,000 of these bonds are considered defeased.

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

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$131,233. This difference, being reported as a deferral in the accompanying financial statements, is being charged to operations through year 2018 using the straight-line method.

On March 8, 2004, the School District issued \$650,000 in bus acquisition notes with an interest rate of 6 percent. On July 14, 2004, the School District retired the bus acquisition notes by issuing general obligation bonds for the purpose of purchasing buses.

Compensated absences will be paid from the general fund, the food service and the adult and community education enterprise funds.

At June 30, 2004 the School District's overall legal debt margin was \$128,456,611 with an unvoted debt margin of \$1,534,046. Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2004 are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		Total
	Principal	Interest	
2005	\$595,000	\$472,945	\$1,067,945
2006	620,000	427,382	1,047,382
2007	725,000	389,457	1,114,457
2008	730,000	364,927	1,094,927
2009	715,000	344,347	1,059,347
2010-2014	3,825,000	1,274,256	5,099,256
2015-2018	3,480,000	338,395	3,818,395
Total	\$10,690,000	\$3,611,709	\$14,301,709

Note 17- Jointly Governed Organizations and Public Entity Risk Pool

A. Jointly Governed Organizations

Polaris Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The board of education is comprised of representatives from the board of each participating school district. The board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Berea City School District students may attend the vocational school. Each School District's control is limited to its representation on the board.

The Educational Community Foundation (Foundation) is a jointly governed organization established to support and enhance educational opportunities for the youth of the communities served by the Berea City School District. The trustees of the Foundation consist of the following voting members: one Berea Board of Education representative; an employee of Berea City School District to be selected by the Superintendent; two students, from any of the communities served by the Berea City School District; a representative from the PTA; one representative each from the City of Berea, City of Brook Park, and City of Middleburg Heights; a representative from the business/service communities; an at-large representative to be selected by the President of the Board of Trustees; and a representative of Baldwin-Wallace College.

Each Trustee has one vote. The Board of Trustees of the Foundation may select any number of Honorary Trustees. Honorary Trustees are non-voting members. The board is responsible for approving its own budgets, accounting and finance related activities and appointing personnel.

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

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2004 the School District paid \$5,691 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 district 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 prepurchase 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 School District is required to repay savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corporation.

The School District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation 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 entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

B. Public Entity Risk Pool

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

Note 18 - Set-Aside Calculations

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

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

	<u>Capital Improvements Reserve</u>	<u>Textbooks Instructional Materials Reserve</u>
Set Aside Reserve Balance as of June 30, 2003	\$0	\$1,456,976
Current year set-aside requirement	1,048,669	1,048,669
Qualifying Disbursements	<u>(1,568,322)</u>	<u>(2,071,766)</u>
Total	<u>(\$519,653)</u>	<u>\$433,879</u>
Set-aside Reserve Balance as of June 30, 2004	<u>\$0</u>	<u>\$433,879</u>

The School District had qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amounts below zero. This amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 19 – 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 plan 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 on its future State funding and its financial operations.

Note 20 – Contractual Commitments

At June 30, 2004 the School District had \$746,405 in contractual commitments for various improvements within the School District.

Berea City School District

Combining Statements and Individual Fund Schedules

Berea City School District

Fund Descriptions– Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes. Following is a description of the School District's non-major special revenue funds:

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

Auxiliary Services Fund This fund accounts for grant monies which provide services and materials to pupils attending non-public schools within the School District.

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

District Managed Student Activities Fund This fund accounts for gate receipts and revenues from athletic events and costs (except supplemental coaching contracts) of the School District's athletic program.

Preschool At Risk Fund This fund accounts for State monies used to provide preschool education for students of low income families.

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

Local Grants Fund This fund accounts for monies received to promote community involvement and to support activities between the school and the community.

Preschool Fund This fund accounts for federal revenues used for speech therapy services and instructional supplies used in preschool programs.

Entry Year Teacher Grant Fund- This fund accounts for State monies used for mentoring, and assessment of the entry year teacher.

Teacher Development Fund This fund accounts for state grant monies used to support locally developed teacher training and professional development.

Title V Fund This fund accounts for federal revenues which support implementation of programs such as computer education, gifted and talented programs, in-service and staff development.

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

Ohio Reads Fund This fund accounts for state grant monies intended to supplement the District's reading programs.

(continued)

Berea City School District

Nonmajor Special Revenue Funds (continued)

.Other Smaller Special Revenue Funds operated by the School District and subsidized in part by local, state and federal monies as well as miscellaneous sources. These funds are as follows:

Educational Management Information Systems (EMIS) Fund
Teacher Training and Development Fund
School Professional Development Fund
Technology IID Fund
Parent Mentor Grant Fund
School Improvement Grant Fund
Safe School Helpline Fund
Assistive Technology Grant Fund
Telecommunity Grant Fund
Title IIA Fund
Reading Intervention
Title III

Nonmajor Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Following is a description of the nonmajor capital projects funds:

Building Fund This fund accounts for the 1993 school improvement bond proceeds to be used for the acquisition, construction, or improvement of capital facilities.

School Net Fund This fund accounts for state grant monies used to purchase computer hardware and software.

Network Connectivity Fund This fund accounts for state grant monies expended to complete and enhance the District's computer network.

Interactive Video Lab Fund This fund accounts for state grant funds used for the procurement of videoconferencing technology.

Berea City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalent:	\$984,180	\$56,567	\$1,040,747
Intergovernmental Receivable	100,889	0	100,889
<i>Total Assets</i>	<u>\$1,085,069</u>	<u>\$56,567</u>	<u>\$1,141,636</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$149,720	\$45,133	\$194,853
Accrued Wages	67,580	0	67,580
Interfund Payable	49,438	0	49,438
Intergovernmental Payable	14,056	0	14,056
Deferred Revenue	42,321	0	42,321
<i>Total Liabilities</i>	<u>323,115</u>	<u>45,133</u>	<u>368,248</u>
Fund Balances			
Reserved for Encumbrances	161,103	1,753	162,856
Unreserved, Undesignated, Reported in			
Special Revenue Funds	600,851	0	600,851
Capital Projects Funds	0	9,681	9,681
<i>Total Fund Balances</i>	<u>761,954</u>	<u>11,434</u>	<u>773,388</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,085,069</u>	<u>\$56,567</u>	<u>\$1,141,636</u>

Berea City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$3,253,175	\$39,000	\$3,292,175
Interest	255	718	973
Extracurricular Activities	566,497	0	566,497
Contributions and Donations	234,490	0	234,490
Miscellaneous	41,609	0	41,609
<i>Total Revenues</i>	<u>4,096,026</u>	<u>39,718</u>	<u>4,135,744</u>
Expenditures			
Current:			
Instruction:			
Regular	619,695	0	619,695
Special	718,259	0	718,259
Vocational	36,417	0	36,417
Adult/Continuing	2,084	0	2,084
Other	0	0	0
Support Services:			
Pupil	599,926	0	599,926
Instructional Staff	622,702	0	622,702
Administration	64,700	0	64,700
Pupil Transportation	7,534	0	7,534
Central	67,326	0	67,326
Operation of Non-Instructional Services:			
Extracurricular Activities	452,680	0	452,680
Capital Outlay	0	49,497	49,497
<i>Total Expenditures</i>	<u>3,867,727</u>	<u>49,497</u>	<u>3,917,224</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	228,299	(9,779)	218,520
Other Financing Sources			
Transfers In	3,921	0	3,921
<i>Net Change in Fund Balances</i>	232,220	(9,779)	222,441
<i>Fund Balances Beginning of Year</i>	<u>529,734</u>	<u>21,213</u>	<u>550,947</u>
<i>Fund Balances End of Year</i>	<u><u>\$761,954</u></u>	<u><u>\$11,434</u></u>	<u><u>\$773,388</u></u>

Berea City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Title VI-B	Auxiliary Services	Title I
Assets			
Equity in Pooled Cash and Cash Equivalent:	\$119,991	\$163,099	\$46,501
Intergovernmental Receivable	0	0	0
<i>Total Assets</i>	<u>\$119,991</u>	<u>\$163,099</u>	<u>\$46,501</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$24,684	\$65,401	\$154
Accrued Wages	9,231	0	14,035
Interfund Payable	0	0	0
Intergovernmental Payable	1,292	106	1,965
Deferred Revenue	0	0	0
<i>Total Liabilities</i>	<u>35,207</u>	<u>65,507</u>	<u>16,154</u>
Fund Balances			
Reserved for Encumbrances	46,431	59,875	4,366
Unreserved, Undesignated	38,353	37,717	25,981
<i>Total Fund Balances</i>	<u>84,784</u>	<u>97,592</u>	<u>30,347</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$119,991</u>	<u>\$163,099</u>	<u>\$46,501</u>

District Managed Student Activities	Preschool At Risk	Public School Support
\$188,735 0	\$17,686 0	\$152,430 0
<u>\$188,735</u>	<u>\$17,686</u>	<u>\$152,430</u>
\$3,365 0 0 4,753 0	\$1,636 12,677 0 2,089 0	\$9,030 172 0 0 0
<u>8,118</u>	<u>16,402</u>	<u>9,202</u>
8,474 172,143	395 889	7,296 135,932
<u>180,617</u>	<u>1,284</u>	<u>143,228</u>
<u>\$188,735</u>	<u>\$17,686</u>	<u>\$152,430</u>

(continued)

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

	Local Grants	Preschool	Entry Year Teacher Grant
Assets			
Equity in Pooled Cash and Cash Equivalent	\$82,271	\$7,744	\$2,000
Intergovernmental Receivable	4,120	0	0
<i>Total Assets</i>	<u>\$86,391</u>	<u>\$7,744</u>	<u>\$2,000</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$713	\$1,725	\$0
Accrued Wages	3,960	2,940	0
Interfund Payable	0	0	0
Intergovernmental Payable	0	412	0
Deferred Revenue	0	0	0
<i>Total Liabilities</i>	<u>4,673</u>	<u>5,077</u>	<u>0</u>
Fund Balances			
Reserved for Encumbrances	3,891	1,528	0
Unreserved, Undesignated	77,827	1,139	2,000
<i>Total Fund Balances</i>	<u>81,718</u>	<u>2,667</u>	<u>2,000</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$86,391</u>	<u>\$7,744</u>	<u>\$2,000</u>

Title V	Drug Free Schools	Ohio Reads
\$3,527 0	\$6,503 0	\$6,551 0
<u>\$3,527</u>	<u>\$6,503</u>	<u>\$6,551</u>
\$3,008 0 0 0 0	\$421 0 0 0 0	\$552 1,000 0 140 0
<u>3,008</u>	<u>421</u>	<u>1,692</u>
62 457	467 5,615	782 4,077
<u>519</u>	<u>6,082</u>	<u>4,859</u>
<u>\$3,527</u>	<u>\$6,503</u>	<u>\$6,551</u>

(continued)

Berea City Schools
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2004

	EMIS	Teacher Training and Development	School Professional Development
Assets			
Equity in Pooled Cash and Cash Equivalent:	\$22,421	\$305	\$2,318
Intergovernmental Receivable	0	0	0
<i>Total Assets</i>	<u>\$22,421</u>	<u>\$305</u>	<u>\$2,318</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$0
Accrued Wages	0	0	0
Interfund Payable	0	0	0
Intergovernmental Payable	0	0	0
Deferred Revenue	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Reserved for Encumbrances	10,088	0	0
Unreserved, Undesignated	12,333	305	2,318
<i>Total Fund Balances</i>	<u>22,421</u>	<u>305</u>	<u>2,318</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$22,421</u>	<u>\$305</u>	<u>\$2,318</u>

Technology IID	Parent Mentor Grant	School Improvement Grant
\$1,066	\$4,101	\$6
9,726	0	0
<u>\$10,792</u>	<u>\$4,101</u>	<u>\$6</u>
\$0	\$1,418	\$0
0	0	0
0	0	0
0	0	0
9,726	0	0
<u>9,726</u>	<u>1,418</u>	<u>0</u>
160	325	0
906	2,358	6
<u>1,066</u>	<u>2,683</u>	<u>6</u>
<u>\$10,792</u>	<u>\$4,101</u>	<u>\$6</u>

(continued)

