



**BERKSHIRE LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2005**



**Auditor of State
Betty Montgomery**

BERKSHIRE LOCAL SCHOOL DISTRICT
GEAUGA COUNTY

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BERKSHIRE LOCAL SCHOOL DISTRICT
GEAUGA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$21,019	\$0	\$21,019
National School Lunch Program	LL-P4-04	10.555	\$12,730	0	0	0
National School Lunch Program	LL-P4-05	10.555	37,863	0	53,432	0
Total U.S. Department of Agriculture - Nutrition Cluster			50,593	0	53,432	0
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Title VI-B	6B-SD-03-P	84.027	0	0	88	
Title VI-B	6B-SD-05	84.027	6,259	0	22,912	0
Title VI-B	6B-SF-05	84.027	249,808	0	267,168	0
Total Special Education Cluster			256,067	0	290,168	0
Title I						
Title I	C1-S1-04	84.010	2,958	0	41,229	
Title I	C1-S1-05	84.010	264,310	0	228,751	0
Total Title I			267,268	0	269,980	0
Drug-Free Schools Grant						
Drug-Free Schools Grant	DR-S1-04	84.186	0	0	121	
Drug-Free Schools Grant	DR-S1-05	84.186	7,042	0	6,904	0
Total Drug-Free Schools Grant			7,042	0	7,025	0
State Grant for Innovative Programs						
State Grant for Innovative Programs	C2-S1-04	84.298	53		5,271	
State Grant for Innovative Programs	C2-S1-05	84.298	7,595	0	7,582	0
Total State Grant for Innovative Programs			7,648	0	12,853	0
Education Technology State Grant						
Education Technology State Grant	TJ-S1-05	84.318	(1,223)	0	0	
Education Technology State Grant	TJ-S1-05	84.318	7,381	0	7,353	0
Total Education Technology State Grant			7,381	0	7,353	0
Improving Teacher Quality State Grant						
Improving Teacher Quality State Grant	TR-S1-02	84.367	0	0	1,902	
Improving Teacher Quality State Grant	TR-S1-04	84.367	(7,972)	0	6,845	0
Improving Teacher Quality State Grant	TR-S1-05	84.367	58,320	0	50,348	0
Total Improving Teacher Quality State Grant			58,320	0	59,095	0
Total U.S. Department of Education			603,726	0	646,474	0
Total Federal Assistance			\$645,124	\$0	\$699,906	\$0

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures

**BERKSHIRE LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—CHILD NUTRITION CLUSTER

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

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

NOTE C – NEGATIVE RECEIPTS

The negative receipts for the Educational Technology State Grant CFDA #84.318 in the amount of \$1,223 and the Improving Teacher Quality State Grant CFDA #84.367 in the amount of \$7,972 represent amounts that were transferred or refunded to the State due to the expiration of the period of availability.

CFDA – Catalog of Federal Domestic Assistance



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Berkshire Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated October 7, 2005, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instance of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated October 7, 2005, we reported another matter related to noncompliance we deemed immaterial.

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

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

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

Betty Montgomery
Auditor of State

October 7, 2005



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Berkshire Local School District, Geauga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that applies to its major federal program for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 apply to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The District's management 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 directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

Federal Awards Expenditure Schedule

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Berkshire Local School District as of and for the year ended June 30, 2005, and have issued our report thereon dated October 7, 2005. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information 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 intended this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

October 7, 2005

BERKSHIRE LOCAL SCHOOL DISTRICT
 GEAUGA COUNTY
 JUNE 30, 2005

SCHEDULE OF FINDINGS
 OMB CIRCULAR A -133 § .505

1. SUMMARY OF AUDITOR'S RESULTS

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

Berkshire Local School District Burton, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2005

Prepared by
Treasurer's Office
Julie A. Kirby
Treasurer

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

BOARD OF EDUCATION

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

October 7, 2005

Board of Education Members
Berkshire Local School District

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Berkshire Local School District for the fiscal year ended June 30, 2005. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the Berkshire Local School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Geauga County Public Library, major taxpayers, financial rating services and other interested parties.

The comprehensive annual financial report is presented in three sections as follows:

1. The Introductory Section, which contains a Table of Contents, Letter of Transmittal, List of Principal Officials, an Organizational Chart of the School District and the GFOA Certificate of Achievement.
2. The Financial Section which begins with the Independent Accountants' Report, and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section which presents social and economic data, financial trends and the fiscal capacity of the Berkshire Local School District.

The School District

The Berkshire Local School District is located in eastern Geauga County. The School District encompasses seventy (70) square miles and includes Burton Village and the townships of Burton, Troy and Claridon. Berkshire Local School District is an independent School District and is not reported as a component unit of another government.

Serving the Communities of Burton, Claridon, Troy

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

An Equal Opportunity Employer



James E. Knapp
Superintendent
(440) 834-4123
FAX (440) 834-2058

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

The School District was established June 1967, through the consolidation of existing land areas and school districts and is organized under Article VI, sections 2 and 3 of the constitution of the State of Ohio. Under these provisions, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms. The Board manages the School District's five instructional/support facilities staffed by 86 certificated full time teaching personnel and 65 non-certificated employees to provide services to 1,336 students. For fiscal year 2006, the projected enrollment is due to be approximately 1,300 students, a slight drop off from the current fiscal year.

The School District currently operates Burton Elementary School (built in 1959), Troy Elementary School (built in 1924), Claridon Elementary School (built in 1924) and the Berkshire Junior High/High School (built in 1936). The Burton, Troy and Claridon Elementary Schools provide general and special education services to children ranging from kindergarten through the sixth grade. The Berkshire Junior High/High School provides general, special and vocational education services to students ranging from the seventh grade through the twelfth grade.

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

The Reporting Entity

The Berkshire Local School District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". In evaluating how to define the School District for financial reporting purposes, management has considered its relationship with all departments, boards, organizations and agencies that make up the Berkshire Local School District.

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

The School District is associated with five jointly governed organizations, a related organization and one insurance purchasing pool. These organizations are the Auburn Career Center, the Lake Geauga Computer Association, the East Shore Regional Transportation System, the East Shore Center, the Ohio Schools Council, the Burton Public Library and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 17, 18 and 19 to the basic financial statements.

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

Economic Condition and Outlook

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

The Berkshire Local School District is noteworthy for a variety of reasons. It is rural and includes part of the second largest Amish population in Ohio, yet it is an easy commute to Cleveland, a major metropolitan center. The population contains a relatively high number of senior citizens, testimony to the fact that the region is a safe desirable place to live. Property values have risen steadily and upscale homes have signaled the demise of several farms. Affordable starter homes for young families are relatively scarce since even

modest houses command significant prices by the standards of other communities. Several businesses contribute substantially to the operating revenues of the School District. Great Lakes Cheese Company, M. A. Hanna Company, Troy Manufacturing, Burton Flowers and Garden, Preston Chevrolet/Cadillac, TRC Manufacturing, County Ford Farm, and several others serve as examples. The commercial base, though growing, is still rather small compared to more densely populated areas and neighboring school districts.

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

Of the School District's General Fund operations, 39.99 percent of the General Fund revenue is received from real estate taxes on residential, commercial and industrial properties. Another 8.08 percent is received from tangible personal property taxpayers, with 38.29 percent being received from various forms of State aid including Homestead and Rollback exclusions on property taxes. The income tax accounts for 11.79 percent. Investment earnings are .35 percent and all other revenues are 1.50 percent.

Major Initiatives

Continuity of Leadership

Mr. James E. Knapp, Superintendent, has been with the Berkshire Local School District since February of 2005. He came to the School District after serving five and one half years as the Superintendent of the Columbia Schools in Lorain County. Mrs. Julie Kirby, Treasurer, has served for twenty years. Thus, continuity of leadership has been a benefit enjoyed by the School District.

Educational Gains

The School District has made significant educational gains in recent years. In fiscal year 2005, such progress manifested itself in rising proficiency scores and strong standardized test scores. Under the leadership of Mrs. Kim Sethna, Director of Curriculum and Instruction, the faculty Curriculum Council took steps to assure alignment of instruction with the Ohio Academic Content Standards. Those efforts were aided by individual student data collected through a series of monetary grants received by Mrs. Gina Symsek, Director of Special Education, from the Ohio Department of Education. Curriculum Based Management allows for collection and measurement of students' individual academic gains in math and reading. Consequently, teachers can better assess student readiness, mastery and gains.

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

No Child Left Behind Compliance

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

Academic Intervention

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

All-Day Every-Day Kindergarten

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

Cost Saving Measures

Like most Ohio public school districts, Berkshire Local School District faced economic challenges in fiscal year 2005. The Board of Education and School District administrative leadership elected to adopt a proactive approach to the situation.

In an effort to forestall an impending deficit, the Berkshire Local School District made reductions in personnel expenditures. All levels, administrative, certificated, and classified, were affected. Previously, staffing decreases have been the result of attrition rather than reduction in force. Unfortunately, this latter course of action will be needed in fiscal year 2006 as several teachers and support personnel are cut back in hours or laid off.

Administrators continue to lead by example as one administrative position was reduced in salary and responsibility. The Director of Curriculum and the Director of Special Education collectively assumed the duties previously undertaken by two additional building principals.

Other cost-saving measures have been implemented the past three fiscal years and continue to be in place. Building budgets were reduced by a minimum of ten percent for fiscal year 2005, new technology purchases were reduced, a new health care coverage provider was selected and staff development and field trip spending were monitored more closely. In all, approximately \$50,000 was pared from the initial fiscal year 2005 projections.

Financial Information

Internal Accounting and Budgetary Control

In developing the School District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The School District utilizes a fully automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

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

All disbursements and transfers of cash between funds require appropriation authority from the Board of Education. Budgets are controlled at the fund level. The Treasurer has been given authority to allocate board appropriations to the function and object levels within each fund. All purchase order requests must be approved by the Superintendent and certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

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

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

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

Financial Condition

This is the fourth year the School District has prepared financial statements following GASB Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB 34 creates basic financial statements for reporting on the School District's financial activities as follows:

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

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

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

As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion appears after the Independent Accountants' Report in the financial section of this report. Management's Discussion and Analysis provides an assessment of the School District's finances for fiscal year 2005. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

Financial Highlights - Internal Service Fund

The only internal service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision of prescription drug and dental benefits to the School District employees. The internal service fund had net assets of \$111,159 at June 30, 2005, compared with net assets of \$73,241 at June 30, 2004, reflecting a net increase in net assets of \$37,918.

Cash Management

The Board of Education has an aggressive cash management program which consists of expediting the receipt of revenues and prudently depositing cash which is insured by the Federal Deposit Insurance Corporation as well as investing available cash in instruments issued by the United States Government or the State of Ohio. The program is beneficial because of access to daily balances which enables the Board to maintain minimum balance accounts and invest to the maximum extent. The total amount of interest earned was \$34,686 for the fiscal year ended June 30, 2005 all of which was credited directly to the general fund.

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

Risk Management

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

Property, inland marine, crime and fleet insurance are bid and purchased through the Ohio Schools Council which contracted with Indiana Insurance Company. Property insurance is carried through Indiana Insurance Company with a \$255,000 limit for crime with a \$1,000 deductible and a \$19,361,026 limit for building and contents with a \$1,000 deductible and for inland marine with a \$250 deductible and a \$1,165,191 limit.

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

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

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

Independent Audit

State statutes require the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor Betty Montgomery, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the fiscal year ended June 30, 2005. The opinion appears at the beginning of the financial section of this report.

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

Awards

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Berkshire Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

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

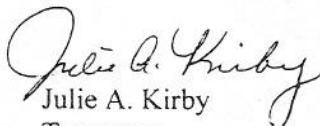
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

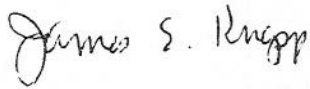
Acknowledgments

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

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

Respectfully submitted,


Julie A. Kirby
Treasurer


James E. Knapp
Superintendent

Berkshire Local School District

Principal Officials

June 30, 2005

Board of Education

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

Treasurer

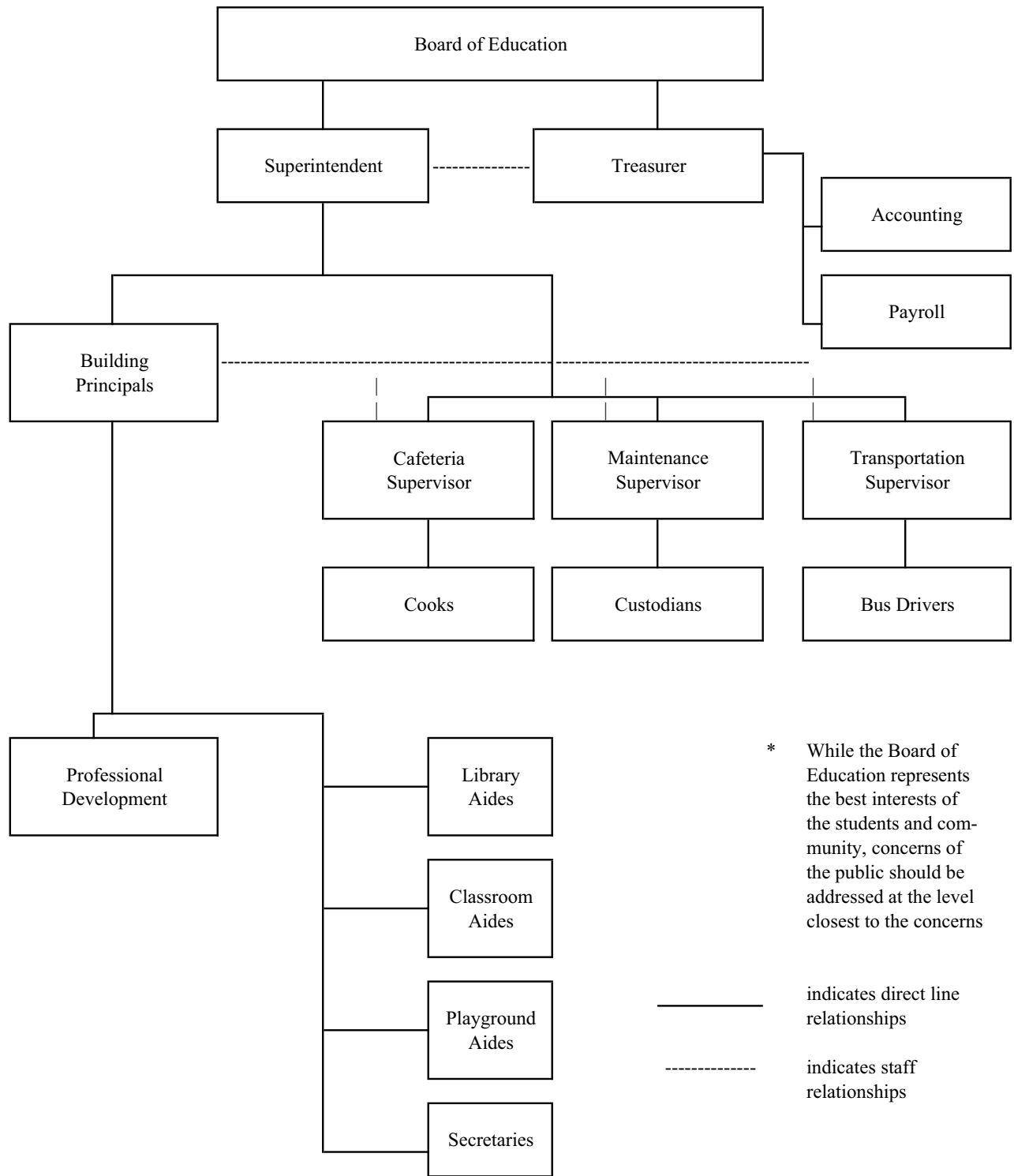
Mrs. Julie A. Kirby

Superintendent

Mr. James E. Knapp

Berkshire Local School District

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Berkshire Local School
District, Ohio

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

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



Nancy L. Zielle

President

Jeffrey R. Enos

Executive Director

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Berkshire Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Berkshire Local School District, Geauga County, Ohio, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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



Betty Montgomery
Auditor of State

October 7, 2005

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

It is with great pleasure that I present to you the financial picture of the Berkshire Local School District. The discussion and analysis of Berkshire Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for fiscal year 2005 are as follows:

- Total net assets of governmental activities decreased \$211,364 which represents a 7.4 percent decrease from fiscal year 2004.
- Total revenues of \$11,436,679 were comprised of general revenues in the amount of \$10,224,564 or 89.4 percent and program specific revenues from charges for services, grants and contributions in the amount of \$1,212,115 or 10.6 percent.
- Total assets of governmental activities decreased by \$146,273 which includes cash and cash equivalents and capital assets decreases of \$202,801 and \$223,593 respectively, while property taxes receivable increased by \$259,383.
- The School District had \$11,648,043 in expenses related to governmental activities; only \$1,212,115 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$10,224,564 helped to provide for these programs.
- The general fund balance was \$204,716 at fiscal year end, down from \$454,881 at June 30, 2004.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2005?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

The School District as a Whole

You may recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's Net Assets for 2005 compared to 2004:

Table (1)
 Net Assets
 Governmental Activities

	2005	2004
Assets		
Current and Other Assets	\$6,419,896	\$6,342,576
Capital Assets	2,623,998	2,847,591
<i>Total Assets</i>	9,043,894	9,190,167
Liabilities		
Current Liabilities	5,365,218	5,306,873
Long-Term Liabilities		
Due within One Year	178,505	147,944
Due in More than One Year	849,315	873,130
<i>Total Liabilities</i>	6,393,038	6,327,947
Net Assets		
Invested in Capital Assets		
Net of Related Debt	2,555,262	2,705,908
Restricted for:		
Capital Projects	471,040	302,853
Set Asides	39,468	39,468
Other Purposes	110,672	156,379
Unrestricted (Deficit)	(525,586)	(342,388)
<i>Total Net Assets</i>	\$2,650,856	\$2,862,220

Total assets decreased \$146,273. Equity in pooled cash and cash equivalents decreased \$202,801 due mainly to parking lot, roof and building maintenance and repairs. The decrease in cash and cash equivalents was also due to an increase in salaries due to step increases and a slight increase in health insurance premiums.

Total liabilities increased \$65,091. Accrued wages, which increased \$229,798 during the fiscal year, was the biggest reason for the increase in liabilities which was due mostly to step and base increases. A decrease of \$102,236 in deferred revenue and \$43,774 in intergovernmental payable helped to offset the increase to accrued wages.

Total net assets decreased \$211,364. This decrease is due mainly to the increase in salaries and benefits and a decrease in capital assets.

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

Table 2 shows the changes in net assets for fiscal year 2005 compared to 2004.

Table (2)
Change in Net Assets
Governmental Activities

	2005	2004
Revenues		
<i>Program Revenues</i>		
Charges for Services and Sales	\$497,091	\$484,892
Operating Grants and Contributions	703,894	684,384
Capital Grants and Contributions	11,130	13,034
<i>Total Program Revenues</i>	<u>1,212,115</u>	<u>1,182,310</u>
<i>General Revenues</i>		
Property and Other Local Taxes	5,145,459	4,776,630
Income Taxes	1,182,066	1,092,823
Intergovernmental	3,857,075	3,851,111
Investment Earnings	34,686	24,063
Miscellaneous	5,278	85,207
<i>Total General Revenues</i>	<u>10,224,564</u>	<u>9,829,834</u>
<i>Total Revenues</i>	<u>11,436,679</u>	<u>11,012,144</u>
<i>Program Expenses</i>		
Current:		
Instruction:		
Regular	5,188,198	4,988,073
Special	1,390,995	1,153,426
Vocational	55,653	53,983
Support Services:		
Pupil	615,690	605,670
Instructional Staff	504,650	474,125
Board of Education	46,666	51,839
Administration	873,703	879,946
Fiscal	320,702	334,441
Business	36,421	27,850
Operation and Maintenance of Plant	1,044,789	1,118,464
Pupil Transportation	809,410	816,997
Operation of Food Services	385,017	388,659
Extracurricular Activities	373,143	425,556
Interest and Fiscal Charges	3,006	5,078
<i>Total Program Expenses</i>	<u>11,648,043</u>	<u>11,324,107</u>
<i>Decrease in Net Assets</i>	(211,364)	(311,963)
Net Assets Beginning of Year	<u>2,862,220</u>	<u>3,174,183</u>
<i>Net Assets End of Year</i>	<u><u>\$2,650,856</u></u>	<u><u>\$2,862,220</u></u>

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

Governmental Activities

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

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

As one can see, approximately 57.0 percent of the School District's budget is used to fund instructional expenses. Additional supporting services for pupils, staff, food services and plant and business operations encompass an additional 39.8 percent. The remaining amount of program expenses, roughly 3.2 percent, is budgeted to facilitate other obligations of the School District and numerous extracurricular activities. During the fiscal year, regular instruction increased due to the purchase of new computers and special instruction increased due to an increased cost of special education. The decrease in the operation and maintenance of plant expenses is due to a reduction in the maintenance staff and a supervisor being replaced by a lower salary. Extracurricular activities expenses also decreased during the fiscal year due to a reduction in supplies and maintenance of equipment caused by a tight budget.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2005 compared to 2004.

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

	2005		2004	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$5,188,198	\$5,008,794	\$4,988,073	\$4,811,159
Special	1,390,995	1,031,803	1,153,426	868,403
Vocational	55,653	55,653	53,983	53,983
Support Services:				
Pupil	615,690	517,256	605,670	507,299
Instructional Staff	504,650	475,700	474,125	428,337
Board of Education	46,666	46,666	51,839	51,839
Administration	873,703	836,407	879,946	833,686
Fiscal	320,702	320,702	334,441	334,441
Business	36,421	36,321	27,850	27,748
Operation and Maintenance of Plant	1,044,789	1,037,006	1,118,464	1,111,496
Pupil Transportation	809,410	798,280	816,997	803,963
Operation of Food Services	385,017	64,525	388,659	59,975
Extracurricular Activities	373,143	203,809	425,556	244,390
Interest and Fiscal Charges	3,006	3,006	5,078	5,078
Total	\$11,648,043	\$10,435,928	\$11,324,107	\$10,141,797

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

Property taxes and School District income tax made up 55.3 percent of total revenues for governmental activities for Berkshire Local School District in fiscal year 2005. Program Revenues for governmental activities provided 10.6 percent of governmental revenues with over 89.4 percent of all governmental activities supported through property and income taxes, grants and entitlements, and other general revenues. The 37.7 percent provided by the grants and entitlements portion of general revenues includes monies received from the Ohio Department of Education, State Foundation Program and property tax relief such as the homestead exemptions and rollbacks provided by HB 920. The community, through its willingness to provide property tax revenues and income tax revenue, is by far the primary support for Berkshire Local School District students.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,394,396 and expenditures of \$11,564,567. The net change in fund balance for the fiscal year was most significant in the General Fund, a decrease of \$250,165 due to an increase in salaries and health insurance premiums. Since the General Fund is now paying the food service employees' benefits, the Food Service Special Revenue Fund is showing an increase of \$27,684, and maintaining a positive fund balance. The School District has also received an increase in grant monies to better provide services to our students. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds, property taxes are the largest revenue source, accounting for 44.8 percent of total governmental revenue. Clearly, the four communities that comprise the School District are by far the greatest source of financial support for the students of the Berkshire Local School District.

General Fund Budgeting Highlights

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

During the course of fiscal 2005, the School District amended its general fund budget numerous times. Many of the amendments are due to changes in expenditure priorities at the building levels. For the general fund, the final budget basis revenue estimate was \$9,715,322 representing a \$341,720 increase from the original budget estimates of \$9,373,602. Most of this difference was due to conservative tax estimates in the area of real estate, tangible personal property and the School District income tax. The School District's general fund balance at the end of the fiscal year was \$711.

The School District revises its budget throughout the fiscal year. During fiscal year 2005, significant increases were made to the transportation allocations due to the cost of diesel fuel and repairs increasing over the previous fiscal year and major repairs to the School District's roofs and buildings. Modifications to the original budget also included increases in the instruction, pupil services retirement and benefit accounts.

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

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2005 the School District had \$2,623,998 invested in land, land improvements, buildings and improvements, furniture and fixtures and vehicles in governmental activities. Table 4 shows fiscal year 2005 balances compared to fiscal year 2004:

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

	2005	2004
Land	\$52,216	\$52,216
Land Improvements	129,928	110,333
Buildings and Improvements	1,422,046	1,484,027
Furniture and Fixtures	592,634	689,751
Vehicles	427,174	511,264
Total	\$2,623,998	\$2,847,591

The decrease in capital assets of \$223,593 was the result of the School District selling one of its busses and another year of annual depreciation being taken on the assets. See Note 9 to the Basic Financial Statements for additional capital asset information.

Debt

The School District had no bonded debt in fiscal year 2005 and also maintains a AAA bond rating.