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

	Safe School Helpline	Telecommunity Grant	Title IIA
Assets			
Equity in Pooled Cash and Cash Equivalent:	\$27	\$56,534	\$55,502
Intergovernmental Receivable	0	0	26,447
<i>Total Assets</i>	<u>\$27</u>	<u>\$56,534</u>	<u>\$81,949</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$2,701
Accrued Wages	0	0	23,565
Interfund Payable	0	0	0
Intergovernmental Payable	0	0	3,299
Deferred Revenue	0	0	26,447
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>56,012</u>
Fund Balances			
Reserved for Encumbrances	0	2,140	4,873
Unreserved, Undesignated	27	54,394	21,064
<i>Total Fund Balances</i>	<u>27</u>	<u>56,534</u>	<u>25,937</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$27</u>	<u>\$56,534</u>	<u>\$81,949</u>

Reading Intervention Grant	Title III	Total Nonmajor Special Revenue Funds
\$42,438	\$2,424	\$984,180
49,625	10,971	100,889
<u>\$92,063</u>	<u>\$13,395</u>	<u>\$1,085,069</u>
\$32,676	\$2,236	\$149,720
0	0	67,580
48,944	494	49,438
0	0	14,056
681	5,467	42,321
<u>82,301</u>	<u>8,197</u>	<u>323,115</u>
9,762	188	161,103
0	5,010	600,851
<u>9,762</u>	<u>5,198</u>	<u>761,954</u>
<u>\$92,063</u>	<u>\$13,395</u>	<u>\$1,085,069</u>

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

	Title VI-B	Auxiliary Services	Title I
Revenues			
Intergovernmental	\$1,076,447	\$648,006	\$588,397
Interest	0	255	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>1,076,447</u>	<u>648,261</u>	<u>588,397</u>
Expenditures			
Current:			
Instruction:			
Regular	0	0	0
Special	161,361	0	535,233
Vocational	0	0	0
Adult/Continuing	0	0	0
Support Services:			
Pupil	552,673	0	0
Instructional Staff	219,549	0	20,924
Administration	37,268	0	0
Pupil Transportation	1,932	0	0
Central	0	0	0
Operation of Non-Instructional Services	76,877	580,795	9,683
Extracurricular Activities	0	0	0
<i>Total Expenditures</i>	<u>1,049,660</u>	<u>580,795</u>	<u>565,840</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	26,787	67,466	22,557
Other Financing Sources			
Transfers In	3,921	0	0
<i>Net Change in Fund Balance</i>	30,708	67,466	22,557
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>54,076</u>	<u>30,126</u>	<u>7,790</u>
<i>Fund Balances End of Year</i>	<u><u>\$84,784</u></u>	<u><u>\$97,592</u></u>	<u><u>\$30,347</u></u>

District Managed Student Activities	Preschool At Risk	Public School Support	Local Grants
\$0	\$232,191	\$0	\$0
0	0	0	0
394,180	0	172,317	0
80,476	0	30,513	123,501
8,607	0	33,002	0
<u>483,263</u>	<u>232,191</u>	<u>235,832</u>	<u>123,501</u>
0	116,116	49,488	51,270
0	0	524	789
0	0	0	36,417
0	0	0	0
2,409	15,599	2,012	0
0	79,434	161,732	6,004
0	19,586	0	0
5,231	371	0	0
0	0	0	0
0	0	0	329
<u>431,107</u>	<u>0</u>	<u>21,573</u>	<u>0</u>
<u>438,747</u>	<u>231,106</u>	<u>235,329</u>	<u>94,809</u>
44,516	1,085	503	28,692
0	0	0	0
44,516	1,085	503	28,692
<u>136,101</u>	<u>199</u>	<u>142,725</u>	<u>53,026</u>
<u>\$180,617</u>	<u>\$1,284</u>	<u>\$143,228</u>	<u>\$81,718</u>

(continued)

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

	Preschool	Entry Year Teacher Grant	Teacher Development
Revenues			
Intergovernmental	\$45,200	\$15,400	\$0
Interest	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>45,200</u>	<u>15,400</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Regular	0	15,400	0
Special	1,294	0	0
Vocational	0	0	0
Adult/Continuing	0	0	2,084
Support Services:			
Pupil	27,233	0	0
Instructional Staff	14,315	0	0
Administration	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	2,179	0	0
Extracurricular Activities	0	0	0
<i>Total Expenditures</i>	<u>45,021</u>	<u>15,400</u>	<u>2,084</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	179	0	(2,084)
Other Financing Sources			
Transfers In	0	0	0
<i>Net Change in Fund Balance</i>	179	0	(2,084)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>2,488</u>	<u>2,000</u>	<u>2,084</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,667</u></u>	<u><u>\$2,000</u></u>	<u><u>\$0</u></u>

<u>Title V</u>	<u>Drug Free Schools</u>	<u>Ohio Reads</u>	<u>EMIS</u>
\$49,483	\$36,199	\$31,790	\$28,158
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>49,483</u>	<u>36,199</u>	<u>31,790</u>	<u>28,158</u>
0	30,688	29,341	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
44,383	12,474	3,000	0
0	0	0	0
0	0	0	0
0	0	0	67,326
6,036	66	0	0
0	0	0	0
<u>50,419</u>	<u>43,228</u>	<u>32,341</u>	<u>67,326</u>
(936)	(7,029)	(551)	(39,168)
0	0	0	0
(936)	(7,029)	(551)	(39,168)
<u>1,455</u>	<u>13,111</u>	<u>5,410</u>	<u>61,589</u>
<u>\$519</u>	<u>\$6,082</u>	<u>\$4,859</u>	<u>\$22,421</u>

(continued)

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

	<u>Teacher Training and Development</u>	<u>School Professional Development</u>	<u>Technology IID</u>
Revenues			
Intergovernmental	\$0	\$4,140	\$4,903
Interest	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>4,140</u>	<u>4,903</u>
Expenditures			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Support Services:			
Pupil	0	0	0
Instructional Staff	0	6,725	3,913
Administration	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	25
Extracurricular Activities	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>6,725</u>	<u>3,938</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(2,585)	965
Other Financing Sources			
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(2,585)	965
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>305</u>	<u>4,903</u>	<u>101</u>
<i>Fund Balances End of Year</i>	<u><u>\$305</u></u>	<u><u>\$2,318</u></u>	<u><u>\$1,066</u></u>

Parent Mentor Grant	School Improvement Grant	Safe School Helpline	Assistive Technology Grant
\$24,375	\$0	\$7,846	\$8,780
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
24,375	0	7,846	8,780
0	0	0	0
0	0	0	19,058
0	0	0	0
0	0	0	0
0	0	0	0
25,887	84	0	0
0	0	7,846	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
25,887	84	7,846	19,058
(1,512)	(84)	0	(10,278)
0	0	0	0
(1,512)	(84)	0	0
4,195	90	27	10,278
\$2,683	\$6	\$27	\$0

(continued)

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

	Telecommunity Grant	Title IIA	Reading Intervention
Revenues			
Intergovernmental	\$35,017	\$251,993	\$132,869
Interest	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>\$35,017</u>	<u>251,993</u>	<u>132,869</u>
Expenditures			
Current:			
Instruction:			
Regular	0	177,502	123,107
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Support Services:			
Pupil	0	0	0
Instructional Staff	4,765	19,513	0
Administration	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	414	0
Extracurricular Activities	0	0	0
<i>Total Expenditures</i>	<u>4,765</u>	<u>197,429</u>	<u>123,107</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	30,252	54,564	9,762
Other Financing Sources			
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	30,252	54,564	9,762
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>26,282</u>	<u>(28,627)</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$56,534</u></u>	<u><u>\$25,937</u></u>	<u><u>\$9,762</u></u>

Title III	Total Nonmajor Special Revenue Funds
\$31,981	\$3,253,175
0	255
0	566,497
0	234,490
0	41,609
\$31,981	4,096,026
26,783	619,695
0	718,259
0	36,417
0	2,084
0	599,926
0	622,702
0	64,700
0	7,534
0	67,326
0	676,404
0	452,680
26,783	3,867,727
5,198	228,299
0	3,921
5,198	232,220
0	529,734
\$5,198	\$761,954

Berea City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2004

	Building	School Net	Network Connectivity
Assets			
Equity in Pooled Cash and Cash Equivalent:	\$4,819	\$1,724	\$47,624
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$45,133
Fund Balances			
Reserved for Encumbrances	1,753	0	0
Unreserved, Undesignated	3,066	1,724	2,491
<i>Total Fund Balances</i>	4,819	1,724	2,491
<i>Total Liabilities and Fund Balances</i>	\$4,819	\$1,724	\$47,624

Interactive Video Lab	Total Nonmajor Capital Projects Funds
<u>\$2,400</u>	<u>\$56,567</u>
<u>\$0</u>	<u>\$45,133</u>
0	1,753
<u>2,400</u>	<u>9,681</u>
<u>2,400</u>	<u>11,434</u>
<u>\$2,400</u>	<u>\$56,567</u>

Berea City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004

	Building	School Net
Revenues		
Intergovernmental	\$0	\$0
Interest	718	0
<i>Total Revenues</i>	718	0
Expenditures		
Capital Outlay	0	4,365
<i>Net Change in Fund Balances</i>	718	(4,365)
<i>Fund Balances Beginning of Year</i>	4,101	6,089
<i>Fund Balances End of Year</i>	\$4,819	\$1,724

Network Connectivity	Interactive Video Lab	Total Nonmajor Capital Projects Funds
\$39,000	\$0	\$39,000
<u>0</u>	<u>0</u>	<u>718</u>
39,000	0	39,718
<u>45,132</u>	<u>0</u>	<u>49,497</u>
(6,132)	0	(9,779)
<u>8,623</u>	<u>2,400</u>	<u>21,213</u>
<u>\$2,491</u>	<u>\$2,400</u>	<u>\$11,434</u>

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Fund Descriptions– Nonmajor Business-Type Activity Funds

Nonmajor Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. Following is a description of the nonmajor enterprise funds:

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 the school supplies for use in the School District. Profits derived from such sales are used for school purposes or activities connected with the school.

Adult and Community Education Fund This fund accounts for the educational opportunities offered on a tuition basis to preschoolers, youths and adults living within the community.

Berea City School District
Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2004

	Food Service	Uniform School Supplies	Adult and Community Education	Total Nonmajor Enterprise Funds
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$291,987	\$37,871	\$247,022	\$576,880
Intergovernmental Receivable	66,518	0	0	66,518
Inventory Held for Resale	32,102	6,365	0	38,467
Materials and Supplies Inventory	26,418	0	0	26,418
<i>Total Current Assets</i>	417,025	44,236	247,022	708,283
Depreciable Capital Assets, Net	153,583	0	0	153,583
<i>Total Assets</i>	570,608	44,236	247,022	861,866
Liabilities				
Current Liabilities:				
Accounts Payable	20,300	0	5,500	25,800
Contract Payable				0
Accrued Wages	4,407	0	38,481	42,888
Retainage Payable				0
Compensated Absences Payable	8,639	0	4,532	13,171
Intergovernmental Payable	112,365	0	55,504	167,869
Early Retirement Incentive Payable	13,020	0	4,200	17,220
<i>Total Current Liabilities</i>	158,731	0	108,217	266,948
Long-Term Liabilities:				
Compensated Absences Payable	94,277	0	79,354	173,631
<i>Total Liabilities</i>	253,008	0	187,571	440,579
Net Assets				
Invested in Capital Assets	153,583	0	0	153,583
Unrestricted	164,017	44,236	59,451	267,704
<i>Total Net Assets</i>	\$317,600	\$44,236	\$59,451	\$421,287

Berea City School District
*Combining Statement of Revenues,
Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2004*