Challenges and Opportunities

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

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

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

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

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

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

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

Contacting the School District's Financial Management

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

Berkshire Local School District

Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$979,143
Accounts Receivable	1,921
Intergovernmental Receivable	9,030
Prepaid Items	3,547
Inventory Held for Resale	7,497
Materials and Supplies Inventory	23,676
Income Taxes Receivable	518,524
Property Taxes Receivable	4,876,558
Nondepreciable Capital Assets	52,216
Depreciable Capital Assets, Net	<u>2,571,782</u>
<i>Total Assets</i>	<u>9,043,894</u>
Liabilities	
Accounts Payable	24,715
Accrued Wages	1,150,536
Intergovernmental Payable	252,389
Matured Compensated Absences Payable	20,882
Matured Special Termination Benefits Payable	10,880
Deferred Revenue	3,902,054
Accrued Interest Payable	110
Claims Payable	3,652
Long-Term Liabilities:	
Due Within One Year	178,505
Due In More Than One Year	<u>849,315</u>
<i>Total Liabilities</i>	<u>6,393,038</u>
Net Assets	
Invested in Capital Assets, net of Related Debt	2,555,262
Restricted for:	
Capital Projects	471,040
Set Asides	39,468
Other Purposes	110,672
Unrestricted (Deficit)	<u>(525,586)</u>
<i>Total Net Assets</i>	<u><u>\$2,650,856</u></u>

See accompanying notes to the basic financial statements

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

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets	
			Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
Instruction:					
Regular	\$5,188,198	\$87,553	\$91,851	\$0	(\$5,008,794)
Special	1,390,995	0	359,192	0	(1,031,803)
Vocational	55,653	0	0	0	(55,653)
Support Services:					
Pupil	615,690	0	98,434	0	(517,256)
Instructional Staff	504,650	0	28,950	0	(475,700)
Board of Education	46,666	0	0	0	(46,666)
Administration	873,703	0	37,296	0	(836,407)
Fiscal	320,702	0	0	0	(320,702)
Business	36,421	0	100	0	(36,321)
Operation and Maintenance of Plant	1,044,789	7,783	0	0	(1,037,006)
Pupil Transportation	809,410	0	0	11,130	(798,280)
Operation of Food Services	385,017	250,221	70,271	0	(64,525)
Extracurricular Activities	373,143	151,534	17,800	0	(203,809)
Interest and Fiscal Charges	3,006	0	0	0	(3,006)
Totals	\$11,648,043	\$497,091	\$703,894	\$11,130	(10,435,928)
General Revenues					
Property Taxes Levied for:					
					4,859,170
					286,289
					1,182,066
					3,857,075
					34,686
					5,278
					10,224,564
					(211,364)
					2,862,220
					\$2,650,856

See accompanying notes to the basic financial statements

Berkshire Local School District

*Balance Sheet
Governmental Funds
June 30, 2005*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$221,144	\$437,288	\$156,377	\$814,809
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	50,598	0	0	50,598
Property Taxes Receivable	4,620,131	256,427	0	4,876,558
Income Taxes Receivable	518,524	0	0	518,524
Accounts Receivable	846	0	0	846
Intergovernmental Receivable	0	0	9,030	9,030
Prepaid Items	3,277	0	270	3,547
Inventory Held for Resale	0	0	7,497	7,497
Materials and Supplies Inventory	22,338	0	1,338	23,676
<i>Total Assets</i>	<u>\$5,436,858</u>	<u>\$693,715</u>	<u>\$174,512</u>	<u>\$6,305,085</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$3,933	\$20,445	\$337	\$24,715
Accrued Wages and Benefits	1,077,103	0	73,433	1,150,536
Intergovernmental Payable	251,189	0	1,200	252,389
Matured Compensated Absences Payable	20,882	0	0	20,882
Matured Special Termination Benefits Payable	10,880	0	0	10,880
Deferred Revenue	3,868,155	212,057	0	4,080,212
<i>Total Liabilities</i>	<u>5,232,142</u>	<u>232,502</u>	<u>74,970</u>	<u>5,539,614</u>
 Fund Balances				
Reserved for Encumbrances	279,113	131,685	25,716	436,514
Reserved for Property Taxes	751,976	44,370	0	796,346
Reserved for Budget Stabilization	39,468	0	0	39,468
Reserved for School Bus Purchase	11,130	0	0	11,130
Unreserved:				
Undesignated, Reported in:				
General Fund (Deficit)	(876,971)	0	0	(876,971)
Special Revenue Funds	0	0	73,826	73,826
Capital Projects Funds	0	285,158	0	285,158
<i>Total Fund Balances</i>	<u>204,716</u>	<u>461,213</u>	<u>99,542</u>	<u>765,471</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,436,858</u>	<u>\$693,715</u>	<u>\$174,512</u>	<u>\$6,305,085</u>

See accompanying notes to the basic financial statements

Berkshire Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2005*

Total Governmental Fund Balances	\$765,471
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,623,998
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes.	178,158
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.	111,159
In the statement of activities, interest is accrued on outstanding capital leases, whereas in governmental funds, an interest expenditure is reported when due.	(110)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences (\$959,084)	
Capital Leases Payable <u>(68,736)</u>	
Total	<u>(1,027,820)</u>
 <i>Net Assets of Governmental Activities</i>	 <u><u>\$2,650,856</u></u>

See accompanying notes to the basic financial statements

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

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Income Taxes	\$1,182,066	\$0	\$0	\$1,182,066
Property and Other Local Taxes	4,819,128	284,048	0	5,103,176
Intergovernmental	3,839,378	28,827	685,043	4,553,248
Interest	34,686	0	0	34,686
Tuition and Fees	55,769	0	0	55,769
Extracurricular Activities	65,313	0	86,221	151,534
Contributions and Donations	1,051	0	17,800	18,851
Charges for Services	15,240	0	266,765	282,005
Rentals	7,783	0	0	7,783
Miscellaneous	5,278	0	0	5,278
<i>Total Revenues</i>	<u>10,025,692</u>	<u>312,875</u>	<u>1,055,829</u>	<u>11,394,396</u>
Expenditures				
Current:				
Instruction:				
Regular	4,845,852	0	124,661	4,970,513
Special	992,571	0	430,883	1,423,454
Vocational	54,833	0	0	54,833
Support Services:				
Pupil	490,674	0	123,238	613,912
Instructional Staff	460,278	0	39,587	499,865
Board of Education	45,977	0	0	45,977
Administration	809,549	0	43,210	852,759
Fiscal	315,633	0	0	315,633
Business	36,321	0	100	36,421
Operation and Maintenance of Plant	1,008,026	0	0	1,008,026
Pupil Transportation	770,480	0	0	770,480
Operation of Food Services	99,499	0	292,808	392,307
Extracurricular Activities	270,094	0	87,294	357,388
Capital Outlay	0	146,929	0	146,929
Debt Service:				
Principal Retirement	72,947	0	0	72,947
Interest and Fiscal Charges	3,123	0	0	3,123
<i>Total Expenditures</i>	<u>10,275,857</u>	<u>146,929</u>	<u>1,141,781</u>	<u>11,564,567</u>
<i>Net Change in Fund Balances</i>	(250,165)	165,946	(85,952)	(170,171)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>454,881</u>	<u>295,267</u>	<u>185,494</u>	<u>935,642</u>
<i>Fund Balances End of Year</i>	<u>\$204,716</u>	<u>\$461,213</u>	<u>\$99,542</u>	<u>\$765,471</u>

See accompanying notes to the basic financial statements

Berkshire Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2005*

Net Change in Fund Balances - Total Governmental Funds (\$170,171)

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

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

Capital Outlay	\$37,229
Depreciation	<u>(260,822)</u>

Total (223,593)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues were attributed to property taxes. 42,283

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 72,947

In the statement of activities, interest is accrued on outstanding capital leases, whereas in governmental funds, an interest expenditure is reported when due. 117

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

Compensated Absences	(\$79,693)
Pension Obligation	<u>108,828</u>

Total 29,135

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statements of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 37,918

Change in Net Assets of Governmental Activities (\$211,364)

See accompanying notes to the basic financial statements

Berkshire Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$1,103,007	\$1,143,236	\$1,143,236	\$0
Property and Other Local Taxes	4,373,046	4,532,580	4,532,580	0
Intergovernmental	3,705,222	3,840,359	3,839,378	(981)
Interest	44,338	45,955	46,701	746
Tuition and Fees	55,536	57,561	55,719	(1,842)
Extracurricular Activities	63,015	65,313	65,313	0
Contributions and Donations	1,014	1,051	1,051	0
Charges for Services	15,108	15,659	15,240	(419)
Rentals	8,008	8,300	7,268	(1,032)
Miscellaneous	5,308	5,308	5,298	(10)
<i>Total Revenues</i>	9,373,602	9,715,322	9,711,784	(3,538)
Expenditures				
Current:				
Instruction:				
Regular	4,735,146	4,829,676	4,826,374	3,302
Special	845,738	1,014,616	1,014,565	51
Vocational	59,263	53,443	53,400	43
Support Services:				
Pupil	502,105	479,674	479,674	0
Instructional Staff	387,122	471,813	471,813	0
Board of Education	52,095	48,559	48,433	126
Administration	834,325	789,346	789,346	0
Fiscal	361,457	348,084	348,084	0
Business	17,473	36,347	36,321	26
Operation and Maintenance of Plant	1,149,379	1,074,642	1,074,642	0
Pupil Transportation	647,832	843,307	840,428	2,879
Operation of Food Services	87,429	92,680	92,512	168
Extracurricular Activities	270,159	268,062	268,025	37
<i>Total Expenditures</i>	9,949,523	10,350,249	10,343,617	6,632
<i>Net Change in Fund Balance</i>	(575,921)	(634,927)	(631,833)	3,094
<i>Fund Balance Beginning of Year</i>	368,280	368,280	368,280	0
Prior Year Encumbrances Appropriated	264,264	264,264	264,264	0
<i>Fund Balance (Deficit) End of Year</i>	\$56,623	(\$2,383)	\$711	\$3,094

See accompanying notes to the basic financial statements

Berkshire Local School District

Statement of Fund Net Assets

Internal Service Fund

June 30, 2005

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$113,736
Accounts Receivable	<u>1,075</u>
<i>Total Assets</i>	114,811
Liabilities	
Claims Payable	<u>3,652</u>
Net Assets	
Unrestricted	<u><u>\$111,159</u></u>

See accompanying notes to the basic financial statements

Berkshire Local School District
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2005*

	Insurance
Operating Revenues	
Charges for Services	\$312,179
Operating Expenses	
Purchased Services	10,784
Claims	263,477
<i>Total Operating Expenses</i>	274,261
<i>Change in Net Assets</i>	37,918
<i>Net Assets Beginning of Year</i>	73,241
<i>Net Assets End of Year</i>	\$111,159

See accompanying notes to the basic financial statements

Berkshire Local School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2005

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$311,104
Cash Payments for Goods and Services	(10,784)
Cash Payments for Claims	(262,032)
<i>Net Increase in Cash and Cash Equivalents</i>	38,288
<i>Cash and Cash Equivalents Beginning of Year</i>	75,448
<i>Cash and Cash Equivalents End of Year</i>	\$113,736
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$37,918
Adjustments:	
Increase in Accounts Receivable	(1,075)
Increase in Claims Payable	1,445
<i>Total Adjustments</i>	370
<i>Net Cash Provided by Operating Activities</i>	\$38,288

See accompanying notes to the basic financial statements

Berkshire Local School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$43,903</u>
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Liabilities

Due to Students	\$37,386
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Undistributed Monies	<u>6,517</u>
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<i>Total Liabilities</i>	<u>\$43,903</u>
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See accompanying notes to the basic financial statements

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

Note 1 - Description of the School District and Reporting Entity

Berkshire Local School District (the "School District") operates under a locally elected Board form of government and provides educational services as authorized by state and/or federal agencies. This Board controls the School District's five instructional/support facilities staffed by 65 non-certified employees, 86 certified full time teaching personnel and five administrative employees to provide services to 1,336 students and other community members.

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

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

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the basic financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Berkshire Local School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

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

The School District is associated with five jointly governed organizations, one related organization and one insurance purchasing pool. These organizations are the Auburn Career Center, the Lake Geauga Computer Association, the East Shore Regional Transportation System, the East Shore Center, the Ohio Schools Council, the Burton Public Library and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 17, 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

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

statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

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

B. Fund Accounting

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

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

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

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

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

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

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

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self insurance fund that accounts for prescription drug and dental claims of School District employees.

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for student and elementary activities and employee computer purchases.

C. Measurement Focus

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and statements for the proprietary and fiduciary

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

funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal 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 income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned and revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

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

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

During fiscal year 2005, investments were limited to federal farm credit bank bonds, which are reported at fair value based on quoted market prices, and STAROhio.

STAROhio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2005.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$34,686, which includes \$23,794 assigned from other School District funds.

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

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund represent amounts required by State statute to be set aside to create a reserve for budget stabilization and unspent resources restricted for the purchase of buses. See Note 21 for additional information regarding set-asides.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

I. Capital Assets

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

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

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

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	99 years
Buildings and Improvements	30 years
Furniture and Fixtures	6 - 10 years
Vehicles	3 - 10 years

J. Compensated Absences

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

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

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

K. Accrued Liabilities and Long-term Obligations

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

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

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

L. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, budget stabilization and bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$621,180, of which \$566,441 is restricted by enabling legislation. Net assets restricted for other purposes include instructional operations, food service operations and extracurricular activities.

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

N. Operating Revenues and Expenses

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

O. 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.

P. Estimates

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

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

Q. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been given authority to allocate board appropriations to the function and object levels within each fund.

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

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

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

A. Changes in Accounting Principles

For fiscal year 2005, the School District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures", GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers."

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

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present as supplementary information in the statistical section.

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

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

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

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

B. Restatement of Fund Balance

During fiscal year 2005 it was determined that interfund receivable was overstated in the general fund and interfund payable was overstated in the food service and athletics and music special revenue funds. This restatement had the following effect on fund balances as they were previously reported.

	General	Permanent Improvement	Other Governmental Funds	Total
Fund Balances June 30, 2004	\$483,720	\$295,267	\$156,655	\$935,642
Interfund Receivable	(28,839)	0	0	(28,839)
Interfund Payable	0	0	28,839	28,839
Adjusted Fund Balances June 30, 2004	\$454,881	\$295,267	\$185,494	\$935,642

Note 4 – Accountability and Compliance

A. Accountability

The following funds had deficit fund balances as of June 30, 2005:

<i>Special Revenue Funds:</i>	
Summer Intervention	\$4,679
Title VI-B	5,303
Title I	23,143
Title V	132
Title II-D Technology	6,196

The special revenue funds' deficits are due to the adjustments for accrued liabilities. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

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

	Estimated Resources Plus Carryover Balances	Original Appropriations	Excess
<i>Special Revenue Funds:</i>			
Title VI-B	\$298,560	\$313,535	\$14,975
Title I	232,942	256,440	23,498
Class Size Reduction Grant	59,775	103,479	43,704

Berkshire Local School District
Notes to the Basic Financial Statements
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The following funds had final appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	Estimated Resources Plus Carryover Balances	Final Appropriations	Excess
General Fund	\$10,083,602	\$10,085,985	\$2,383
<i>Special Revenue Fund:</i>			
Educational Management Information Systems	5,000	5,800	800

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

Note 5 - Budgetary Basis of Accounting

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

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

Berkshire Local School District
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For the Fiscal Year Ended June 30, 2005

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	(\$250,165)
Net Adjustment for Revenue Accruals	(305,132)
Beginning Fair Value Adjustment for Investments	(20,791)
Ending Fair Value Adjustment for Investments	12,015
Net Adjustment for Expenditure Accruals	215,286
Encumbrances	<u>(283,046)</u>
Budget Basis	<u><u>(\$631,833)</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

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

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$153,594 of the School District's bank balance of \$253,594 was uninsured and collateralized. A third party custodian holds the collateral in a pool, and the uninsured deposits covered by the pool would not be exposed to custodial credit risk because the collateral is held by the government's agent in the government's name.

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

Investments

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

	Fair Value	Maturity
Federal Farm Credit Bank Bonds	\$597,000	02/17/06
STAROhio	19,396	33 days
Total Portfolio	\$616,396	

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Berkshire Local School District
Notes to the Basic Financial Statements
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Credit Risk The Federal Farm Credit Bank Bonds carry a rating of AAA by Standard & Poor's and STAROhio also carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

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

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The School District's investment in Federal Farm Credit Bank Bonds represents 96.9 percent of the School District's total investments.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Berkshire Local School District
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For the Fiscal Year Ended June 30, 2005

The School District receives property taxes from Geauga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2005 was \$751,976 in the general fund and \$44,370 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2004, was \$465,428 in the general fund and \$11,582 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second Half Collections		2005 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$175,510,300	87.09 %	\$178,567,460	87.40 %
Public Utility Personal	6,472,680	3.22	6,533,790	3.20
Tangible Personal Property	<u>19,535,060</u>	<u>9.69</u>	<u>19,212,290</u>	<u>9.40</u>
Total	<u>\$201,518,040</u>	<u>100.00 %</u>	<u>\$204,313,540</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$52.30		\$52.30	

Note 8 - Receivables

Receivables at June 30, 2005, consisted of taxes, accounts (rent, student fees and tuition) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

At June 30, 2005 the School District had an intergovernmental receivable of \$9,030 in the food service special revenue fund for federal lunch program reimbursements.

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

Note 9 – Capital Assets

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

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
Nondepreciable Capital Assets				
Land	\$52,216	\$0	\$0	\$52,216
Depreciable Capital Assets				
Land Improvements	125,253	26,646	0	151,899
Buildings and Improvements	4,330,699	0	0	4,330,699
Furniture and Fixtures	1,585,718	10,583	0	1,596,301
Vehicles	970,558	0	(40,420)	930,138
<i>Total at Historical Cost</i>	<i>7,012,228</i>	<i>37,229</i>	<i>(40,420)</i>	<i>7,009,037</i>
Less: Accumulated Depreciation				
Land Improvements	(14,920)	(7,051)	0	(21,971)
Buildings and Improvements	(2,846,672)	(61,981)	0	(2,908,653)
Furniture and Fixtures	(895,967)	(107,700)	0	(1,003,667)
Vehicles	(459,294)	(84,090)	40,420	(502,964)
<i>Total Accumulated Depreciation</i>	<i>(4,216,853)</i>	<i>(260,822) *</i>	<i>40,420</i>	<i>(4,437,255)</i>
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	<i>2,795,375</i>	<i>(223,593)</i>	<i>0</i>	<i>2,571,782</i>
<i>Governmental Activities Capital Assets, Net</i>	<i>\$2,847,591</i>	<i>(\$223,593)</i>	<i>\$0</i>	<i>\$2,623,998</i>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$78,999
Special	606
Support Services:	
Pupil	4,776
Instructional Staff	6,137
Board of Education	821
Administration	17,869
Fiscal	333
Operation and Maintenance of Plant	50,219
Pupil Transportation	85,640
Operation of Food Services	9,028
Extracurricular Activities	6,394
Total Depreciation Expense	\$260,822

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

Note 10 - Income Tax

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

Note 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 2005, the School District participated in the Ohio Schools Council insurance program which contracted with Indiana Insurance. Indiana Insurance acts as the carrier and the coverage provided is as follows:

<u>Type of Coverage</u>	<u>Amount</u>
Building and Contents - replacement cost	\$19,361,026
Inland Marine Coverage	1,165,191
Crime Insurance	255,000
Theft	15,000
Extra Expense	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists	50,000
General Liability	
Per Occurrence	1,000,000
Total per year	2,000,000
Boiler and Machinery	30,000,000
Consequential Loss	100,000
Expediting Expense	100,000
Hazardous Substance	100,000
Ammonia Contamination	100,000

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

B. Workers' Compensation

The School District participates in the Ohio Schools Boards Association Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool (Note 19). 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

Berkshire Local School District
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individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

C. Other Employee Benefits

The School District has elected to provide prescription and dental coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a dental plan with a \$75 family and \$25 single deductible and a prescription plan with a ten percent generic and twenty percent brand-name co-pay. A third party administrator, Medical Benefits, located in Newark, Ohio, reviews all dental claims which are then paid by the School District. Another third party administrator, Caremark located in Phoenix, Arizona reviews all prescription claims which are then paid by the School District. The School District pays into the self-insurance internal service fund \$72.85 per family coverage or \$24.97 per single coverage per month for the dental plan and \$152.83 per family or \$57.87 per single coverage per month for the prescription plan. The premiums are paid by the fund that pays the salary for the employee and are based on historical cost information.

The claims liability of \$3,652 reported in the internal service fund at June 30, 2005 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for 2004 and 2005 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2004	\$1,089	\$262,196	\$261,078	\$2,207
2005	2,207	263,477	262,032	3,652

Note 12 - Employee Benefits

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 310 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 75 days.

Berkshire Local School District
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B. Life / Medical Insurance

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

C. Retirement Incentive

The School District Board of Education offers their employees participation in a Retirement Incentive program. Participation is open to employees who are eligible for service retirement under the State Teachers Retirement System (STRS) and School Employees Retirement System (SERS) pursuant to O.R.C. 3307.58 and any applicable STRS and SERS regulations. Each employee who qualifies for and takes retirement must notify the Board in writing of their intention prior to April 30. The employee receives a retirement incentive of 20 percent of the employee's last year's salary. The incentive is paid upon retirement.

Note 13 - Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$159,084, \$139,237 and \$125,145 respectively; 62.27 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

B. State Teachers Retirement System

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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004 and 2003 were \$632,183, \$626,371 and \$612,399 respectively; 86.16 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$4,450 made by the School District and \$4,238 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement/State Teachers Retirement System. As of June 30, 2005, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

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

Note 14 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System, (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District this amount equaled \$48,629 for fiscal year 2005.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. 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, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established as \$27,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2005 fiscal year equaled \$81,724.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

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

Note 15 - Long Term Obligations

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

	Principal Outstanding 06/30/04	Additions	Reductions	Principal Outstanding 06/30/05	Amount Due in One Year
Governmental Activities					
Capital Leases Payable	\$141,683	\$0	\$72,947	\$68,736	\$68,736
Compensated Absences	879,391	154,690	74,997	959,084	109,769
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	\$1,021,074	\$154,690	\$147,944	\$1,027,820	\$178,505

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

The School District's overall debt margin was \$18,388,219 with an unvoted debt margin of \$204,314 at June 30, 2005.

Note 16 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2005.

B. Litigation

The School District is not party to legal proceedings.

Note 17 - Jointly Governed Organizations

A. Auburn Career Center

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

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

B. Lake Geauga Computer Association

The Lake Geauga Computer Association (the "LGCA") is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. During fiscal year 2005, the School District paid \$48,142 to LGCA. Financial information can be obtained from the Lake Geauga Computer Association, 8221 Auburn Road, Painesville, Ohio 44077.

C. East Shore Regional Transportation System

The East Shore Regional Transportation System (the "ESRTA") is a jointly governed organization formed for the purpose of providing a transportation system for the handicapped children in the 16 member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. ESRTA's continued existence is not dependent on the School District's continued participation. During fiscal year 2005, the School District made no contribution to ESRTA. Financial information can be obtained from the Kirtland Board of Education, 9252 Chillicothe Road, Kirtland, Ohio 44094.

D. East Shore Center

The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation of the governing board. During fiscal year 2005, the School District made no contribution to the East Shore Center. Financial information can be obtained by writing the fiscal agent, Lake County Educational Service Center, 30 South Park Place, Suite 30, Painesville, Ohio 44077.

E. Ohio Schools Council

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2005, the School District paid \$1,345 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

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

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

Note 18 - Related Organization

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

Note 19 - Insurance Purchasing Pool

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

Note 20 – Capital Leases

The School District has entered into a lease agreement for gym and exercise equipment. The lease obligation meets the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, "Accounting for Leases," and has been recorded on the government-wide statements. The equipment has been capitalized in the amount of \$218,901, the present value of the minimum lease payments at the inception of the lease. The book value as of June 30, 2005 was \$87,561. During fiscal year 2006, the School District will pay \$68,736 in principal and \$994 in interest on the lease, at which time the lease will be paid in full.

Note 21 - Set Asides

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2005, only the unspent portion of certain workers' compensation refunds continues to be set aside.

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

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbook Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2004	\$39,468	\$0	(\$1,431,585)
Current Year Set-aside Requirement	0	201,870	201,870
Qualifying Disbursements	0	(840,508)	(696,439)
Totals	\$39,468	(\$638,638)	(\$1,926,154)
Set-aside Balance Carried Forward to Future Fiscal Years	\$39,468	\$0	(\$1,926,154)
Set-aside Reserve Balance as of June 30, 2005	\$39,468	\$0	\$0

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

Combining Statements and Individual Fund Schedules

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds (continued)

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

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

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

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

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

	Food Service	Uniform School Supplies	Public School Support
Assets			
Equity in Pooled Cash and Cash Equivalents	\$71,818	\$1,459	\$34,792
Intergovernmental Receivable	9,030	0	0
Prepaid Items	0	0	0
Inventory Held for Resale	7,497	0	0
Materials and Supplies Inventory	1,338	0	0
<i>Total Assets</i>	<u>\$89,683</u>	<u>\$1,459</u>	<u>\$34,792</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$337
Accrued Wages and Benefits	25,089	0	0
Intergovernmental Payable	0	0	0
<i>Total Liabilities</i>	<u>25,089</u>	<u>0</u>	<u>337</u>
 Fund Balances			
Reserved for Encumbrances	451	0	22
Unreserved, Undesignated (Deficit)	64,143	1,459	34,433
<i>Total Fund Balances (Deficit)</i>	<u>64,594</u>	<u>1,459</u>	<u>34,455</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$89,683</u>	<u>\$1,459</u>	<u>\$34,792</u>

Athletics and Music	SchoolNet Professional Development	Ohio Reads Grant	Summer Intervention	School Improvement Model
\$30,807	\$7	\$4,585	\$0	\$2,950
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$30,807</u>	<u>\$7</u>	<u>\$4,585</u>	<u>\$0</u>	<u>\$2,950</u>
\$0	\$0	\$0	\$0	\$0
0	0	0	4,679	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>4,679</u>	<u>0</u>
24,072	0	185	0	0
6,735	7	4,400	(4,679)	2,950
<u>30,807</u>	<u>7</u>	<u>4,585</u>	<u>(4,679)</u>	<u>2,950</u>
<u>\$30,807</u>	<u>\$7</u>	<u>\$4,585</u>	<u>\$0</u>	<u>\$2,950</u>

(continued)

Berkshire Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2005

	Title VI-B	Title I	Title V
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$0	\$9,727	\$66
Intergovernmental Receivable	0	0	0
Prepaid Items	270	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	0	0	0
<i>Total Assets</i>	<u>\$270</u>	<u>\$9,727</u>	<u>\$66</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$0
Accrued Wages and Benefits	5,041	32,400	0
Intergovernmental Payable	532	470	198
<i>Total Liabilities</i>	<u>5,573</u>	<u>32,870</u>	<u>198</u>
 Fund Balances			
Reserved for Encumbrances	0	848	0
Unreserved, Undesignated (Deficit)	(5,303)	(23,991)	(132)
<i>Total Fund Balances (Deficit)</i>	<u>(5,303)</u>	<u>(23,143)</u>	<u>(132)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$270</u>	<u>\$9,727</u>	<u>\$66</u>