	Food Service	Uniform School Supplies	Adult and Community Education	Total Nonmajor Enterprise Funds
Operating Revenues				
Tuition	\$0	\$0	\$1,003,513	\$1,003,513
Sales	1,411,480	49,695	0	1,461,175
<i>Total Operating Revenues</i>	1,411,480	49,695	1,003,513	2,464,688
Operating Expenses				
Salaries	830,978	0	675,570	1,506,548
Fringe Benefits	348,346	0	203,425	551,771
Purchased Services	79,684	0	103,238	182,922
Materials and Supplies	194,659	0	32,420	227,079
Cost of Sales	679,168	36,284	0	715,452
Depreciation	56,627	0	0	56,627
Other	0	0	9,120	9,120
<i>Total Operating Expenses</i>	2,189,462	36,284	1,023,773	3,249,519
<i>Operating Income (Loss)</i>	(777,982)	13,411	(20,260)	(784,831)
Non-Operating Revenues				
Donated Commodities	90,990	0	0	90,990
Interest	4,115	0	0	4,115
Operating Grants	450,599	0	0	450,599
<i>Total Non-Operating Revenues</i>	545,704	0	0	545,704
<i>Change in Net Assets</i>	(232,278)	13,411	(20,260)	(239,127)
<i>Net Assets Beginning of Year</i>	549,878	30,825	79,711	660,414
<i>Net Assets End of Year</i>	\$317,600	\$44,236	\$59,451	\$421,287

Berea City School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2004

	Food Service	Uniform School Supplies
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	\$1,411,480	\$49,695
Cash Payments to Employees for Services	(810,046)	0
Cash Payments for Employee Benefits	(297,534)	0
Cash Payments for Goods and Services	(846,630)	(38,336)
Other Cash Payments	0	0
<i>Net Cash Provided by (Used in) Operating Activities</i>	(542,730)	11,359
Cash Flows from Noncapital Financing Activities		
Operating Grants Received	439,498	0
Cash Flows from Investing Activities		
Interest on Investments	4,115	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(99,117)	11,359
<i>Cash and Cash Equivalents Beginning of Year</i>	391,104	26,512
<i>Cash and Cash Equivalents End of Year</i>	\$291,987	\$37,871

<u>Adult and Community Education</u>	<u>Total Nonmajor Enterprise Funds</u>
\$1,010,292	\$2,471,467
(678,707)	(1,488,753)
(185,448)	(482,982)
(135,578)	(1,020,544)
<u>(9,120)</u>	<u>(9,120)</u>
1,439	(529,932)
0	439,498
<u>0</u>	<u>4,115</u>
1,439	(86,319)
<u>245,583</u>	<u>663,199</u>
<u>\$247,022</u>	<u>\$576,880</u>

(continued)

Berea City School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (continued)
For the Fiscal Year Ended June 30, 2004

	Food Service	Uniform School Supplies
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	(\$777,982)	\$13,411
Adjustments:		
Depreciation	56,627	0
Donated Commodities Received During Year	90,990	0
(Increase) Decrease in Assets:		
Accounts Receivable	0	0
Intergovernmental Receivable	0	0
Inventory Held for Resale	(1,497)	(937)
Materials and Supplies Inventory	10,962	0
Increase (Decrease) in Liabilities:		
Accounts Payable	6,719	(1,115)
Accrued Wages	259	0
Compensated Absences Payable	7,653	0
Early Retirement Incentive Payable	13,020	0
Intergovernmental Payable	50,519	0
<i>Net Cash Provided by (Used in) Operating Activities</i>	<i>(\$542,730)</i>	<i>\$11,359</i>

Non Cash Non Capital Financing Activities:

Federal Donated Commodities in the amount of \$90,990 were recorded as revenue when received in the food service fund.

Adult and Community Education	Total Nonmajor Enterprise Funds
(\$20,260)	(\$784,831)
0	56,627
0	90,990
736	736
6,043	6,043
0	(2,434)
0	10,962
(2,154)	3,450
(11,726)	(11,467)
4,389	12,042
4,200	17,220
20,211	70,730
<u>\$1,439</u>	<u>(\$529,932)</u>

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and change 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. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Agency Funds

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 Benefits Fund This fund accounts for monies withheld from employees paychecks for future child care and health care services purchased by the employee.

Staff Services Fund This fund accounts for purchases of supplies on behalf of employees of the School District.

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

	Balance 6-30-03	Additions	Reductions	Balance 6-30-04
<i>Student Activities</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$181,708	\$229,251	\$247,741	\$163,218
<i>Total Assets</i>	\$181,708	\$229,251	\$247,741	\$163,218
Liabilities				
Due to Students	\$181,708	\$229,251	\$247,741	\$163,218
<i>Total Liabilities</i>	\$181,708	\$229,251	\$247,741	\$163,218
<i>Employee Benefits</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$8,548	\$75,080	\$75,174	\$8,454
<i>Total Assets</i>	\$8,548	\$75,080	\$75,174	\$8,454
Liabilities				
Undistributed Monies	\$8,548	\$75,080	\$75,174	\$8,454
<i>Total Liabilities</i>	\$8,548	\$75,080	\$75,174	\$8,454
<i>Staff Services</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,426	\$14,400	\$11,512	\$10,314
<i>Total Assets</i>	\$7,426	\$14,400	\$11,512	\$10,314
Liabilities				
Undistributed Monies	\$7,426	\$14,400	\$11,512	\$10,314
<i>Total Liabilities</i>	\$7,426	\$14,400	\$11,512	\$10,314

(continued)

Berea City School District
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (continued)
For the Fiscal Year Ended June 30, 2004

	<u>Balance</u> <u>6-30-03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6-30-04</u>
<i>All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$197,682</u>	<u>\$318,731</u>	<u>\$334,427</u>	<u>\$181,986</u>
<i>Total Assets</i>	<u><u>\$197,682</u></u>	<u><u>\$318,731</u></u>	<u><u>\$334,427</u></u>	<u><u>\$181,986</u></u>
Liabilities				
Undistributed Monies	\$15,974	\$89,480	\$86,686	\$18,768
Due to Students	<u>181,708</u>	<u>229,251</u>	<u>247,741</u>	<u>163,218</u>
<i>Total Liabilities</i>	<u><u>\$197,682</u></u>	<u><u>\$318,731</u></u>	<u><u>\$334,427</u></u>	<u><u>\$181,986</u></u>

Berea City School District

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$55,858,336	\$52,490,358	\$52,490,358	\$0
Intergovernmental	15,061,730	16,172,597	14,423,225	(1,749,372)
Interest	146,803	157,630	140,580	(17,050)
Tuition and Fees	1,701,657	1,704,442	1,428,083	(276,359)
Extracurricular Activities	18,801	20,188	18,004	(2,184)
Rentals	58,551	62,869	56,069	(6,800)
Charges for Services	27,266	47,132	26,110	(21,022)
Contributions and Donations	12,948	13,903	12,399	(1,504)
Miscellaneous	202,682	218,480	193,024	(25,456)
<i>Total Revenues</i>	<u>73,088,774</u>	<u>70,887,599</u>	<u>68,787,852</u>	<u>(2,099,747)</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	21,121,796	20,615,394	20,613,309	2,085
Fringe Benefits	9,266,508	8,971,973	8,971,972	1
Purchased Services	1,055,586	1,407,186	1,406,201	985
Materials and Supplies	914,899	967,244	965,635	1,609
Capital Outlay - New	15,466	39,060	38,712	348
Capital Outlay - Replacement	1,700	952	952	0
Other	55,000	53,500	53,500	0
Total Regular	<u>32,430,955</u>	<u>32,055,309</u>	<u>32,050,281</u>	<u>5,028</u>
Special:				
Salaries and Wages	4,181,574	3,884,978	3,884,977	1
Fringe Benefits	1,712,070	1,604,192	1,604,192	0
Purchased Services	99,827	114,479	114,129	350
Materials and Supplies	24,134	22,131	21,804	327
Capital Outlay - New	12,028	16,632	16,601	31
Capital Outlay - Replacement	1,000	1,500	1,445	55
Other	80	199	199	0
Total Special	<u>\$6,030,713</u>	<u>\$5,644,111</u>	<u>\$5,643,347</u>	<u>\$764</u>

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Vocational:				
Salaries and Wages	\$388,566	\$531,780	\$531,780	\$0
Fringe Benefits	154,509	186,270	186,270	0
Materials and Supplies	0	100	100	0
Total Vocational	543,075	718,150	718,150	0
Total Instruction	39,004,743	38,417,570	38,411,778	5,792
Support Services:				
Pupil:				
Salaries and Wages	2,240,232	2,312,808	2,312,808	0
Fringe Benefits	938,442	896,400	896,400	0
Purchased Services	764,536	718,176	717,891	285
Materials and Supplies	29,257	32,928	31,398	1,530
Capital Outlay - New	0	34,323	34,323	0
Total Pupil	3,972,467	3,994,635	3,992,820	1,815
Instructional Staff:				
Salaries and Wages	4,036,761	4,092,248	4,092,248	0
Fringe Benefits	1,657,731	1,339,393	1,339,393	0
Purchased Services	209,465	156,983	156,026	957
Materials and Supplies	89,306	84,748	83,232	1,516
Capital Outlay - New	56,328	38,850	38,828	22
Capital Outlay - Replacement	26,800	231	231	0
Other	1,800	0	0	0
Total Instructional Staff	6,078,191	5,712,453	5,709,958	2,495
Board of Education:				
Salaries and Wages	4,800	4,800	4,800	0
Fringe Benefits	672	731	548	183
Purchased Services	14,250	28,801	28,801	0
Materials and Supplies	300	99	99	0
Other	5,700	9,721	9,715	6
Total Board of Education	\$25,722	\$44,152	\$43,963	\$189

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration:				
Salaries and Wages	\$2,697,570	\$2,585,530	\$2,585,529	\$1
Fringe Benefits	1,039,602	1,039,602	1,035,621	3,981
Purchased Services	364,439	354,696	354,572	124
Materials and Supplies	34,774	21,500	21,260	240
Capital Outlay - New	1,150	4,603	4,603	0
Capital Outlay - Replacement	912	912	912	0
Other	10,738	19,979	19,958	21
Total Administration	4,149,185	4,026,822	4,022,455	4,367
Fiscal:				
Salaries and Wages	374,584	370,878	370,877	1
Fringe Benefits	166,793	178,183	178,183	0
Purchased Services	59,157	58,152	57,351	801
Materials and Supplies	9,320	3,968	3,941	27
Capital Outlay - Replacement	2,175	1,048	1,042	6
Other	833,200	892,313	892,313	0
Total Fiscal	1,445,229	1,504,542	1,503,707	835
Business:				
Salaries and Wages	198,445	199,586	199,586	0
Fringe Benefits	84,291	95,882	95,882	0
Purchased Services	528,492	462,580	462,172	408
Materials and Supplies	284,721	155,585	155,585	0
Capital Outlay - New	15,085	6,560	6,560	0
Capital Outlay - Replacement	22,500	875	875	0
Other	97,800	92,678	92,536	142
Total Business	1,231,334	1,013,746	1,013,196	550
Operation and Maintenance of Plant:				
Salaries and Wages	3,866,207	3,731,694	3,731,694	0
Fringe Benefits	1,489,254	1,530,575	1,529,629	946
Purchased Services	2,977,569	2,551,734	2,551,529	205
Materials and Supplies	369,838	405,475	405,364	111
Capital Outlay - New	26,367	3,800	3,558	242
Capital Outlay - Replacement	27,011	6,955	6,955	0
Other	20,000	15,000	15,000	0
Total Operation and Maintenance of Plant	\$8,776,246	\$8,245,233	\$8,243,729	\$1,504

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Pupil Transportation:				
Salaries and Wages	\$1,930,731	\$2,223,179	\$2,223,179	\$0
Fringe Benefits	719,057	731,685	731,685	0
Purchased Services	369,111	292,164	291,648	516
Materials and Supplies	420,310	389,275	275,528	113,747
Capital Outlay - New	6,800	3,082	3,067	15
Capital Outlay - Replacement	31,240	17,992	17,992	0
Other	1,650	1,150	1,150	0
Total Pupil Transportation	3,478,899	3,658,527	3,544,249	114,278
Central:				
Salaries and Wages	874,889	978,640	978,640	0
Fringe Benefits	348,098	424,660	424,660	0
Purchased Services	707,525	693,871	692,558	1,313
Materials and Supplies	118,341	78,591	77,922	669
Capital Outlay - New	137,251	83,033	82,833	200
Capital Outlay - Replacement	17,000	16,000	15,543	457
Other	300	695	695	0
Total Central	2,203,404	2,275,490	2,272,851	2,639
Total Support Services	5,682,303	5,934,017	5,817,100	116,917
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	0	9,814	9,814	0
Fringe Benefits	0	2,448	2,448	0
Other	0	6,791	6,790	1
Total Operation of Non-Instructional Services	0	19,053	19,052	1
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	99,346	168,559	168,559	0
Fringe Benefits	39,494	44,566	44,566	0
Total Academic and Subject Oriented Activities	138,840	213,125	213,125	0
Occupational Oriented Activities:				
Salaries and Wages	0	14,222	14,222	0
Fringe Benefits	0	389	389	0
Total Occupational Oriented Activities	\$0	\$14,611	\$14,611	\$0