Drug Free Schools Grant	Title II-D Technology	Total Nonmajor Special Revenue Funds
\$138	\$28	\$156,377
0	0	9,030
0	0	270
0	0	7,497
0	0	1,338
<u>\$138</u>	<u>\$28</u>	<u>\$174,512</u>
\$0	\$0	\$337
0	6,224	73,433
0	0	1,200
<u>0</u>	<u>6,224</u>	<u>74,970</u>
138	0	25,716
0	(6,196)	73,826
<u>138</u>	<u>(6,196)</u>	<u>99,542</u>
<u>\$138</u>	<u>\$28</u>	<u>\$174,512</u>

Berkshire Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Food Service	Uniform School Supplies	Public School Support	Athletics and Music
Revenues				
Intergovernmental	\$70,271	\$0	\$0	\$0
Extracurricular Activities	0	0	4,133	82,088
Contributions and Donations	0	0	17,250	550
Charges for Services	250,221	16,544	0	0
<i>Total Revenues</i>	<u>320,492</u>	<u>16,544</u>	<u>21,383</u>	<u>82,638</u>
Expenditures				
Current:				
Instruction:				
Regular	0	15,735	0	0
Special	0	0	0	0
Support Services:				
Pupil	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Business	0	0	0	0
Operation of Food Services	292,808	0	0	0
Extracurricular Activities	0	0	22,251	65,043
<i>Total Expenditures</i>	<u>292,808</u>	<u>15,735</u>	<u>22,251</u>	<u>65,043</u>
<i>Net Change in Fund Balances</i>	27,684	809	(868)	17,595
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>36,910</u>	<u>650</u>	<u>35,323</u>	<u>13,212</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$64,594</u></u>	<u><u>\$1,459</u></u>	<u><u>\$34,455</u></u>	<u><u>\$30,807</u></u>

Educational Management Information Systems	ONEnet	SchoolNet Professional Development	Ohio Reads Grant	Summer Intervention	School Improvement Model
\$5,000	\$12,000	\$16,260	\$6,100	\$24,321	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
5,000	12,000	16,260	6,100	24,321	0
0	0	0	0	25,717	0
0	0	0	0	0	0
5,237	0	0	0	0	1,618
0	0	18,535	12,993	0	0
0	12,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
5,237	12,000	18,535	12,993	25,717	1,618
(237)	0	(2,275)	(6,893)	(1,396)	(1,618)
237	0	2,282	11,478	(3,283)	4,568
\$0	\$0	\$7	\$4,585	(\$4,679)	\$2,950

(continued)

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

	Title VI-B	Title I	Title V	Drug Free Schools Grant
Revenues				
Intergovernmental	\$241,416	\$238,478	\$7,649	\$7,042
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	0	0	0
Charges for Services	0	0	0	0
<i>Total Revenues</i>	<u>241,416</u>	<u>238,478</u>	<u>7,649</u>	<u>7,042</u>
Expenditures				
Current:				
Instruction:				
Regular	0	10,090	12,605	6,925
Special	177,346	253,537	0	0
Support Services:				
Pupil	78,887	18,686	0	0
Instructional Staff	8,059	0	0	0
Administration	31,210	0	0	0
Business	0	0	0	100
Operation of Food Services	0	0	0	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>295,502</u>	<u>282,313</u>	<u>12,605</u>	<u>7,025</u>
<i>Net Change in Fund Balances</i>	(54,086)	(43,835)	(4,956)	17
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>48,783</u>	<u>20,692</u>	<u>4,824</u>	<u>121</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$5,303)</u></u>	<u><u>(\$23,143)</u></u>	<u><u>(\$132)</u></u>	<u><u>\$138</u></u>

Class Size Reduction Grant	Title II-D Technology	Total Nonmajor Special Revenue Funds
\$50,348	\$6,158	\$685,043
0	0	86,221
0	0	17,800
0	0	266,765
<u>50,348</u>	<u>6,158</u>	<u>1,055,829</u>
47,365	6,224	124,661
0	0	430,883
11,457	7,353	123,238
0	0	39,587
0	0	43,210
0	0	100
0	0	292,808
0	0	87,294
<u>58,822</u>	<u>13,577</u>	<u>1,141,781</u>
(8,474)	(7,419)	(85,952)
<u>8,474</u>	<u>1,223</u>	<u>185,494</u>
<u>\$0</u>	<u>(\$6,196)</u>	<u>\$99,542</u>

Combining Statements - Fiduciary Funds

Agency Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the School District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results or operations. A description of the School District's agency funds follows:

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

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

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

Berkshire Local School District
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2005

	Beginning Balance 6/30/04	Additions	Deductions	Ending Balance 6/30/05
<i>Student Activities</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$38,036	\$70,161	\$70,811	\$37,386
Liabilities				
Due to Students	\$38,036	\$70,161	\$70,811	\$37,386
<i>Employee Computer Purchase</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,070	\$0	\$0	\$1,070
Liabilities				
Undistributed Monies	\$1,070	\$0	\$0	\$1,070
<i>Elementary</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$6,054	\$940	\$1,547	\$5,447
Liabilities				
Undistributed Monies	\$6,054	\$940	\$1,547	\$5,447
<i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$45,160	\$71,101	\$72,358	\$43,903
Liabilities				
Due to Students	\$38,036	\$70,161	\$70,811	\$37,386
Undistributed Monies	7,124	940	1,547	6,517
Total Liabilities	\$45,160	\$71,101	\$72,358	\$43,903

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

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income Taxes	\$1,103,007	\$1,143,236	\$1,143,236	\$0
Property and Other Local Taxes	4,373,046	4,532,580	4,532,580	0
Intergovernmental	3,705,222	3,840,359	3,839,378	(981)
Interest	44,338	45,955	46,701	746
Tuition and Fees	55,536	57,561	55,719	(1,842)
Extracurricular Activities	63,015	65,313	65,313	0
Contributions and Donations	1,014	1,051	1,051	0
Charges for Services	15,108	15,659	15,240	(419)
Rentals	8,008	8,300	7,268	(1,032)
Miscellaneous	5,308	5,308	5,298	(10)
<i>Total Revenues</i>	<u>9,373,602</u>	<u>9,715,322</u>	<u>9,711,784</u>	<u>(3,538)</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	3,269,482	3,211,144	3,210,661	483
Fringe Benefits	1,011,391	1,066,576	1,066,411	165
Purchased Services	234,641	344,981	344,056	925
Materials and Supplies	138,217	126,462	124,744	1,718
Capital Outlay - New	77,390	77,843	77,843	0
Capital Outlay - Replacement	4,025	2,670	2,659	11
Total Regular	<u>4,735,146</u>	<u>4,829,676</u>	<u>4,826,374</u>	<u>3,302</u>
Special:				
Salaries and Wages	351,474	388,820	388,769	51
Fringe Benefits	120,932	161,762	161,762	0
Purchased Services	366,021	456,717	456,717	0
Materials and Supplies	6,220	6,226	6,226	0
Capital Outlay - New	1,091	1,091	1,091	0
Total Special	<u>845,738</u>	<u>1,014,616</u>	<u>1,014,565</u>	<u>51</u>
Vocational:				
Salaries and Wages	44,000	39,238	39,203	35
Fringe Benefits	11,063	10,635	10,635	0
Materials and Supplies	4,200	3,570	3,562	8
Total Vocational	<u>59,263</u>	<u>53,443</u>	<u>53,400</u>	<u>43</u>
Total Instruction	<u>\$5,640,147</u>	<u>\$5,897,735</u>	<u>\$5,894,339</u>	<u>\$3,396</u>

(continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Support Services:				
Pupil:				
Salaries and Wages	\$320,119	\$321,651	\$321,651	\$0
Fringe Benefits	112,729	116,485	116,485	0
Purchased Services	34,101	5,767	5,767	0
Materials and Supplies	35,156	35,771	35,771	0
Total Pupil	<u>502,105</u>	<u>479,674</u>	<u>479,674</u>	<u>0</u>
Instructional Staff:				
Salaries and Wages	232,138	241,740	241,740	0
Fringe Benefits	75,261	102,347	102,347	0
Purchased Services	40,746	90,039	90,039	0
Materials and Supplies	18,145	17,576	17,576	0
Capital Outlay - New	20,832	20,111	20,111	0
Total Instructional Staff	<u>387,122</u>	<u>471,813</u>	<u>471,813</u>	<u>0</u>
Board of Education:				
Salaries and Wages	4,752	4,640	4,640	0
Fringe Benefits	652	626	626	0
Purchased Services	18,712	17,444	17,400	44
Materials and Supplies	907	1,241	1,159	82
Other	27,072	24,608	24,608	0
Total Board of Education	<u>52,095</u>	<u>48,559</u>	<u>48,433</u>	<u>126</u>
Administration:				
Salaries and Wages	527,601	512,230	512,230	0
Fringe Benefits	198,336	195,436	195,436	0
Purchased Services	45,742	31,442	31,442	0
Materials and Supplies	1,984	1,957	1,957	0
Capital Outlay - New	1,500	780	780	0
Capital Outlay - Replacement	1,500	0	0	0
Other	57,662	47,501	47,501	0
Total Administration	<u>\$834,325</u>	<u>\$789,346</u>	<u>\$789,346</u>	<u>\$0</u>

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fiscal:				
Salaries and Wages	\$141,260	\$136,113	\$136,113	\$0
Fringe Benefits	48,229	45,189	45,189	0
Purchased Services	17,892	13,970	13,970	0
Materials and Supplies	4,374	3,618	3,618	0
Other	149,702	149,194	149,194	0
Total Fiscal	361,457	348,084	348,084	0
Business:				
Other	17,473	36,347	36,321	26
Operation and Maintenance of Plant:				
Salaries and Wages	453,653	421,987	421,987	0
Fringe Benefits	148,802	161,187	161,187	0
Purchased Services	456,397	412,573	412,573	0
Materials and Supplies	85,959	62,940	62,940	0
Capital Outlay - New	3,887	15,344	15,344	0
Capital Outlay - Replacement	681	611	611	0
Total Operation and Maintenance of Plant	1,149,379	1,074,642	1,074,642	0
Pupil Transportation:				
Salaries and Wages	323,877	342,444	342,154	290
Fringe Benefits	140,046	160,713	160,259	454
Purchased Services	117,927	186,133	185,437	696
Materials and Supplies	65,894	97,960	96,551	1,409
Capital Outlay - Replacement	88	56,057	56,027	30
Total Pupil Transportation	647,832	843,307	840,428	2,879
Total Support Services	3,951,788	4,091,772	4,088,741	3,031
Operation of Non-Instructional Services:				
Food Services:				
Fringe Benefits	81,429	88,580	88,502	78
Materials and Supplies	6,000	4,100	4,010	90
Total Operation of Non-Instructional Services:	\$87,429	\$92,680	\$92,512	\$168

(continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	\$26,347	\$25,088	\$25,088	\$0
Fringe Benefits	18,163	18,324	18,324	0
Total Academic and Subject Oriented Activities	44,510	43,412	43,412	0
Sports Oriented Activities:				
Salaries and Wages	222,501	221,396	221,359	37
School and Public Service Co-Curricular Activities:				
Salaries and Wages	3,148	3,254	3,254	0
Total Extracurricular Activities	270,159	268,062	268,025	37
<i>Total Expenditures</i>	9,949,523	10,350,249	10,343,617	6,632
<i>Net Change in Fund Balance</i>	(575,921)	(634,927)	(631,833)	3,094
<i>Fund Balance Beginning of Year</i>	368,280	368,280	368,280	0
Prior Year Encumbrances Appropriated	264,264	264,264	264,264	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$56,623</u>	<u>(\$2,383)</u>	<u>\$711</u>	<u>\$3,094</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$245,811	\$259,796	\$251,260	(\$8,536)
Intergovernmental	28,201	29,805	28,827	(978)
<i>Total Revenues</i>	<u>274,012</u>	<u>289,601</u>	<u>280,087</u>	<u>(9,514)</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	13,034	426	0	426
Support Services:				
Fiscal:				
Other	8,336	5,460	5,460	0
Operation and Maintenance of Plant:				
Purchased Services	301,226	232,997	229,121	3,876
Capital Outlay - New	63,066	45,188	44,033	1,155
Total Operation and Maintenance of Plant	<u>364,292</u>	<u>278,185</u>	<u>273,154</u>	<u>5,031</u>
Total Support Services	<u>372,628</u>	<u>283,645</u>	<u>278,614</u>	<u>5,031</u>
<i>Total Expenditures</i>	<u>385,662</u>	<u>284,071</u>	<u>278,614</u>	<u>5,457</u>
<i>Net Change in Fund Balance</i>	(111,650)	5,530	1,473	(4,057)
<i>Fund Balance Beginning of Year</i>	228,061	228,061	228,061	0
Prior Year Encumbrances Appropriated	55,624	55,624	55,624	0
<i>Fund Balance End of Year</i>	<u>\$172,035</u>	<u>\$289,215</u>	<u>\$285,158</u>	<u>(\$4,057)</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$60,599	\$52,669	\$52,668	(\$1)
Charges for Services	<u>287,901</u>	<u>250,227</u>	<u>250,221</u>	<u>(6)</u>
<i>Total Revenues</i>	<u>348,500</u>	<u>302,896</u>	<u>302,889</u>	<u>(7)</u>
Expenditures				
Current:				
Operation of Food Services:				
Food Service:				
Salaries and Wages	145,740	130,938	130,887	51
Materials and Supplies	<u>209,755</u>	<u>146,755</u>	<u>145,471</u>	<u>1,284</u>
<i>Total Expenditures</i>	<u>355,495</u>	<u>277,693</u>	<u>276,358</u>	<u>1,335</u>
<i>Net Change in Fund Balance</i>	(6,995)	25,203	26,531	1,328
<i>Fund Balance Beginning of Year</i>	<u>44,836</u>	<u>44,836</u>	<u>44,836</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$37,841</u></u>	<u><u>\$70,039</u></u>	<u><u>\$71,367</u></u>	<u><u>\$1,328</u></u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$18,995	\$17,000	\$16,544	(\$456)
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	<u>18,383</u>	<u>15,897</u>	<u>15,735</u>	<u>162</u>
<i>Net Change in Fund Balance</i>	612	1,103	809	(294)
<i>Fund Balance Beginning of Year</i>	<u>650</u>	<u>650</u>	<u>650</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,262</u></u>	<u><u>\$1,753</u></u>	<u><u>\$1,459</u></u>	<u><u>(\$294)</u></u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Extracurricular Activities	\$5,197	\$4,255	\$4,417	\$162
Contributions and Donations	20,303	16,627	17,250	623
<i>Total Revenues</i>	25,500	20,882	21,667	785
Expenditures				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Materials and Supplies	23,148	27,677	22,273	5,404
<i>Net Change in Fund Balance</i>	2,352	(6,795)	(606)	6,189
<i>Fund Balance Beginning of Year</i>	34,472	34,472	34,472	0
Prior Year Encumbrances Appropriated	567	567	567	0
<i>Fund Balance End of Year</i>	<u>\$37,391</u>	<u>\$28,244</u>	<u>\$34,433</u>	<u>\$6,189</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Extracurricular Activities	\$119,201	\$93,809	\$82,088	(\$11,721)
Contributions and Donations	799	629	550	(79)
<i>Total Revenues</i>	<u>120,000</u>	<u>94,438</u>	<u>82,638</u>	<u>(11,800)</u>
Expenditures				
Current:				
Extracurricular Activities:				
Sports Oriented Activities:				
Salaries and Wages	1,436	1,150	1,150	0
Fringe Benefits	792	800	800	0
Purchased Services	58,008	60,525	60,472	53
Materials and Supplies	27,074	11,574	11,564	10
Capital Outlay - New	32,758	11,258	11,199	59
Other	9,601	5,208	5,208	0
<i>Total Expenditures</i>	<u>129,669</u>	<u>90,515</u>	<u>90,393</u>	<u>122</u>
<i>Net Change in Fund Balance</i>	(9,669)	3,923	(7,755)	(11,678)
<i>Fund Balance Beginning of Year</i>	7,546	7,546	7,546	0
Prior Year Encumbrances Appropriated	6,888	6,888	6,888	0
<i>Fund Balance End of Year</i>	<u>\$4,765</u>	<u>\$18,357</u>	<u>\$6,679</u>	<u>(\$11,678)</u>

Berkshire Local School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Educational Management Information Systems Fund
 For the Fiscal Year Ended June 30, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$5,300	\$5,000	\$5,000	\$0
Expenditures				
Current:				
Support Services:				
Pupil:				
Salaries and Wages	3,000	3,000	3,000	0
Purchased Services	2,537	3,037	2,237	800
<i>Total Expenditures</i>	<u>5,537</u>	<u>6,037</u>	<u>5,237</u>	<u>800</u>
<i>Net Change in Fund Balance</i>	(237)	(1,037)	(237)	800
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>237</u>	<u>237</u>	<u>237</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$0</u>	<u>(\$800)</u>	<u>\$0</u>	<u>\$800</u>

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

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$626	\$16,260	\$16,260	\$0
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	2,282	5,207	5,207	0
Materials and Supplies	0	13,335	13,328	7
<i>Total Expenditures</i>	<u>2,282</u>	<u>18,542</u>	<u>18,535</u>	<u>7</u>
<i>Net Change in Fund Balance</i>	(1,656)	(2,282)	(2,275)	7
<i>Fund Balance Beginning of Year</i>	<u>2,282</u>	<u>2,282</u>	<u>2,282</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$626</u>	<u>\$0</u>	<u>\$7</u>	<u>\$7</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$10,000	\$6,100	\$6,100	\$0
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	10,369	7,886	7,886	0
Fringe Benefits	1,117	1,117	1,117	0
Purchased Services	2,980	1,000	1,000	0
Materials and Supplies	3,196	3,637	3,337	300
Other	2,341	0	0	0
<i>Total Expenditures</i>	<u>20,003</u>	<u>13,640</u>	<u>13,340</u>	<u>300</u>
<i>Net Change in Fund Balance</i>	(10,003)	(7,540)	(7,240)	300
<i>Fund Balance Beginning of Year</i>	11,478	11,478	11,478	0
Prior Year Encumbrances Appropriated	<u>162</u>	<u>162</u>	<u>162</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,637</u></u>	<u><u>\$4,100</u></u>	<u><u>\$4,400</u></u>	<u><u>\$300</u></u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$26,010	\$26,010	\$24,321	(\$1,689)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	<u>26,010</u>	<u>26,010</u>	<u>24,331</u>	<u>1,679</u>
<i>Net Change in Fund Balance</i>	0	0	(10)	(10)
<i>Fund Balance Beginning of Year</i>	<u>10</u>	<u>10</u>	<u>10</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$10</u>	<u>\$10</u>	<u>\$0</u>	<u>(\$10)</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Support Services:				
Pupil:				
Materials and Supplies	<u>4,568</u>	<u>4,568</u>	<u>1,618</u>	<u>2,950</u>
<i>Net Change in Fund Balance</i>	(4,568)	(4,568)	(1,618)	2,950
<i>Fund Balance Beginning of Year</i>	<u>4,568</u>	<u>4,568</u>	<u>4,568</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$2,950</u></u>	<u><u>\$2,950</u></u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$249,808	\$268,558	\$241,416	(\$27,142)
Expenditures				
Current:				
Instruction:				
Special:				
Salaries and Wages	13,800	3,312	3,312	0
Fringe Benefits	3,124	52	52	0
Purchased Services	130,878	169,632	169,497	135
Materials and Supplies	11,767	4,927	3,887	1,040
Capital Outlay - New	8,000	0	0	0
Other	3,000	429	429	0
Total Instruction	170,569	178,352	177,177	1,175
Support Services:				
Pupil:				
Purchased Services	75,887	75,887	75,887	0
Materials and Supplies	3,000	3,000	3,000	0
Capital Outlay - New	10,000	0	0	0
Capital Outlay - Replacement	5,805	0	0	0
Total Pupil	94,692	78,887	78,887	0
Instructional Staff:				
Salaries and Wages	6,851	6,000	6,000	0
Fringe Benefits	1,351	975	677	298
Purchased Services	12,932	0	0	0
Total Instructional Staff	\$21,134	\$6,975	\$6,677	\$298

(continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Administration:				
Salaries and Wages	\$20,055	\$20,055	\$20,055	\$0
Fringe Benefits	3,335	3,335	3,335	0
Materials and Supplies	3,750	4,038	4,037	1
Total Administration	<u>27,140</u>	<u>27,428</u>	<u>27,427</u>	<u>1</u>
Total Support Services	<u>142,966</u>	<u>113,290</u>	<u>112,991</u>	<u>299</u>
<i>Total Expenditures</i>	<u>313,535</u>	<u>291,642</u>	<u>290,168</u>	<u>1,474</u>
<i>Net Change in Fund Balance</i>	(63,727)	(23,084)	(48,752)	(25,668)
<i>Fund Balance Beginning of Year</i>	26,575	26,575	26,575	0
Prior Year Encumbrances Appropriated	<u>22,177</u>	<u>22,177</u>	<u>22,177</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$14,975)</u>	<u>\$25,668</u>	<u>\$0</u>	<u>(\$25,668)</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$220,484	\$293,101	\$267,268	(\$25,833)
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	12,000	12,000	10,938	1,062
Special:				
Salaries and Wages	172,691	183,788	183,788	0
Fringe Benefits	52,051	56,438	56,437	1
Materials and Supplies	1,000	1,000	998	2
Total Special	225,742	241,226	241,223	3
Total Instruction	237,742	253,226	252,161	1,065
Support Services:				
Pupil:				
Purchased Services	13,474	13,474	13,474	0
Materials and Supplies	5,224	5,224	5,212	12
Total Support Services	18,698	18,698	18,686	12
<i>Total Expenditures</i>	256,440	271,924	270,847	1,077
<i>Net Change in Fund Balance</i>	(35,956)	21,177	(3,579)	(24,756)
<i>Fund Deficit Beginning of Year</i>	(3,231)	(3,231)	(3,231)	0
Prior Year Encumbrances Appropriated	15,689	15,689	15,689	0
<i>Fund Balance (Deficit) End of Year</i>	(\$23,498)	\$33,635	\$8,879	(\$24,756)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$5,598	\$7,648	\$7,649	\$1
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	4,824	11,821	11,821	0
Fringe Benefits	499	1,044	1,032	12
<i>Total Expenditures</i>	<u>5,323</u>	<u>12,865</u>	<u>12,853</u>	<u>12</u>
<i>Net Change in Fund Balance</i>	275	(5,217)	(5,204)	13
<i>Fund Balance Beginning of Year</i>	4,771	4,771	4,771	0
Prior Year Encumbrances Appropriated	499	499	499	0
<i>Fund Balance End of Year</i>	<u>\$5,545</u>	<u>\$53</u>	<u>\$66</u>	<u>\$13</u>

Berkshire Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Drug Free Schools Grant Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$7,042	\$7,042	\$7,042	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	3,000	3,000	3,000	0
Materials and Supplies	4,063	4,063	4,063	0
Total Instruction	7,063	7,063	7,063	0
Support Services:				
Business:				
Salaries and Wages	100	100	100	0
<i>Total Expenditures</i>	7,163	7,163	7,163	0
<i>Net Change in Fund Balance</i>	(121)	(121)	(121)	0
<i>Fund Balance Beginning of Year</i>	121	121	121	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

Berkshire Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Class Size Reduction Grant Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$51,028	\$60,446	\$50,348	(\$10,098)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	68,278	32,957	32,957	0
Fringe Benefits	31,224	14,408	14,408	0
Total Instruction	99,502	47,365	47,365	0
Support Services:				
Pupil:				
Purchased Services	3,977	11,747	11,730	17
<i>Total Expenditures</i>	103,479	59,112	59,095	17
<i>Net Change in Fund Balance</i>	(52,451)	1,334	(8,747)	(10,081)
<i>Fund Balance Beginning of Year</i>	7,972	7,972	7,972	0
Prior Year Encumbrances Appropriated	775	775	775	0
<i>Fund Balance (Deficit) End of Year</i>	(\$43,704)	\$10,081	\$0	(\$10,081)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	<u>\$6,260</u>	<u>\$6,500</u>	<u>\$6,158</u>	<u>(\$342)</u>
Expenditures				
Current:				
Support Services:				
Pupil:				
Purchased Services	5,000	5,000	5,000	0
Capital Outlay - New	<u>1,260</u>	<u>2,399</u>	<u>2,353</u>	<u>46</u>
<i>Total Expenditures</i>	<u>6,260</u>	<u>7,399</u>	<u>7,353</u>	<u>46</u>
<i>Net Change in Fund Balance</i>	0	(899)	(1,195)	(296)
<i>Fund Balance Beginning of Year</i>	<u>1,223</u>	<u>1,223</u>	<u>1,223</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,223</u></u>	<u><u>\$324</u></u>	<u><u>\$28</u></u>	<u><u>(\$296)</u></u>

Berkshire Local School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP) and Actual
Self Insurance Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$228,599	\$293,165	\$311,104	\$17,939
Expenses				
Purchased Services	13,284	13,283	10,784	2,499
Claims	275,431	262,032	262,032	0
<i>Total Expenses</i>	288,715	275,315	272,816	2,499
<i>Net Change in Fund Equity</i>	(60,116)	17,850	38,288	20,438
<i>Fund Equity Beginning of Year</i>	72,948	72,948	72,948	0
Prior Year Encumbrances Appropriated	2,500	2,500	2,500	0
<i>Fund Equity End of Year</i>	<u>\$15,332</u>	<u>\$93,298</u>	<u>\$113,736</u>	<u>\$20,438</u>

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Statistical Section

This part of the Berkshire Local School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School District's overall financial health.