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Sports Oriented Activities:				
Salaries and Wages	\$735,056	\$728,440	\$728,440	\$0
Fringe Benefits	296,995	300,202	300,202	0
Purchased Services	10,486	8,636	8,611	25
Materials and Supplies	1,000	0	0	0
Capital Outlay - New	8,500	8,500	8,422	78
Total Sports Oriented Activities	1,052,037	1,045,778	1,045,675	103
Total Extracurricular Activities	1,190,877	1,273,514	1,273,411	103
<i>Total Expenditures</i>	<i>71,556,297</i>	<i>70,185,737</i>	<i>70,051,169</i>	<i>134,568</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>1,532,477</i>	<i>701,862</i>	<i>(1,263,317)</i>	<i>(1,965,179)</i>
Other Financing Sources (Uses)				
Advances In	0	0	46,239	46,239
Advances Out	0	(49,438)	(49,438)	0
Transfers Out	0	0	(3,921)	(3,921)
<i>Total Other Financing Sources (Uses)</i>	<i>0</i>	<i>(49,438)</i>	<i>(7,120)</i>	<i>42,318</i>
<i>Net Change in Fund Balance</i>	<i>1,532,477</i>	<i>652,424</i>	<i>(1,270,437)</i>	<i>(1,922,861)</i>
<i>Fund Balance Beginning of Year</i>	<i>1,139,418</i>	<i>1,139,418</i>	<i>1,139,418</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>633,824</i>	<i>633,824</i>	<i>633,824</i>	<i>0</i>
<i>Fund Balance End of Year</i>	<i>\$3,305,719</i>	<i>\$2,425,666</i>	<i>\$502,805</i>	<i>(\$1,922,861)</i>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$1,274,583	\$1,245,548	\$1,245,548	\$0
Intergovernmental	151,138	157,796	151,138	(6,658)
<i>Total Revenues</i>	<u>1,425,721</u>	<u>1,403,344</u>	<u>1,396,686</u>	<u>(6,658)</u>
Expenditures				
Debt Service:				
Principal Retirement	575,000	575,000	575,000	0
Interest and Fiscal Charges	516,818	516,818	516,818	0
<i>Total Expenditures</i>	<u>1,091,818</u>	<u>1,091,818</u>	<u>1,091,818</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	333,903	311,526	304,868	(6,658)
<i>Fund Balance Beginning of Year</i>	<u>1,251,168</u>	<u>1,251,168</u>	<u>1,251,168</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,585,071</u>	<u>\$1,562,694</u>	<u>\$1,556,036</u>	<u>(\$6,658)</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$1,926,457	\$1,557,115	\$1,557,115	\$0
Intergovernmental	236,479	687,363	191,141	(496,222)
Interest	84	244	68	(176)
Miscellaneous	15,506	45,071	12,533	(32,538)
<i>Total Revenues</i>	<u>2,178,526</u>	<u>2,289,793</u>	<u>1,760,857</u>	<u>(528,936)</u>
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Materials and Supplies	32,688	50,000	47,511	2,489
Capital Outlay - New	21,735	33,246	33,246	0
Capital Outlay - Replacement	441,058	674,641	674,641	0
Total Instructional Staff	<u>495,481</u>	<u>757,887</u>	<u>755,398</u>	<u>2,489</u>
Pupil Transportation:				
Purchased Services	1,961	3,000	3,000	0
Capital Outlay - New	404,007	617,968	617,968	0
Total Pupil Transportation	<u>405,968</u>	<u>620,968</u>	<u>620,968</u>	<u>0</u>
Central:				
Purchased Services	95,445	145,993	145,993	0
Total Support Services	<u>996,894</u>	<u>1,524,848</u>	<u>1,522,359</u>	<u>2,489</u>
Capital Outlay:				
Architecture and Engineering Services:				
Services:				
Capital Outlay - New	84,850	44,254	44,254	0
Building Improvement Services:				
Capital Outlay - New	2,082,455	1,857,509	1,855,179	2,330
Capital Outlay - Replacement	22,425	34,302	34,302	0
Total Building Improvement Services	<u>2,104,880</u>	<u>1,891,811</u>	<u>1,889,481</u>	<u>2,330</u>
Total Capital Outlay	<u>2,189,730</u>	<u>1,936,065</u>	<u>1,933,735</u>	<u>2,330</u>
Debt Service:				
Principal Retirement	98,065	150,000	150,000	0
Interest and Fiscal Charges	11,768	18,000	18,000	0
Total Debt Service	<u>109,833</u>	<u>168,000</u>	<u>168,000</u>	<u>0</u>
Total Expenditures	<u>3,296,457</u>	<u>3,628,913</u>	<u>3,624,094</u>	<u>4,819</u>
<i>Excess of Revenues Under Expenditures</i>	(1,117,931)	(1,339,120)	(1,863,237)	(524,117)
Other Financing Sources				
Proceeds of Notes	0	650,000	650,000	0
Net Change in Fund Balance	<u>(1,117,931)</u>	<u>(689,120)</u>	<u>(1,213,237)</u>	<u>(524,117)</u>
Fund Balance Beginning of Year	<u>1,143,090</u>	<u>1,143,090</u>	<u>1,143,090</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>923,996</u>	<u>923,996</u>	<u>923,996</u>	<u>0</u>
Fund Balance End of Year	<u>\$949,155</u>	<u>\$1,377,966</u>	<u>\$853,849</u>	<u>(\$524,117)</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$1,100,000	\$1,188,061	\$1,076,447	(\$111,614)
Expenditures				
Current:				
Instruction:				
Special:				
Salaries and Wages	20,000	3,580	3,580	0
Purchased Services	0	119,004	100,060	18,944
Materials and Supplies	67,814	53,061	53,055	6
Capital Outlay - New	73,331	56,976	53,710	3,266
Total Special	161,145	232,621	210,405	22,216
Other:				
Purchased Services	0	0	18,944	(18,944)
Total Instruction	161,145	232,621	229,349	3,272
Support Services:				
Pupil:				
Salaries and Wages	102,294	114,479	93,533	20,946
Fringe Benefits	25,337	28,369	23,316	5,053
Purchased Services	476,935	434,286	434,286	0
Materials and Supplies	19,835	19,528	19,528	0
Capital Outlay - New	1,958	1,948	1,948	0
Total Pupil	626,359	598,610	572,611	25,999
Instructional Staff:				
Salaries and Wages	220,000	215,060	215,060	0
Purchased Services	20,060	3,231	3,231	0
Total Instructional Staff	240,060	218,291	218,291	0
Administration:				
Salaries and Wages	51,154	51,154	32,836	18,318
Fringe Benefits	7,162	7,162	4,597	2,565
Total Administration	58,316	58,316	37,433	20,883
Pupil Transportation:				
Purchased Services	9,389	3,053	3,053	0
Total Support Services	\$934,124	\$878,270	\$831,388	\$46,882

(continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operation of Non-Instructional Services				
Community Services:				
Purchased Services	\$82,872	\$82,872	\$82,872	\$0
<i>Total Expenditures</i>	<u>1,178,141</u>	<u>1,193,763</u>	<u>1,143,609</u>	<u>50,154</u>
<i>Excess of Revenues Under Expenditures</i>	(78,141)	(5,702)	(67,162)	(61,460)
Other Financing Sources				
Transfers In	<u>0</u>	<u>3,921</u>	<u>3,921</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(78,141)	(1,781)	(63,241)	(61,460)
<i>Fund Balance Beginning of Year</i>	15,621	15,621	15,621	0
Prior Year Encumbrances Appropriated	<u>101,695</u>	<u>101,695</u>	<u>101,695</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$39,175</u></u>	<u><u>\$115,535</u></u>	<u><u>\$54,075</u></u>	<u><u>(\$61,460)</u></u>

Berea City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$565,000	\$745,006	\$648,006	(\$97,000)
Interest	0	255	255	0
<i>Total Revenues</i>	<u>565,000</u>	<u>745,261</u>	<u>648,261</u>	<u>(97,000)</u>
Expenditures				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	41,403	47,117	46,968	149
Fringe Benefits	22,734	25,872	25,131	741
Purchased Services	369,922	386,543	375,121	11,422
Materials and Supplies	210,502	214,628	187,709	26,919
Capital Outlay - New	77,655	59,217	57,041	2,176
Capital Outlay - Replacement	683	777	777	0
<i>Total Expenditures</i>	<u>722,899</u>	<u>734,154</u>	<u>692,747</u>	<u>41,407</u>
<i>Net Change in Fund Balance</i>	(157,899)	11,107	(44,486)	(55,593)
<i>Fund Balance Beginning of Year</i>	8,558	8,558	8,558	0
Prior Year Encumbrances Appropriated	<u>77,785</u>	<u>77,785</u>	<u>77,785</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$71,556)</u></u>	<u><u>\$97,450</u></u>	<u><u>\$41,857</u></u>	<u><u>(\$55,593)</u></u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$542,473	\$625,000	\$617,534	(\$7,466)
Expenditures				
Current:				
Instruction:				
Special:				
Salaries and Wages	368,943	404,285	380,773	23,512
Fringe Benefits	91,676	100,036	92,656	7,380
Purchased Services	11,325	14,763	12,015	2,748
Materials and Supplies	28,172	27,749	27,128	621
Capital Outlay - New	14,558	12,277	12,002	275
Total Instruction	514,674	559,110	524,574	34,536
Support Services:				
Instructional Staff:				
Salaries and Wages	15,100	16,453	15,280	1,173
Fringe Benefits	2,200	2,200	1,772	428
Purchased Services	2,500	2,500	2,385	115
Materials and Supplies	3,442	2,527	2,428	99
Total Support Services	23,242	23,680	21,865	1,815
Operation of Non-Instructional Services				
Community Services:				
Salaries and Wages	6,208	8,393	7,180	1,213
Fringe Benefits	1,543	1,543	1,151	392
Total Operation of Non-Instructional Services	7,751	9,936	8,331	1,605
<i>Total Expenditures</i>	545,667	592,726	554,770	37,956
<i>Excess of Revenues Over (Under) Expenditures</i>	(\$3,194)	\$32,274	\$62,764	\$30,490

(continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Uses				
Advances Out	\$0	(\$23,977)	(\$23,977)	\$0
<i>Net Change in Fund Balance</i>	(3,194)	8,297	38,787	30,490
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	3,194	3,194	3,194	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$11,491</u>	<u>\$41,981</u>	<u>\$30,490</u>

Berea City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
District Managed Student Activities Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Extracurricular Activities	\$314,030	\$367,048	\$394,180	\$27,132
Contributions and Donations	64,113	74,937	80,476	5,539
Miscellaneous	6,857	8,015	8,607	592
<i>Total Revenues</i>	<u>385,000</u>	<u>450,000</u>	<u>483,263</u>	<u>33,263</u>
Expenditures				
Current:				
Support Services:				
Pupil:				
Materials and Supplies	2,073	2,409	2,409	0
Pupil Transportation:				
Purchased Services	4,839	5,622	5,622	0
<i>Total Support Services</i>	<u>6,912</u>	<u>8,031</u>	<u>8,031</u>	<u>0</u>
Extracurricular Activities:				
Academic and Subject Oriented				
Activities:				
Purchased Services	6,956	8,082	7,282	800
Materials and Supplies	59,906	69,243	68,222	1,021
Capital Outlay - New	2,685	3,120	3,111	9
Other	65,429	75,845	75,835	10
<i>Total Academic and Subject Oriented Activities</i>	<u>134,976</u>	<u>156,290</u>	<u>154,450</u>	<u>1,840</u>
Sports Oriented Activities:				
Salaries and Wages	7,830	9,097	9,097	0
Purchased Services	100,637	114,812	113,577	1,235
Materials and Supplies	144,502	157,239	156,818	421
Capital Outlay - New	1,526	1,773	1,773	0
Other	66	77	77	0
<i>Total Sports Oriented Activities</i>	<u>254,561</u>	<u>282,998</u>	<u>281,342</u>	<u>1,656</u>
<i>Total Extracurricular Activities</i>	<u>389,537</u>	<u>439,288</u>	<u>435,792</u>	<u>3,496</u>
<i>Total Expenditures</i>	<u>\$396,449</u>	<u>\$447,319</u>	<u>\$443,823</u>	<u>\$3,496</u>

(continued)

Berea City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 District Managed Student Activities Fund (continued)
 For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>Net Change in Fund Balance</i>	(\$11,449)	\$2,681	\$39,440	\$36,759
<i>Fund Balance Beginning of Year</i>	127,335	127,335	127,335	0
Prior Year Encumbrances Appropriated	<u>11,449</u>	<u>11,449</u>	<u>11,449</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$127,335</u>	<u>\$141,465</u>	<u>\$178,224</u>	<u>\$36,759</u>

Berea City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Preschool at Risk Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$232,344	\$232,847	\$232,191	(\$656)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	81,500	82,465	69,936	12,529
Fringe Benefits	33,000	34,300	33,197	1,103
Purchased Services	580	15	15	0
Total Instruction	115,080	116,780	103,148	13,632
Support Services:				
Pupil:				
Purchased Services	13,820	13,005	13,000	5
Materials and Supplies	2,644	2,644	2,644	0
Total Pupil	16,464	15,649	15,644	5
Instructional Staff:				
Salaries and Wages	61,000	47,400	47,153	247
Fringe Benefits	16,000	14,335	14,281	54
Purchased Services	0	18,000	18,000	0
Total Instructional Staff	77,000	79,735	79,434	301
Administration:				
Salaries and Wages	17,000	13,000	12,787	213
Fringe Benefits	4,000	2,945	1,790	1,155
Purchased Services	0	0	0	0
Materials and Supplies	647	425	425	0
Capital Outlay - New	1,500	3,156	3,136	20
Total Administration	23,147	19,526	18,138	1,388
Pupil Transportation:				
Purchased Services	700	700	371	329
Total Support Services	117,311	115,610	113,587	2,023
<i>Total Expenditures</i>	232,391	232,390	216,735	15,655
<i>Net Change in Fund Balance</i>	(47)	457	15,456	14,999
<i>Fund Balance Beginning of Year</i>	152	152	152	0
<i>Fund Balance End of Year</i>	\$152	\$656	\$15,655	\$14,999

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Extracurricular Activities	\$153,486	\$153,213	\$172,317	\$19,104
Contributions and Donations	27,150	27,150	30,513	3,363
Miscellaneous	29,365	29,365	33,002	3,637
<i>Total Revenues</i>	<u>210,000</u>	<u>209,728</u>	<u>235,832</u>	<u>26,104</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Fringe Benefits	2,820	2,782	2,652	130
Purchased Services	4,140	3,490	3,282	208
Materials and Supplies	22,409	19,587	19,240	347
Capital Outlay - New	7,466	7,500	7,428	72
Other	26,612	23,578	22,255	1,323
Total Regular	63,447	56,937	54,857	2,080
Special:				
Other	1,020	885	664	221
Total Instruction	64,468	57,822	55,521	2,301
Support Services:				
Pupil:				
Materials and Supplies	2,445	2,325	2,018	307
Instructional Staff:				
Purchased Services	30,017	30,152	29,652	500
Materials and Supplies	132,419	127,033	126,446	587
Capital Outlay - New	2,527	2,538	2,538	0
Capital Outlay - Replacement	2,878	2,891	2,891	0
Other	5,449	5,473	4,115	1,358
Total Instructional Staff	173,290	168,087	165,642	2,445
Total Support Services	\$175,735	\$170,412	\$167,660	\$2,752

(continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Materials and Supplies	\$106	\$53	\$53	\$0
School and Public Service Co-Curricular Activities:				
Purchased Services	2,073	2,032	1,247	785
Materials and Supplies	20,900	20,805	20,231	574
Total School and Public Service Co-Curricular Activities	22,973	22,837	21,478	1,359
Total Extracurricular Activities	23,079	22,890	21,531	1,359
<i>Total Expenditures</i>	263,281	251,124	244,712	6,412
<i>Net Change in Fund Balance</i>	(53,281)	(41,396)	(8,880)	32,516
<i>Fund Balance Beginning of Year</i>	132,535	132,535	132,535	0
Prior Year Encumbrances Appropriated	13,281	13,281	13,281	0
<i>Fund Balance End of Year</i>	\$92,535	\$104,420	\$136,936	\$32,516

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$102,700	\$184,691	\$119,381	(\$65,310)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	28,834	31,342	28,537	2,805
Fringe Benefits	3,738	4,063	4,063	0
Purchased Services	9,655	10,495	4,781	5,714
Materials and Supplies	29,550	31,116	13,735	17,381
Capital Outlay - New	19,135	20,800	0	20,800
Other	460	500	500	0
Total Regular	91,372	98,316	51,616	46,700
Special:				
Materials and Supplies	1,033	1,006	789	217
Vocational:				
Purchased Services	2,761	3,001	1,718	1,283
Materials and Supplies	8,193	8,906	8,854	52
Capital Outlay - New	24,667	26,813	26,656	157
Total Vocational	35,621	38,720	37,228	1,492
Total Instruction	128,026	138,042	89,633	48,409
Support Services:				
Pupil:				
Capital Outlay - New	\$26	\$28	\$0	\$28

(continued)

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Instructional Staff:				
Salaries and Wages	\$1,450	\$1,576	\$0	\$1,576
Fringe Benefits	1,373	1,492	1,096	396
Purchased Services	1,435	1,179	1,179	0
Materials and Supplies	6,716	6,974	5,744	1,230
Other	384	417	417	0
	<u>11,358</u>	<u>11,638</u>	<u>8,436</u>	<u>3,202</u>
Total Instructional Staff				
	<u>11,358</u>	<u>11,638</u>	<u>8,436</u>	<u>3,202</u>
Total Support Services	<u>11,384</u>	<u>11,666</u>	<u>8,436</u>	<u>3,230</u>
Operation of Non-Instructional Services				
Community Services:				
Capital Outlay - New	460	500	500	0
	<u>460</u>	<u>500</u>	<u>500</u>	<u>0</u>
<i>Total Expenditures</i>	<u>139,870</u>	<u>150,208</u>	<u>98,569</u>	<u>51,639</u>
<i>Net Change in Fund Balance</i>	(37,170)	34,483	20,812	(13,671)
<i>Fund Balance Beginning of Year</i>	55,324	55,324	55,324	0
Prior Year Encumbrances Appropriated	<u>1,682</u>	<u>1,682</u>	<u>1,682</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$19,836</u>	<u>\$91,489</u>	<u>\$77,818</u>	<u>(\$13,671)</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$39,904	\$55,000	\$49,532	(\$5,468)
Expenditures				
Current:				
Instruction:				
Special:				
Materials and Supplies	3,943	3,517	3,517	0
Support Services:				
Pupil:				
Salaries and Wages	17,883	21,939	18,949	2,990
Fringe Benefits	4,190	8,211	8,211	0
Total Pupil	22,073	30,150	27,160	2,990
Instructional Staff:				
Salaries and Wages	8,286	3,786	3,266	520
Fringe Benefits	1,160	1,650	894	756
Purchased Services	4,565	4,165	3,956	209
Materials and Supplies	0	4,743	4,743	0
Capital Outlay - New	0	3,000	2,984	16
Total Instructional Staff	14,011	17,344	15,843	1,501
Total Support Services	36,084	47,494	43,003	4,491
Operation of Non-Instructional Services				
Community Services:				
Purchased Services	4,972	3,274	3,274	0
<i>Total Expenditures</i>	44,999	54,285	49,794	4,491
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,095)	715	(262)	(977)
Other Financing Uses				
Advances Out	0	(342)	(342)	0
<i>Net Change in Fund Balance</i>	(5,095)	373	(604)	(977)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	5,095	5,095	5,095	0
<i>Fund Balance End of Year</i>	\$0	\$5,468	\$4,491	(\$977)

Berea City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Entry Year Teacher Grant Fund
 For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$15,400	\$15,400	\$15,400	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	13,509	13,509	13,509	0
Fringe Benefits	1,891	1,891	1,891	0
<i>Total Expenditures</i>	<u>15,400</u>	<u>15,400</u>	<u>15,400</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,000</u></u>	<u><u>\$2,000</u></u>	<u><u>\$2,000</u></u>	<u><u>\$0</u></u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$45,000	\$45,000	\$0	(\$45,000)
Expenditures				
Current:				
Instruction:				
Adult/Continuing:				
Salaries and Wages	<u>0</u>	<u>2,084</u>	<u>2,084</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	45,000	42,916	(2,084)	(45,000)
<i>Fund Balance Beginning of Year</i>	<u>2,084</u>	<u>2,084</u>	<u>2,084</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$47,084</u></u>	<u><u>\$45,000</u></u>	<u><u>\$0</u></u>	<u><u>(\$45,000)</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$47,650	\$51,424	\$47,324	(\$4,100)
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Materials and Supplies	43,632	46,499	46,416	83
Operation of Non-Instructional Services				
Community Services:				
Materials and Supplies	5,241	5,233	5,164	69
Capital Outlay - New	2,408	2,408	2,407	1
Total Operation of Non-Instructional Services	7,649	7,641	7,571	70
<i>Total Expenditures</i>	51,281	54,140	53,987	153
<i>Net Change in Fund Balance</i>	(3,631)	(2,716)	(6,663)	(3,947)
<i>Fund Balance Beginning of Year</i>	3,185	3,185	3,185	0
Prior Year Encumbrances Appropriated	3,631	3,631	3,631	0
<i>Fund Balance End of Year</i>	<u>\$3,185</u>	<u>\$4,100</u>	<u>\$153</u>	<u>(\$3,947)</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$22,787	\$59,035	\$45,587	(\$13,448)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	10,000	21,000	19,208	1,792
Fringe Benefits	2,800	4,400	3,400	1,000
Materials and Supplies	2,430	8,830	8,527	303
Total Instruction	15,230	34,230	31,135	3,095
Support Services:				
Instructional Staff:				
Purchased Services	8,490	8,559	6,475	2,084
Capital Outlay - New	12,011	12,011	12,011	0
Total Support Services	20,501	20,570	18,486	2,084
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	502	502	66	436
<i>Total Expenditures</i>	36,233	55,302	49,687	5,615
<i>Excess of Revenues Over (Under) Expenditures</i>	(13,446)	3,733	(4,100)	(7,833)
Other Financing Uses				
Advances Out	0	(3,731)	(3,731)	0
<i>Net Change in Fund Balance</i>	(13,446)	2	(7,831)	(7,833)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	13,446	13,446	13,446	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$13,448</u>	<u>\$5,615</u>	<u>(\$7,833)</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$50,000	\$48,790	\$31,790	(\$17,000)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	9,859	13,685	11,421	2,264
Fringe Benefits	310	430	399	31
Materials and Supplies	32,513	27,843	27,843	0
Other	1,367	1,849	1,849	0
Total Instruction	44,049	43,807	41,512	2,295
Support Services:				
Instructional Staff:				
Salaries and Wages	1,441	2,000	2,000	0
<i>Total Expenditures</i>	45,490	45,807	43,512	2,295
<i>Net Change in Fund Balance</i>	4,510	2,983	(11,722)	(14,705)
<i>Fund Balance Beginning of Year</i>	4,449	4,449	4,449	0
Prior Year Encumbrances Appropriated	12,490	12,490	12,490	0
<i>Fund Balance End of Year</i>	\$21,449	\$19,922	\$5,217	(\$14,705)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$25,000	\$90,000	\$28,158	(\$61,842)
Expenditures				
Current:				
Support Services:				
Central:				
Salaries and Wages	13,886	17,102	17,102	0
Purchased Services	32,601	30,017	29,904	113
Materials and Supplies	46,471	40,745	39,981	764
Capital Outlay - New	771	950	950	0
<i>Total Expenditures</i>	93,729	88,814	87,937	877
<i>Net Change in Fund Balance</i>	(68,729)	1,186	(59,779)	(60,965)
<i>Fund Balance Beginning of Year</i>	50,495	50,495	50,495	0
Prior Year Encumbrances Appropriated	21,617	21,617	21,617	0
<i>Fund Balance End of Year</i>	\$3,383	\$73,298	\$12,333	(\$60,965)