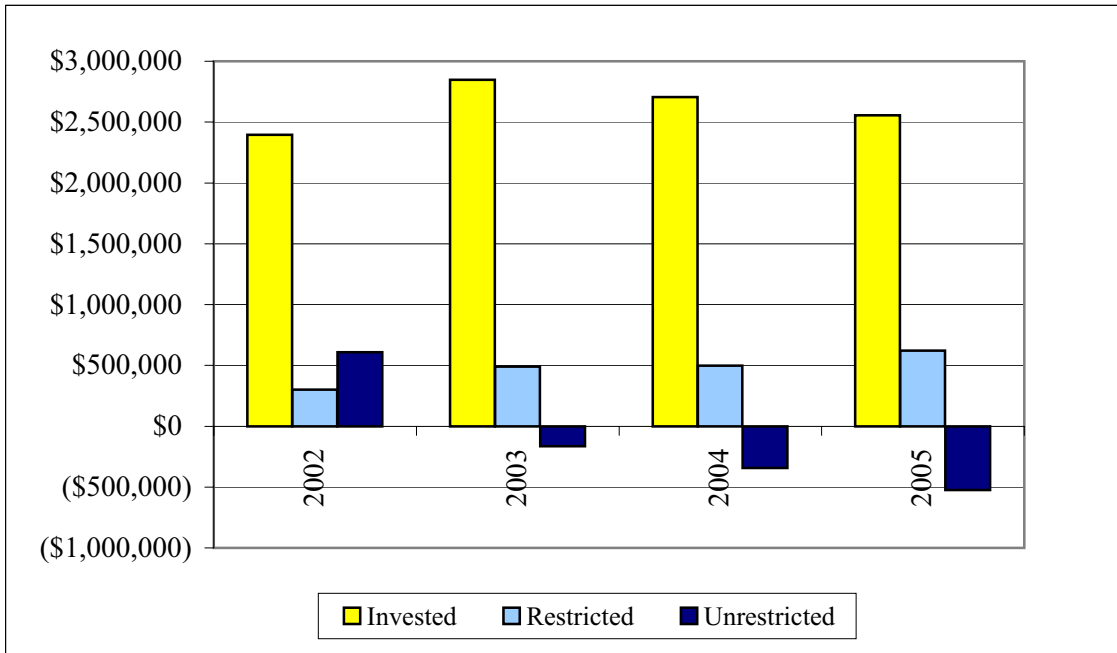
Contents	Pages(s)
<i>Financial Trends</i>	<i>S2 – S9</i>
These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	<i>S10 – S18</i>
These schedules contain information to help the reader assess the School District's most significant local revenue, the property tax and the income tax.	
<i>Debt Capacity</i>	<i>S19 – S23</i>
These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	<i>S24 - S26</i>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.	
<i>Operating Information</i>	<i>S27 – S36</i>
These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The School District implemented GASB Statement No. 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year. Revenue and expenditure information on a modified accrual basis prior to 1999 is unavailable.

Berkshire Local School District

*Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)*

	2002	2003	2004	2005
Invested in Capital Assets, Net of Related Debt	\$2,394,699	\$2,848,267	\$2,705,908	\$2,555,262
Restricted for:				
Capital Projects	156,522	310,541	302,853	471,040
Debt Service	52,024	52,024	0	0
Set Asides	39,468	39,468	39,468	50,598
Other Purposes	52,696	87,604	156,379	99,542
Unrestricted (Deficit)	609,162	(163,721)	(342,388)	(525,586)
Total Net Assets	\$3,304,571	\$3,174,183	\$2,862,220	\$2,650,856



Berkshire Local School District
Changes in Net Assets of Governmental Activities
Last Four Fiscal Years
(accrual basis of accounting)

	2002	2003	2004	2005
Expenses				
Regular Instruction	\$5,062,243	\$4,905,643	\$4,988,073	\$5,188,198
Special Instruction	954,287	967,922	1,153,426	1,390,995
Vocational Instruction	53,659	47,206	53,983	55,653
Pupil Support	648,079	599,157	605,670	615,690
Instructional Staff Support	410,336	542,635	474,125	504,650
Board of Education	49,191	47,565	51,839	46,666
Administration	951,540	1,003,572	879,946	873,703
Fiscal	286,878	309,202	334,441	320,702
Business	33,972	16,910	27,850	36,421
Operation and Maintenance of Plant	1,070,121	1,088,676	1,118,464	1,044,789
Pupil Transportation	786,010	827,529	816,997	809,410
Operation of Food Services	401,456	424,048	388,659	385,017
Extracurricular Activities	351,015	413,973	425,556	373,143
Interest and Fiscal Charges	2,594	340	5,078	3,006
<i>Total Expenses</i>	<u>11,061,381</u>	<u>11,194,378</u>	<u>11,324,107</u>	<u>11,648,043</u>
Program Revenues				
Charges for Services				
Regular Instruction	\$45,157	\$75,428	\$79,894	\$87,553
Operation and Maintenance of Plant	22,843	11,484	6,968	7,783
Operation of Food Service	255,269	261,458	262,367	250,221
Extracurricular Activities	137,212	133,834	135,663	151,534
Operating Grants and Contributions				
Regular Instruction	55,016	51,440	97,020	91,851
Special Instruction	83,103	106,219	285,023	359,192
Pupil Support	56,507	93,487	98,371	98,434
Staff Support	28,454	24,327	45,788	28,950
Administration	44,165	47,971	46,260	37,296
Business	265	100	102	100
Operation of Food Service	65,051	78,899	66,317	70,271
Extracurricular Activities	76,215	36,375	45,503	17,800
Capital Grants and Contributions				
Regular Instruction	0	20,803	0	0
Pupil Transportation	27,343	24,512	13,034	11,130
Extracurricular Activities	0	275,000	0	0
<i>Total Program Revenues</i>	<u>896,600</u>	<u>1,241,337</u>	<u>1,182,310</u>	<u>1,212,115</u>
Net Expense	<u>(\$10,164,781)</u>	<u>(\$9,953,041)</u>	<u>(\$10,141,797)</u>	<u>(\$10,435,928)</u>

(continued)

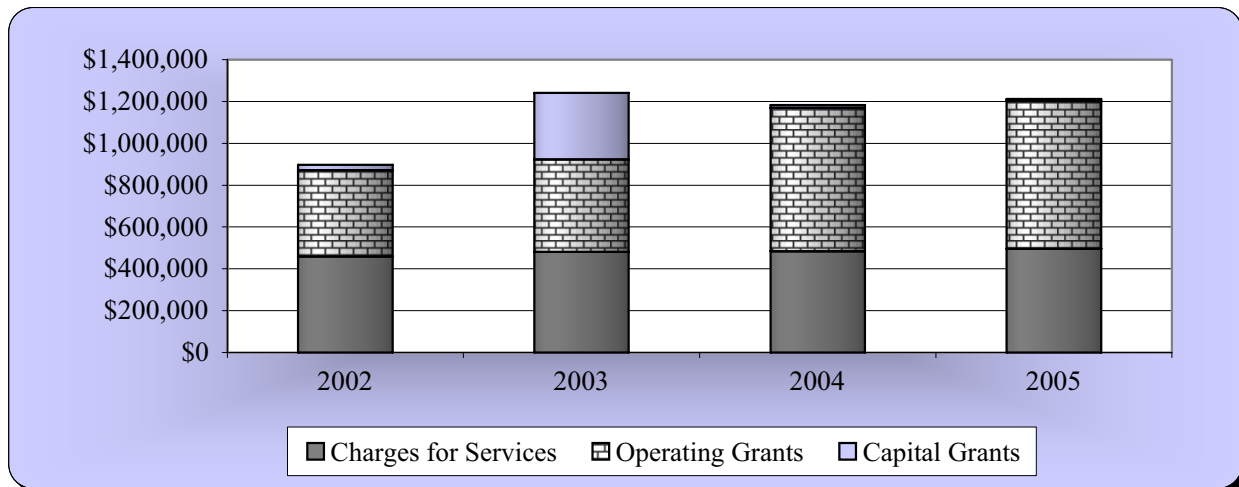
Berkshire Local School District
Changes in Net Assets of Governmental Activities (continued)
Last Four Fiscal Years
(accrual basis of accounting)

	2002	2003	2004	2005
<i>General Revenues</i>				
Property Taxes Levied for:				
General Purposes	\$3,912,786	\$4,493,546	\$4,536,033	\$4,859,170
Capital Outlay	234,293	260,450	240,597	286,289
Income Taxes Levied for:				
General Purposes	1,085,872	1,046,293	1,092,823	1,182,066
Grants and Entitlements not				
Restricted to Specific Programs	3,693,492	3,797,347	3,851,111	3,857,075
Investment Earnings	136,719	88,847	24,063	34,686
Miscellaneous	110,889	81,484	85,207	5,278
<i>Total General Revenues</i>	9,174,051	9,767,967	9,829,834	10,224,564
<i>Change in Net Assets</i>	(\$990,730)	(\$185,074)	(\$311,963)	(\$211,364)

Berkshire Local School District
Program Revenues by Program
Last Four Fiscal Years
(accrual basis of accounting)

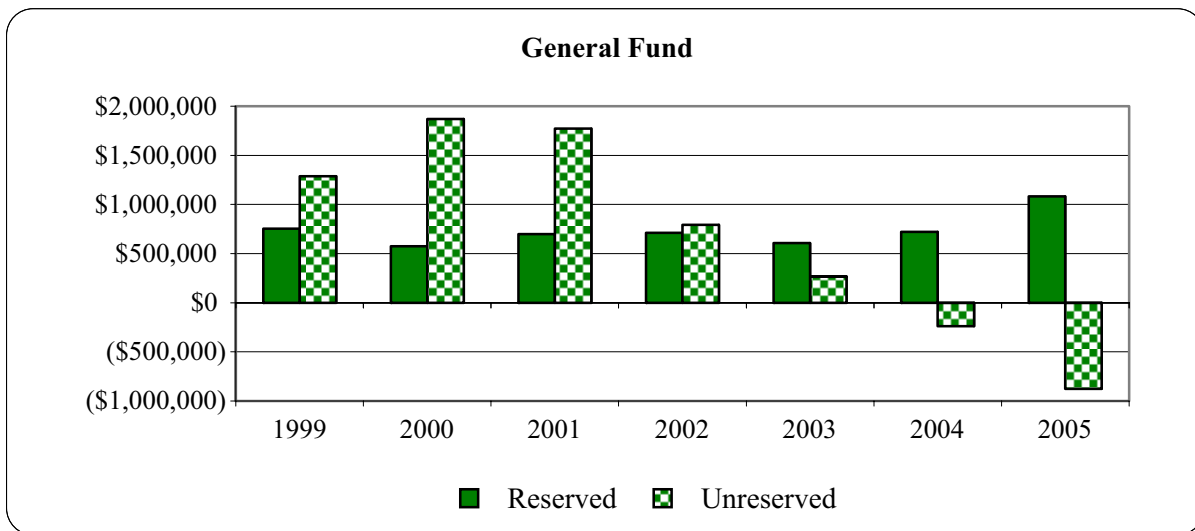
<i>Governmental Activities</i>	2002	2003	2004	2005
<i>Program</i>				
Regular Instruction	\$100,173	\$147,671	\$176,914	\$179,404
Special Instruction	83,103	106,219	285,023	359,192
Pupil Support	56,507	93,487	98,371	98,434
Instructional Staff Support	28,454	24,327	45,788	28,950
Administration	44,165	47,971	46,260	37,296
Business	265	100	102	100
Operation and Maintenance of Plant	22,843	11,484	6,968	7,783
Pupil Transportation	27,343	24,512	13,034	11,130
Operation of Food Services	320,320	340,357	328,684	320,492
Extracurricular Activities	213,427	445,209 (1)	181,166	169,334
<i>Total Program Revenues</i>	<u>\$896,600</u>	<u>\$1,241,337</u>	<u>\$1,182,310</u>	<u>\$1,212,115</u>

(1) In fiscal year 2003, the School District received a one time grant for school fitness equipment.