Berea City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Teacher Training and Development Fund
 For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	0	140	0	140
Fringe Benefits	0	165	0	165
<i>Total Expenditures</i>	0	305	0	305
<i>Net Change in Fund Balance</i>	0	(305)	0	305
<i>Fund Balance Beginning of Year</i>	305	305	305	0
<i>Fund Balance End of Year</i>	<u>\$305</u>	<u>\$0</u>	<u>\$305</u>	<u>\$305</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$0	\$11,000	\$4,140	(\$6,860)
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	0	3,632	1,952	1,680
Fringe Benefits	0	508	273	235
Purchased Services	0	4,903	4,500	403
<i>Total Expenditures</i>	<u>0</u>	<u>9,043</u>	<u>6,725</u>	<u>2,318</u>
<i>Net Change in Fund Balance</i>	0	1,957	(2,585)	(4,542)
<i>Fund Balance Beginning of Year</i>	<u>4,903</u>	<u>4,903</u>	<u>4,903</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,903</u></u>	<u><u>\$6,860</u></u>	<u><u>\$2,318</u></u>	<u><u>(\$4,542)</u></u>

Berea City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Technology IID Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$11,569	\$22,035	\$4,903	(\$17,132)
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	1,900	2,646	2,471	175
Fringe Benefits	499	1,092	607	485
Purchased Services	9,000	995	995	0
Total Support Services	11,399	4,733	4,073	660
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	170	271	25	246
<i>Total Expenditures</i>	11,569	5,004	4,098	906
<i>Net Change in Fund Balance</i>	0	17,031	805	(16,226)
<i>Fund Balance Beginning of Year</i>	101	101	101	0
<i>Fund Balance End of Year</i>	\$101	\$17,132	\$906	(\$16,226)

Berea City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Parent Mentor Grant Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	<u>\$17,000</u>	<u>\$16,754</u>	<u>\$24,375</u>	<u>\$7,621</u>
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	15,457	18,300	17,539	761
Fringe Benefits	2,297	2,720	2,635	85
Purchased Services	4,735	4,923	3,320	1,603
Materials and Supplies	<u>2,795</u>	<u>2,916</u>	<u>2,718</u>	<u>198</u>
<i>Total Expenditures</i>	<u>25,284</u>	<u>28,859</u>	<u>26,212</u>	<u>2,647</u>
<i>Net Change in Fund Balance</i>	(8,284)	(12,105)	(1,837)	10,268
<i>Fund Balance Beginning of Year</i>	3,286	3,286	3,286	0
Prior Year Encumbrances Appropriated	<u>909</u>	<u>909</u>	<u>909</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$4,089)</u>	<u>(\$7,910)</u>	<u>\$2,358</u>	<u>\$10,268</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Materials and Supplies	<u>0</u>	<u>90</u>	<u>84</u>	<u>6</u>
<i>Net Change in Fund Balance</i>	0	(90)	(84)	6
<i>Fund Balance Beginning of Year</i>	<u>90</u>	<u>90</u>	<u>90</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$90</u></u>	<u><u>\$0</u></u>	<u><u>\$6</u></u>	<u><u>\$6</u></u>

Berea City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Safe School Helpline Fund
 For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$8,000	\$7,846	\$7,846	\$0
Expenditures				
Current:				
Support Services:				
Administration:				
Salaries and Wages	0	27	0	27
Purchased Services	7,846	7,846	7,846	0
<i>Total Expenditures</i>	7,846	7,873	7,846	27
<i>Net Change in Fund Balance</i>	154	(27)	0	27
<i>Fund Balance Beginning of Year</i>	27	27	27	0
<i>Fund Balance End of Year</i>	\$181	\$0	\$27	\$27

Berea City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Assistive Technology Grant Fund
 For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$22,431	\$8,780	\$8,780	\$0
Expenditures				
Current:				
Instruction:				
Special:				
Materials and Supplies	4,164	3,107	3,107	0
Capital Outlay - New	7,777	15,951	15,951	0
<i>Total Expenditures</i>	<u>11,941</u>	<u>19,058</u>	<u>19,058</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	10,490	(10,278)	(10,278)	0
<i>Fund Balance Beginning of Year</i>	10,201	10,201	10,201	0
Prior Year Encumbrances Appropriated	<u>77</u>	<u>77</u>	<u>77</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$20,768</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$94,000	\$128,963	\$35,017	(\$93,946)
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	3,562	13,119	1,798	11,321
Fringe Benefits	755	2,781	358	2,423
Purchased Services	12,278	34,610	4,049	30,561
Capital Outlay - New	89,667	78,453	68,364	10,089
<i>Total Expenditures</i>	<u>106,262</u>	<u>128,963</u>	<u>74,569</u>	<u>54,394</u>
<i>Net Change in Fund Balance</i>	(12,262)	0	(39,552)	(39,552)
<i>Fund Balance Beginning of Year</i>	22,702	22,702	22,702	0
Prior Year Encumbrances Appropriated	<u>71,244</u>	<u>71,244</u>	<u>71,244</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$81,684</u></u>	<u><u>\$93,946</u></u>	<u><u>\$54,394</u></u>	<u><u>(\$39,552)</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$213,103	\$329,500	\$251,993	(\$77,507)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	135,934	173,887	142,912	30,975
Fringe Benefits	35,018	42,927	30,289	12,638
Total Instruction	170,952	216,814	173,201	43,613
Support Services:				
Instructional Staff:				
Purchased Services	19,864	23,585	23,564	21
Materials and Supplies	4,903	4,276	685	3,591
Total Support Services	24,767	27,861	24,249	3,612
Operation of Non-Instructional Services				
Community Services:				
Materials and Supplies	0	1,254	551	703
<i>Total Expenditures</i>	195,719	245,929	198,001	47,928
<i>Excess of Revenues Over Expenditures</i>	17,384	83,571	53,992	(29,579)
Other Financing Uses				
Advances Out	0	(18,189)	(18,189)	0
<i>Net Change in Fund Balance</i>	17,384	65,382	35,803	(29,579)
<i>Fund Balance Beginning of Year</i>	9	9	9	0
Prior Year Encumbrances Appropriated	12,116	12,116	12,116	0
<i>Fund Balance End of Year</i>	\$29,509	\$77,507	\$47,928	(\$29,579)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$133,500	\$84,556	\$83,925	(\$631)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	104,219	71,700	71,700	0
Fringe Benefits	14,591	10,038	10,038	0
Materials and Supplies	14,690	51,131	51,131	0
<i>Total Expenditures</i>	133,500	132,869	132,869	0
<i>Excess of Revenues Over Expenditures</i>	0	(48,313)	(48,944)	(631)
Other Financing Sources				
Advances In	0	48,944	48,944	0
<i>Net Change in Fund Balance</i>	0	631	0	(631)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$631	\$0	(\$631)

Berea City School District
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title III Grant
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$40,000	\$39,506	\$26,477	(\$13,029)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	23,125	19,318	19,318	0
Fringe Benefits	3,948	3,298	3,298	0
Capital Outlay - New	5,213	4,355	4,355	0
<i>Total Expenditures</i>	<u>32,286</u>	<u>26,971</u>	<u>26,971</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	7,714	12,535	(494)	(13,029)
Other Financing Sources				
Advances In	0	494	494	0
<i>Net Change in Fund Balance</i>	7,714	13,029	0	(13,029)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$7,714</u>	<u>\$13,029</u>	<u>\$0</u>	<u>(\$13,029)</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$0	\$0	\$718	\$718
Expenditures				
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - New	1,084	1,084	1,084	0
Building Improvement Services:				
Capital Outlay - New	669	669	669	0
<i>Total Expenditures</i>	<u>1,753</u>	<u>1,753</u>	<u>1,753</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,753)	(1,753)	(1,035)	718
<i>Fund Balance Beginning of Year</i>	2,348	2,348	2,348	0
Prior Year Encumbrances Appropriated	<u>1,753</u>	<u>1,753</u>	<u>1,753</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,348</u></u>	<u><u>\$2,348</u></u>	<u><u>\$3,066</u></u>	<u><u>\$718</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$80,000	\$80,000	\$0	(\$80,000)
Expenditures				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	0	60	0	60
Support Services:				
Instructional Staff:				
Salaries and Wages	0	2,768	2,768	0
Fringe Benefits	0	1,178	0	1,178
Purchased Services	296	749	277	472
Materials and Supplies	0	528	528	0
Capital Outlay - New	8,380	9,889	9,878	11
Total Support Services	8,676	15,112	13,451	1,661
<i>Total Expenditures</i>	8,676	15,172	13,451	1,721
<i>Net Change in Fund Balance</i>	71,324	64,828	(13,451)	(78,279)
<i>Fund Balance Beginning of Year</i>	6,499	6,499	6,499	0
Prior Year Encumbrances Appropriated	8,676	8,676	8,676	0
<i>Fund Balance End of Year</i>	\$86,499	\$80,003	\$1,724	(\$78,279)

Berea City School District
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Network Connectivity Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$60,000	\$60,000	\$39,000	(\$21,000)
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant:				
Purchased Services	12,916	7,561	7,561	0
Capital Outlay - Replacement	32,583	46,002	45,989	13
Total Operation and Maintenance of Plant	45,499	53,563	53,550	13
Central:				
Capital Outlay - New	1,062	1,499	1,499	0
<i>Total Expenditures</i>	46,561	55,062	55,049	13
<i>Net Change in Fund Balance</i>	13,439	4,938	(16,049)	(20,987)
<i>Fund Balance Beginning of Year</i>	8,501	8,501	8,501	0
Prior Year Encumbrances Appropriated	7,561	7,561	7,561	0
<i>Fund Balance End of Year</i>	\$29,501	\$21,000	\$13	(\$20,987)

Berea City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Interactive Video Lab Fund
 For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$2,400	\$2,400	\$0	(\$2,400)
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	(2,400)	(2,400)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,400</u></u>	<u><u>\$2,400</u></u>	<u><u>\$0</u></u>	<u><u>(\$2,400)</u></u>

Berea City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales	\$1,483,691	\$1,483,691	\$1,411,480	(\$72,211)
Interest	4,326	4,326	4,115	(211)
Operating Grants	461,983	461,983	439,498	(22,485)
<i>Total Revenues</i>	<u>1,950,000</u>	<u>1,950,000</u>	<u>1,855,093</u>	<u>(94,907)</u>
Expenses				
Salaries:				
Food Service Operations	879,344	810,046	810,046	0
Fringe Benefits:				
Food Service Operations	323,029	297,572	297,534	38
Purchased Services:				
Food Service Operations	99,701	83,537	82,849	688
Materials and Supplies:				
Food Service Operations	912,408	786,046	786,046	0
<i>Total Expenses</i>	<u>2,214,482</u>	<u>1,977,201</u>	<u>1,976,475</u>	<u>726</u>
<i>Net Change in Fund Equity</i>	(264,482)	(27,201)	(121,382)	(94,181)
<i>Fund Equity Beginning of Year</i>	322,968	322,968	322,968	0
Prior Year Encumbrances Appropriated	68,136	68,136	68,136	0
<i>Fund Equity End of Year</i>	<u>\$126,622</u>	<u>\$363,903</u>	<u>\$269,722</u>	<u>(\$94,181)</u>

Berea City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP) and Actual
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales	\$65,000	\$65,000	\$49,695	(\$15,305)
Expenses:				
Materials and Supplies:				
Regular Instruction	<u>50,424</u>	<u>39,061</u>	<u>38,772</u>	<u>289</u>
<i>Net Change in Fund Equity</i>	14,576	25,939	10,923	(15,016)
<i>Fund Equity Beginning of Year</i>	26,088	26,088	26,088	0
Prior Year Encumbrances Appropriated	<u>424</u>	<u>424</u>	<u>424</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$41,088</u></u>	<u><u>\$52,451</u></u>	<u><u>\$37,435</u></u>	<u><u>(\$15,016)</u></u>

Berea City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP) and Actual
Adult and Community Education Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Tuition	\$925,000	\$925,000	\$1,010,292	\$85,292
Expenses				
Salaries:				
Adult/Continuing Instruction	77,174	75,995	75,995	0
Community Services	612,929	602,803	602,712	91
Total Salaries	690,103	678,798	678,707	91
Fringe Benefits:				
Adult/Continuing Instruction	25,560	25,170	22,695	2,475
Community Services	165,913	163,379	162,753	626
Total Fringe Benefits	191,474	188,549	185,448	3,101
Purchased Services:				
Adult/Continuing Instruction	101,888	98,219	96,420	1,799
Community Services	29,370	22,526	22,269	257
Total Purchased Services	131,258	120,745	118,689	2,056
Materials and Supplies:				
Adult/Continuing Instruction	2,640	2,600	1,643	957
Community Services	41,030	38,356	38,184	172
Total Materials and Supplies	43,670	40,956	39,827	1,129
Other:				
Adult/Continuing Instruction	2,172	2,139	2,033	106
Community Services	7,063	6,955	6,955	0
Refund of Prior Year Revenues	134	132	132	0
Total Other	9,369	9,226	9,120	106
<i>Total Expenses</i>	1,065,874	1,038,274	1,031,791	6,483
<i>Net Change in Fund Equity</i>	(140,874)	(113,274)	(21,499)	91,775
<i>Fund Equity Beginning of Year</i>	234,089	234,089	234,089	0
Prior Year Encumbrances Appropriated	11,494	11,494	11,494	0
<i>Fund Equity End of Year</i>	\$104,709	\$132,309	\$224,084	\$91,775

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	<u>\$8,000,000</u>	<u>\$8,000,000</u>	<u>\$7,638,213</u>	<u>(\$361,787)</u>
Expenses				
Fringe Benefits:				
Central Support Services	6,293,586	6,754,352	6,753,998	354
Purchased Services:				
Central Support Services	<u>747,923</u>	<u>803,268</u>	<u>803,268</u>	<u>0</u>
Total Expenses	<u>7,041,509</u>	<u>7,557,620</u>	<u>7,557,266</u>	<u>354</u>
<i>Net Change in Fund Equity</i>	958,491	442,380	80,947	(361,433)
<i>Fund Equity Beginning of Year</i>	71,627	71,627	71,627	0
Prior Year Encumbrances Appropriated	<u>4,605</u>	<u>4,605</u>	<u>4,605</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$1,034,723</u></u>	<u><u>\$518,612</u></u>	<u><u>\$157,179</u></u>	<u><u>(\$361,433)</u></u>

Berea City School District
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Scholarship Trust Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$675	\$675	\$135	(\$540)
Expenses:				
Other:				
Regular Instruction	675	149	149	0
<i>Net Change In Fund Balance</i>	0	526	(14)	(540)
<i>Fund Balance Beginning of Year</i>	12,994	12,994	12,994	0
<i>Fund Balance End of Year</i>	<u>\$12,994</u>	<u>\$13,520</u>	<u>\$12,980</u>	<u>(\$540)</u>

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Berea City School District

Statistical Section

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

Berea City School District
General Governmental
Revenues by Source and Expenses/Expenditures by Function(1)
Last Ten Fiscal Years

	2004		2003		2002	
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual
Program Revenues						
Charges for Services and Sales	\$2,213,106	N/A	\$1,595,738	N/A	\$2,184,484	N/A
Operating Grants and Contributions	3,425,460	N/A	3,212,908	N/A	2,528,921	N/A
Capital Grants and Contributions	39,000	N/A	158,652	N/A	81,746	N/A
General Revenues						
Taxes	59,191,960	58,723,858	50,507,456	51,135,837	58,104,473	\$56,767,993
Intergovernmental	14,713,414	18,057,679	13,068,487	16,158,779	13,662,871	16,004,756
Interest	136,001	136,001	188,228	187,752	457,261	451,323
Tuition and Fees	0	1,391,368	0	1,035,963	0	1,314,863
Extracurricular Activities	0	584,501	0	470,080	0	603,557
Payment in Lieu of Taxes	0	0	0	0	0	0
Rentals	0	54,938	0	161,992	0	227,333
Charges for Services	0	26,110	0	24,674	0	15,381
Contributions and Donations	0	246,889	0	179,586	0	205,925
Miscellaneous	236,263	236,263	316,684	316,684	255,874	264,747
Special Item						
Gain on Sale of Capital Assets	0	0	0	0	468,107	547,911
<i>Total</i>	<u>\$79,955,204</u>	<u>\$79,457,607</u>	<u>\$69,048,153</u>	<u>\$69,671,347</u>	<u>\$77,743,737</u>	<u>\$76,403,789</u>
Expenses/Expenditures						
Current:						
Instruction:						
Regular	\$37,751,017	34,253,822	\$33,232,246	\$29,983,295	\$33,845,941	\$31,546,251
Special	6,520,781	6,399,997	6,578,655	6,439,751	6,229,099	6,101,717
Vocational	776,375	754,696	716,389	698,442	610,196	585,729
Adult/Continuing	2,084	2,084	0	0	1,494	1,494
Support Services:						
Pupil	4,688,217	4,774,750	4,476,444	4,263,285	4,159,680	4,073,761
Instructional Staff	6,831,035	6,462,064	6,171,146	5,987,446	6,646,034	6,681,798
Board of Education	43,963	43,963	16,083	16,083	25,310	25,310
Administration	4,269,239	4,146,149	3,903,379	3,823,108	4,145,642	4,032,208
Fiscal	1,540,926	1,502,721	1,414,721	1,430,294	1,473,408	1,457,947
Business	932,516	919,046	932,494	906,249	846,750	820,447
Operation and Maintenance						
of Plant	8,363,682	8,151,745	7,654,007	7,528,099	8,040,642	7,854,732
Pupil Transportation	3,476,174	3,635,534	3,589,025	3,291,006	3,428,270	3,362,769
Central	2,006,840	1,905,138	1,670,260	1,619,416	1,479,283	1,764,230
Operation of Non-Instructional						
Services	657,734	695,899	826,940	837,129	622,093	708,704
Extracurricular Activities	1,691,989	1,726,155	1,325,683	1,350,789	1,572,674	1,562,329
Capital Outlay	0	2,758,678	0	2,483,027	0	2,446,216
Intergovernmental	0	0	0	0	0	0
Debt Service	534,592	1,112,843	1,559,768	1,109,776	709,324	1,140,516
<i>Total</i>	<u>\$80,087,164</u>	<u>\$79,245,284</u>	<u>\$74,067,240</u>	<u>\$71,767,195</u>	<u>\$73,835,840</u>	<u>\$74,166,158</u>

Source: School District Financial Records

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds for modified accrual and all governmental activities for full accrual

2001		2000		1999		1998	1997	1996	1995
Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual				
\$1,783,264	N/A	\$2,184,997	N/A	\$1,727,320	N/A	N/A	N/A	N/A	N/A
2,526,655	N/A	2,516,392	N/A	2,102,624	N/A	N/A	N/A	N/A	N/A
348,293	N/A	158,345	N/A	775,059	N/A	N/A	N/A	N/A	N/A
53,626,281	\$52,182,145	45,832,741	\$45,832,741	47,740,108	\$47,740,108	\$45,255,176	\$46,701,920	\$44,655,490	\$42,824,939
12,552,799	15,234,294	11,118,645	13,656,012	11,234,905	14,018,580	13,116,068	12,211,533	12,621,253	12,195,025
1,009,744	1,005,985	742,868	723,544	752,749	729,351	1,102,064	1,138,272	819,157	898,046
0	911,045	0	943,578	0	1,011,588	1,146,034	1,107,645	1,127,012	649,828
0	529,225	0	535,323	0	484,221	420,141	609,686	537,894	542,797
161,837	161,837	98,389	98,389	70,641	70,641	N/A	N/A	N/A	N/A
0	213,429	0	188,421	0	223,143	166,313	159,545	126,829	155,477
0	22,779	0	14,440	0	78,030	10,310	3,133	40,928	84,134
0	207,470	0	130,475	7,351	89,585	154,527	87,481	96,189	124,579
93,712	69,306	189,014	162,215	43,454	43,454	386,654	105,098	76,044	41,217
20,000	150,000	0	0	0	0	0	0	0	0
<u>\$72,122,585</u>	<u>\$70,687,515</u>	<u>\$62,841,391</u>	<u>\$62,285,138</u>	<u>\$64,454,211</u>	<u>\$64,488,701</u>	<u>\$61,757,287</u>	<u>\$62,124,313</u>	<u>\$60,100,796</u>	<u>\$57,516,042</u>
\$31,111,178	\$30,882,163	\$28,341,349	\$27,435,354	\$29,246,237	\$29,356,082	\$28,943,088	\$26,100,943	\$25,104,953	\$23,462,734
5,517,738	5,422,151	5,598,623	5,386,485	4,533,049	4,391,462	3,400,272	4,065,687	3,885,824	3,400,093
512,130	546,342	426,912	424,944	494,566	543,317	438,641	498,285	134,967	268,976
56,377	56,377	12,920	12,920	76,955	75,938	64,741	73,121	28,479	26,720
3,719,957	3,750,735	3,313,030	3,253,850	3,412,303	3,472,733	3,214,074	2,829,738	2,573,600	2,355,963
6,649,772	6,585,078	5,990,417	5,816,575	5,623,076	5,508,931	5,237,374	4,823,192	4,040,371	3,537,511
41,286	41,286	39,552	39,552	27,540	27,540	27,041	36,483	42,135	40,287
3,887,006	3,743,582	3,470,903	3,538,361	3,445,483	3,471,943	3,411,741	3,265,813	2,902,489	2,694,072
1,333,261	1,307,890	1,334,947	1,342,309	1,380,235	1,356,311	1,171,319	1,186,141	1,179,912	987,126
1,094,132	1,082,213	864,912	824,504	935,820	924,106	872,065	860,090	957,623	767,583
8,533,754	8,413,199	8,531,623	8,395,640	7,497,937	7,277,633	7,108,016	6,876,512	6,411,999	5,854,590
3,085,916	3,199,530	3,069,335	2,963,758	2,565,486	2,606,465	2,999,688	2,710,642	2,536,613	2,540,958
2,602,684	1,353,380	1,108,849	1,126,049	979,137	953,300	911,451	971,485	725,367	1,299,464
744,017	781,129	608,592	624,239	573,336	597,269	449,712	487,342	341,709	400,246
1,523,604	1,544,442	1,404,059	1,404,696	1,333,741	1,329,481	1,264,580	1,248,584	1,080,584	953,980
0	1,251,527	0	1,434,938	0	1,686,387	3,872,203	1,609,684	689,919	9,083,819
262	262	8,704	8,704	7,514	7,514	2,998	178	32,346	132,303
755,802	1,166,940	825,457	1,222,081	843,331	1,194,279	1,435,207	2,885,574	1,090,954	4,811,795
<u>\$71,168,876</u>	<u>\$71,128,226</u>	<u>\$64,950,184</u>	<u>\$65,254,959</u>	<u>\$62,975,746</u>	<u>\$64,780,691</u>	<u>\$64,824,211</u>	<u>\$60,529,494</u>	<u>\$53,759,844</u>	<u>\$62,618,220</u>

Berea City School District
Property Tax Levies and Collections
Real and Tangible Personal Property (1)
Last Ten Calendar Years

Year (2)	Current Levy	Delinquent Levy (3)	Total Levy	Current Collection	Percent of Current Levy Collected
2003	\$63,905,367	\$1,629,038	\$65,534,405	\$60,780,220	95.1%
2002	54,964,669	4,260,111	59,224,780	53,379,661	97.1
2001	56,241,838	4,442,064	60,683,902	55,145,121	98.1
2000	56,319,028	2,062,168	58,381,196	54,967,090	97.6
1999	55,468,842	2,548,942	58,017,784	50,407,727	90.9
1998	48,638,195	3,650,397	52,288,592	47,163,054	97.0
1997	48,689,899	2,080,057	50,769,956	47,755,145	98.1
1996	48,350,805	2,548,410	50,899,215	47,694,375	98.6
1995	47,233,210	3,619,059	50,852,269	46,299,343	98.0
1994	45,736,108	2,952,483	48,688,591	44,420,281	97.1

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue
- (2) Represents collection year. 2004 information cannot be presented because all collections have not been made by June 30
- (3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum

Delinquent Collection	Total Collection	Total Collection As a Percent of Current Levy
\$1,629,038	\$62,409,258	97.7%
2,691,726	56,071,387	102.0
2,793,094	57,938,215	103.0
1,193,856	56,160,946	99.7
1,976,163	52,383,890	94.4
1,899,015	49,062,069	100.9
1,211,905	48,967,050	100.6
1,492,700	49,187,075	101.7
1,966,080	48,265,423	102.2
650,861	45,071,142	98.5

Berea City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Calendar Years

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2004	\$1,307,938,720	\$3,736,967,771	\$38,647,280	\$43,917,364
2003	1,224,546,650	3,498,704,714	38,752,080	44,036,455
2002	1,216,757,830	3,476,450,943	46,168,740	52,464,477
2001	1,197,553,870	3,421,582,486	49,875,840	56,677,091
2000	1,027,815,310	2,936,615,171	55,967,350	63,599,261
1999	1,005,040,090	2,871,543,114	56,737,020	64,473,886
1998	1,003,703,030	2,867,722,943	56,081,630	63,729,125
1997	925,444,240	2,644,126,400	57,359,690	65,181,466
1996	916,893,060	2,619,694,457	57,581,770	65,433,830
1995	914,320,920	2,612,345,486	61,155,940	69,495,386

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

(1) This amount is calculated based on the following percentages:
 35% for real property, 35% for public utility real, 88% for public utility tangible, 25% for capital assets and 23% for inventory for tangible personal property.

Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value (1)	
\$187,459,887	\$815,042,987	\$1,534,045,887	\$4,595,928,122	33
199,438,922	797,755,688	1,462,737,652	4,340,496,857	34
211,623,911	846,495,664	1,474,550,481	4,375,411,084	34
235,165,084	940,660,336	1,482,594,794	4,418,919,913	34
244,299,461	977,197,844	1,328,082,121	3,977,412,276	33
247,826,803	991,307,212	1,309,603,913	3,927,324,212	33
261,930,469	1,047,721,876	1,321,715,129	3,979,173,944	33
278,548,460	1,114,193,840	1,261,352,390	3,823,501,706	33
259,983,771	1,039,935,084	1,234,458,601	3,725,063,371	33
244,868,858	979,475,432	1,220,345,718	3,661,316,304	33

Berea City School District
Property Tax Rates - Direct and Overlapping Governments
(per \$1,000 of Assessed Valuation)
Last Ten Calendar Years

Year	School Levy	County Levy	Berea City	Middleburg Heights City	Brookpark City	Polaris J.V.S.D.
2004	\$69.80	\$17.60	\$17.50	\$5.45	\$4.80	\$2.40
2003	69.80	17.60	17.60	5.45	4.80	2.40
2002	63.80	17.60	17.50	5.60	4.80	2.40
2001	63.80	17.60	17.60	5.60	4.80	2.40
2000	63.90	16.70	17.70	5.60	4.80	2.40
1999	58.00	16.70	17.70	5.60	4.50	2.40
1998	57.90	18.00	17.80	5.60	5.50	2.40
1997	57.90	18.00	17.80	5.60	5.50	2.40
1996	57.00	18.00	17.80	5.90	5.50	2.50
1995	56.90	18.20	17.80	5.90	5.50	2.50

Source: Cuyahoga 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

Debt Service Included in Total Levy			
School	County	City	Total
\$0.95	\$0.91	\$6.45	\$8.31
0.95	0.91	6.40	8.26
0.85	0.86	6.55	8.26
0.85	0.79	6.15	7.79
0.95	0.85	6.25	8.05
0.95	0.72	6.20	7.87
0.95	0.60	6.15	7.70
0.85	0.90	6.03	7.78
0.95	0.87	6.03	7.85
0.85	0.76	5.39	7.00

Berea City 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	Assessed Value	Population	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2004	\$8,957,519	\$1,534,045,887	56,174	0.58%	\$159
2003	9,895,399	1,462,737,652	55,730	0.68	178
2002	10,621,147	1,474,550,481	55,730	0.72	191
2001	11,290,474	1,482,594,794	55,730	0.76	203
2000	11,828,866	1,328,082,121	59,420	0.89	199
1999	12,271,066	1,309,603,913	63,986	0.94	192
1998	12,748,031	1,321,715,129	62,590	0.96	204
1997	13,030,060	1,261,352,390	62,590	1.03	208
1996	13,350,237	1,234,458,601	60,702	1.08	220
1995	13,710,350	1,220,345,718	60,702	1.12	226

Source: Cuyahoga County Auditor, School District Financial Records, and the U.S. Census Bureau

Berea City School District
Computation of Legal Debt Margin
 June 30, 2004

Assessed Valuation	\$1,534,045,887
Debt Limit - 9% of Assessed Value (1)	\$138,064,130
Amount of Debt Applicable to Debt Limit:	
General Obligation Bond	10,690,000
Notes	650,000
Less: Amount Available in Debt Service Fund	(1,732,481)
Amount of Debt Subject to Limit	9,607,519
Overall Debt Margin	\$128,456,611
Debt Margin - .10% of Assessed Value (1)	\$1,534,046
Amount of Debt Applicable	\$0
Unvoted Debt Margin	\$1,534,046

Source: Cuyahoga County Auditor and School District Financial Records

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

Berea City School District
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2003

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
Direct:			
Berea City School District	<u>\$11,265,000</u>	<u>100.00 %</u>	<u>\$11,265,000</u>
Overlapping:			
Cuyahoga County	183,239,636	5.06	9,271,926
Regional Transit Authority	100,855,000	5.06	5,103,263
Berea City	13,668,475	90.19	12,327,598
Brookpark City	5,834,000	100.00	5,834,000
Middleburg Heights City	<u>23,868,555</u>	100.00	<u>23,868,555</u>
Total Overlapping	<u>327,465,666</u>		<u>56,405,342</u>
Total			<u><u>\$67,670,342</u></u>

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis (including School District) because that is the manner in which information is maintained by the County Auditor.

(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 2004 collection year

Berea City School District
*Ratio of Annual Debt Service Expenditures For
 General Obligation Bonded Debt to General Governmental Expenditures
 Last Ten Fiscal Years*

Year	Principal	Interest	Total Debt Service	Total Governmental Fund Expenditures	Ratio of Debt Service to Governmental Fund Expenditures
2004	\$575,000	\$516,820	\$1,091,818	\$79,245,284	1.38%
2003	450,000	651,229	1,101,229	71,767,195	1.53
2002	430,000	707,526	1,137,526	74,166,158	1.53
2001	410,000	734,826	1,144,826	71,128,226	1.61
2000	395,000	760,870	1,155,870	65,254,959	1.77
1999	350,000	785,113	1,135,113	64,780,691	1.75
1998	300,000	806,326	1,106,326	64,824,211	1.71
1997	275,000	852,326	1,127,326	60,529,494	1.86
1996	225,000	841,263	1,066,263	53,759,844	1.98
1995	200,000	855,076	1,055,076	62,618,220	1.68

Source: School District Financial Records

Berea City School District
Demographic Statistics
Last Ten Years

Year	Cuyahoga County Population	Berea City Population	Middleburg Heights City Population	Brook Park City Population	School Enrollment	Unemploymen Rate (1)
2004	1,363,888	18,970	14,704	22,500	7,801	6.6%
2003	1,380,421	18,970	15,542	21,218	7,561	6.0
2002	1,380,421	18,970	15,542	21,218	7,737	6.0
2001	1,393,978	18,970	15,542	21,218	7,809	4.3
2000	1,373,000	19,051	17,504	22,865	7,814	5.0
1999	1,406,139	20,301	17,302	26,383	7,941	4.6
1998	1,398,169	19,960	16,813	25,817	7,946	3.9
1997	1,398,169	19,960	16,813	25,817	7,958	4.6
1996	1,398,169	19,500	14,702	26,500	7,997	4.7
1995	1,412,140	19,500	14,702	26,500	7,977	4.9
1994	1,412,140	19,500	14,702	26,500	7,879	5.3

Source: Information in this table was provided by the U .S. Census Bureau, and schooc financial records.

(1) Represents Cuyahoga County

Berea City School District
*Property Value, Industrial Employment,
 Financial Institution Deposits and Building Permits
 Last Ten Years*

Year (3)	Property Value (1) (Real Estate Only)	Financial Institution Deposits (000's) Banks	Value of Building Permits Issued
2003	\$1,224,546,650	\$97,238,973	\$58,678,921
2002	1,216,757,830	95,760,917	53,648,291
2001	1,197,553,870	88,346,368	56,954,231
2000	1,027,815,310	61,942,764	52,934,621
1999	1,005,040,090	57,816,942	49,628,432
1998	1,003,703,030	58,904,596	47,928,289
1997	925,444,240	53,941,971 (2)	42,469,432
1996	916,893,060	27,068,211	38,923,621
1995	914,320,920	22,458,573	37,893,542
1994	808,445,250	20,885,453	39,598,388

Source: Ohio Bureau of Employment Services and Federal Reserve Bank of Clev

(1) Represents assessed value.

(2) Large increase in deposits due to Key Bank becoming single charter in 1997.

(3) Data is presented on a calendar year basis. 2004 information is not available.

Berea City School District

Principal Taxpayers

Real Estate Tax

December 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Assessed Value</u>
Cleveland Port Authority	\$80,358,740	6.14 %
Ford Motor Company	27,760,310	2.12
Southland Store Company	11,398,070	0.87
Islander Company	10,761,370	0.82
MWP Company	7,590,200	0.58
Techpark Ltd. Partnership	6,464,350	0.49
J G Middleburg Heights	5,319,430	0.41
Sears, Roebuck, Inc.	4,212,600	0.32
Tower In the Park, Ltd.	4,149,850	0.32
Ch/Equity Cle I, LLC	<u>2,936,610</u>	<u>0.22</u>
Total	<u>160,951,530</u>	<u>12.31 %</u>
Total Real Estate Valuation	<u>\$1,307,938,720</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for 2004

Berea City School District
Principal Taxpayers
Tangible Personal Property Tax
December 31, 2003

Name of Taxpayer	Assessed Value (1)	Percent of Tangible Assessed Value
Ford Motor Company	\$59,941,555	31.98 %
Marc Glassman Inc.	11,820,487	6.31
Engelhard Corp.	3,571,450	1.90
Ken Mac Metals	3,322,757	1.77
GSS Inc.	2,863,627	1.53
Sunnyside Automotive Inc.	2,592,290	1.38
Foseco Metallurgical Inc.	2,540,205	1.36
IBM Credit LLC	2,506,032	1.34
Codonics Inc.	2,225,397	1.19
Hawk Corp.	2,172,409	1.16
Total	<u>\$93,556,209</u>	<u>49.91 %</u>
Total Tangible Assessed Valuation	<u>\$187,459,887</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for 2004

Berea City School District

Principal Taxpayers

Public Utilities Tax

December 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating Company	\$16,948,450	43.85 %
Ohio Bell Telephone	10,657,940	27.58
Columbia Gas	913,920	2.36
Quest Communications Corp.	<u>3,316,900</u>	<u>8.58</u>
Total	<u>\$31,837,210</u>	<u>82.38 %</u>
Total Public Utility Assessed Value	<u>\$38,647,280</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for 2004

Berea City School District
Per Pupil Cost
Last Ten Fiscal Years

Fiscal Year	General Fund Expenditures	Average Student Enrollment	Per Pupil Cost
2004	\$71,506,036	7,801	\$9,166
2003	64,879,724	7,561	8,581
2002	67,580,518	7,737	8,735
2001	65,451,555	7,809	8,382
2000	59,855,230	7,814	7,660
1999	59,125,633	7,941	7,446
1998	57,246,101	7,946	7,204
1997	55,273,812	7,958	6,946
1996	49,786,027	7,997	6,226
1995	50,077,966	7,977	6,278

Source: School District Financial Records.

Berea City School District
Teacher Education and Experience
 June 30, 2004

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	65	12.08 %
Bachelor + 15	18	3.35
Bachelor + 30	38	7.06
Master's Degree	272	50.56
Master's + 15	93	17.29
Master's + 30	24	4.46
Ph. D.	28	5.20
Total	538	100.00 %

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	118	21.93 %
6 - 10	171	31.78
11 and over	249	46.29
Total	538	100.00 %

Source: School District Personnel Records



**Auditor of State
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**BEREA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 11, 2005**