Berkshire Local School District
Fund Balances, Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

	1999	2000	2001	2002
General Fund				
Reserved	\$752,180	\$576,130	\$699,924	\$713,107
Unreserved	1,288,158	1,869,696	1,773,148	793,705
<i>Total General Fund</i>	<u>2,040,338</u>	<u>2,445,826</u>	<u>2,473,072</u>	<u>1,506,812</u>
All Other Governmental Funds				
Reserved	217,983	73,592	301,072	76,104
Unreserved, Undesignated, Reported in:				
Special Revenue funds	41,248	47,808	82,033	(10,411)
Debt Service funds	1,560	86,693	52,024	52,024
Capital Projects funds	169,857	293,388	18,948	79,897
Total All Other Governmental Funds	<u>430,648</u>	<u>501,481</u>	<u>454,077</u>	<u>197,614</u>
<i>Total Governmental Funds</i>	<u><u>\$2,470,986</u></u>	<u><u>\$2,947,307</u></u>	<u><u>\$2,927,149</u></u>	<u><u>\$1,704,426</u></u>



<u>2003</u>	<u>2004</u>	<u>2005</u>
\$606,338	\$720,833	\$1,081,687
<u>265,095</u>	<u>(237,113)</u>	<u>(876,971)</u>
<u>871,433</u>	<u>483,720</u>	<u>204,716</u>
218,634	110,697	201,771
40,004	113,164	73,826
52,024	0	0
<u>104,951</u>	<u>228,061</u>	<u>285,158</u>
<u>415,613</u>	<u>451,922</u>	<u>560,755</u>
<u>\$1,287,046</u>	<u>\$935,642</u>	<u>\$765,471</u>

Berkshire Local School District
Changes in Fund Balances, Governmental Funds (1)
Last Seven Fiscal Years
(modified accrual basis of accounting)

	1999	2000 (2)	2001	2002
Revenues				
Income Taxes	\$0	\$1,072,636	\$1,166,466	\$1,085,872
Property and Other Local Taxes	4,636,319	3,706,344	4,237,312	4,139,397
Intergovernmental	3,380,014	3,773,548	4,040,140	4,043,960
Interest	157,793	206,786	227,269	136,719
Tuition and Fees	15,995	24,690	16,524	20,084
Extracurricular Activities	122,214	111,551	110,065	137,212
Contributions and Donations	43,976	74,931	92,922	85,485
Charges for Services	8,856	7,685	6,750	280,342
Rentals	16,063	11,429	12,363	22,843
Miscellaneous	99,939	88,920	50,347	110,889
<i>Total Revenues</i>	<u>8,481,169</u>	<u>9,078,520</u>	<u>9,960,158</u>	<u>10,062,803</u>
Expenditures				
Current:				
Instruction:				
Regular	3,682,673	3,918,104	4,648,944	4,924,598
Special	698,092	786,815	822,642	962,436
Vocational	49,109	48,245	49,833	53,643
Support Services:				
Pupil	403,963	465,117	500,736	633,850
Instructional Staff	219,601	255,052	313,565	411,761
Board of Education	24,891	28,512	71,719	49,197
Administration	576,364	721,396	834,443	914,134
Fiscal	205,386	263,964	245,493	280,236
Business	16,974	20,287	20,783	33,972
Operation and Maintenance of Plant	896,663	986,513	1,041,022	1,003,395
Pupil Transportation	693,419	657,231	649,639	836,990
Central	648	0	0	0
Operation of Non-Instructional Services	5,766	12,808	29,428	33,050
Operation of Food Services	0	0	0	357,014
Extracurricular Activities	249,077	301,143	325,269	345,444
Capital Outlay	89,377	36,170	361,586	393,131
Debt Service:				
Principal Retirement	197,461	116,822	30,000	30,000
Interest and Fiscal Charges	24,042	10,456	4,669	3,113
<i>Total Expenditures</i>	<u>8,033,506</u>	<u>8,628,635</u>	<u>9,949,771</u>	<u>11,265,964</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>447,663</u>	<u>449,885</u>	<u>10,387</u>	<u>(1,203,161)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,171	2,142	62	0
Inception of Capital Lease	0	0	0	0
Transfers In	0	3,181	0	25,000
Transfers Out	0	(3,181)	(25,000)	(25,000)
<i>Total Other Financing Sources (Uses)</i>	<u>1,171</u>	<u>2,142</u>	<u>(24,938)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$448,834</u>	<u>\$452,027</u>	<u>(\$14,551)</u>	<u>(\$1,203,161)</u>
Debt Service as a Percentage of				
Noncapital Expenditures	2.8%	1.5%	0.4%	0.3%

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

(2) Fiscal year 2000 was the first year property tax and income tax were reported separately.

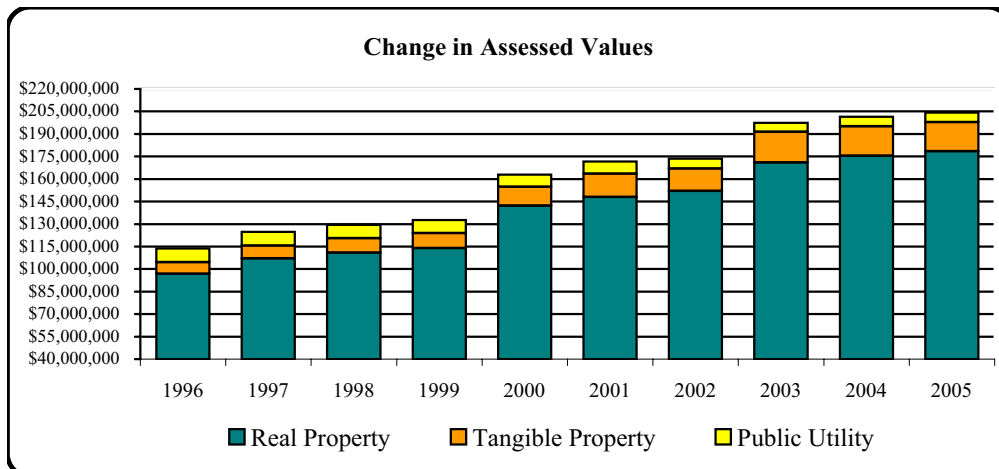
2003	2004	2005
\$1,046,293	\$1,092,823	\$1,182,066
4,766,751	4,775,107	5,103,176
4,245,726	4,501,737	4,553,248
88,847	24,063	34,686
44,700	46,141	55,769
133,834	135,663	151,534
39,214	46,792	18,851
289,347	296,120	282,005
11,484	6,968	7,783
81,484	85,207	5,278
<u>10,747,680</u>	<u>11,010,621</u>	<u>11,394,396</u>
5,085,157	4,794,030	4,970,513
964,032	1,155,584	1,423,454
46,735	51,639	54,833
594,738	579,799	613,912
539,961	470,724	499,865
47,562	51,018	45,977
992,446	876,884	852,759
296,593	325,462	315,633
16,910	27,850	36,421
1,042,087	1,070,456	1,008,026
789,847	761,529	770,480
0	0	0
81,255	0	0
336,601	377,141	392,307
391,254	418,126	357,388
152,444	325,713	146,929
6,339	70,879	72,947
0	5,191	3,123
<u>11,383,961</u>	<u>11,362,025</u>	<u>11,564,567</u>
<u>(636,281)</u>	<u>(351,404)</u>	<u>(170,171)</u>
0	0	0
218,901	0	0
25,000	52,024	0
<u>(25,000)</u>	<u>(52,024)</u>	<u>0</u>
<u>218,901</u>	<u>0</u>	<u>0</u>
<u>(\$417,380)</u>	<u>(\$351,404)</u>	<u>(\$170,171)</u>
0.1%	0.7%	0.7%

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

Collection Year	Real Estate		Tangible Personal	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1996	\$96,893,090	\$276,837,400	\$7,625,490	\$30,501,960
1997	107,141,390	306,118,257	8,548,600	34,194,400
1998	110,948,800	316,996,571	9,590,090	38,360,360
1999	113,874,170	325,354,771	10,135,990	40,543,960
2000	142,245,480	406,415,657	12,547,070	50,188,280
2001	147,965,940	422,759,829	15,483,450	61,933,800
2002	151,943,830	434,125,229	15,111,250	60,445,000
2003	170,902,090	488,291,686	20,538,500	82,154,000
2004	175,510,300	501,458,000	19,535,060	78,140,240
2005	178,567,460	510,192,743	19,212,290	76,849,160

Note: Property in Geauga County is reappraised once every six years with a State mandated update of the current market value in the third year after a reappraisal.

* Assessed valuation for real property is based upon 35 percent of estimated true value set by county appraisal, and is 25 percent of listed true value for tangible personal property and 88 percent for public utility property.



Public Utility		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Direct Tax Rate	Ratio
\$9,187,140	\$10,439,932	\$113,705,720	\$317,779,292	\$53.20	36.00%
9,117,080	10,360,318	124,807,070	350,672,975	52.90	36.00
8,922,380	10,139,068	129,461,270	365,495,999	52.70	35.00
8,730,000	9,920,455	132,740,160	375,819,186	52.30	35.00
8,150,600	9,262,045	162,943,150	465,865,983	52.30	35.00
8,186,330	9,302,648	171,635,720	493,996,276	52.30	35.00
6,430,150	7,306,989	173,485,230	501,877,217	52.30	35.00
5,946,900	6,757,841	197,387,490	577,203,527	52.30	34.00
6,472,680	7,355,318	201,518,040	586,953,558	52.30	34.00
6,533,790	7,424,761	204,313,540	594,466,664	52.30	34.00

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

Collection Year	School Levy				Total School Levy
	Unvoted Inside Millage Operating	Voted Millage			
		Operating	Debt	Permanent Improvement	
1996	\$4.50	\$45.30	\$0.90	\$2.50	\$53.20
1997	4.50	45.30	0.60	2.50	52.90
1998	4.50	45.30	0.40	2.50	52.70
1999	4.50	45.30	0.00	2.50	52.30
2000	4.50	45.30	0.00	2.50	52.30
2001	4.50	45.30	0.00	2.50	52.30
2002	4.50	45.30	0.00	2.50	52.30
2003	4.50	45.30	0.00	2.50	52.30
2004	4.50	45.30	0.00	2.50	52.30
2005	4.50	45.30	0.00	2.50	52.30

Source: Office of the County Auditor, Geauga County, Ohio
 Data provided on a collection year basis, the manner in
 which it is maintained by the County Auditor.

Note: The School District's basic property tax rate may be
 increased only by a majority vote of the School District's
 residents. Rates for debt service are set based on each
 year's requirements.



<u>JVS</u>	<u>Troy Township</u>	<u>Library</u>	<u>County Levy</u>	<u>Total Levy</u>
\$1.50	\$12.50	\$1.00	\$12.85	\$81.05
1.50	12.50	1.00	12.45	80.35
1.50	12.50	1.00	12.45	80.15
1.50	12.50	1.00	12.45	79.75
1.50	12.50	1.00	12.65	79.95
1.50	12.50	1.00	13.40	80.70
1.50	12.50	1.00	14.40	81.70
1.50	12.50	1.00	14.40	81.70
1.50	12.50	1.00	15.10	82.40
1.50	12.50	1.00	15.10	82.40

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

Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
1995	\$3,924,232	\$3,510,668	89.46%	\$164,377	\$3,675,045	93.65%
1996	3,972,511	3,583,675	90.21	80,831	3,664,506	92.25
1997	4,196,698	3,758,943	89.57	118,273	3,877,216	92.39
1998	4,279,091	3,865,659	90.34	103,324	3,968,983	92.75
1999	4,429,869	4,010,823	90.54	105,508	4,116,331	92.92
2000	4,625,470	4,278,141	92.49	105,158	4,383,299	94.76
2001	4,696,679	4,370,504	93.06	95,357	4,465,861	95.09
2002	5,123,159	4,774,892	93.20	117,633	4,892,525	95.50
2003	5,473,088	4,996,649	91.29	140,381	5,137,030	93.86
2004	5,480,405	5,047,035	92.09	121,135	5,168,170	94.30

Source: Office of the County Auditor, Geauga County, Ohio

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.

(2) The 2005 information cannot be presented because all collections have not been made by June 30, 2005.

(3) The County does not maintain delinquency information by tax year.

Berkshire Local School District
Principal Taxpayers
Real Estate Tax
December 31, 2004 and December 31, 1999

Name of Taxpayer	December 31, 2004	
	Assessed Value	Percent of Real Property Assessed Value
Great Lakes Cheese Company, Inc.	\$3,867,190	2.17%
Thistle Lane Real Properties	1,473,330	0.83
Berkshire Hills Limited	1,224,990	0.69
Excel Polymers LLC	1,138,920	0.64
John J. Masternick	1,061,110	0.59
Troy Oaks Homes	756,890	0.42
Blaine M. Kaufmann	519,680	0.29
Steven Rajki, Junior	492,010	0.28
City of Akron	448,340	0.25
William E. George	444,370	0.24
Totals	<u>\$11,426,830</u>	<u>6.40%</u>
Total Assessed Valuation	<u>\$178,567,460</u>	

Name of Taxpayer	December 31, 1999 (1)	
	Assessed Value	Percent of Real Property Assessed Value
Berkshire Hills Limited	\$1,256,510	0.88%
M.A. Hanna Company	1,131,000	0.80
John J. Masternick	1,010,010	0.71
Safra Inn, LLO	617,820	0.43
Grandview Golf Club	470,030	0.33
Farmore Farms Limited	440,060	0.31
Steven Rajki, Junior	439,270	0.31
East Branch Limited	437,130	0.31
Tripoli Enterprise, Inc.	431,210	0.30
John Calabrese	392,820	0.28
Totals	<u>\$6,625,860</u>	<u>4.66%</u>
Total Assessed Valuation	<u>\$142,245,480</u>	

Source: Office of the County Auditor, Geauga County, Ohio

(1) Information prior to 1999 is not available.

Berkshire Local School District
Principal Taxpayers
Tangible Personal Property Tax
December 31, 2004 and December 31, 1999

Name of Taxpayer	December 31, 2004	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Great Lakes Cheese Company, Incorporated	\$7,714,850	40.16%
Polyone Corporation	3,567,170	18.57
Duramax Marine	728,780	3.79
Troy Manufacturing Company, Incorporated	690,030	3.59
Preston Chevrolet/Cadillac, Incorporated	687,160	3.58
BFG Supply Company, LLC.	578,880	3.01
Multi Wing America, Incorporated	435,860	2.27
Preston Ford, Incorporated	422,640	2.20
Electrobock, Incorporated	415,520	2.16
Thistle Lane Real Properties	374,200	1.95
Total	\$15,615,090	81.28%
Total Assessed Valuation	\$19,212,290	

Name of Taxpayer	December 31, 1999 (1)	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Great Lakes Cheese Company, Incorporated	\$4,012,930	31.98%
M.A. Hanna Company	3,266,530	26.03
Troy Manufacturing Company, Incorporated	866,500	6.91
Burton Flowers and Garden	591,230	4.71
Preston Chevrolet/Cadillac, Incorporated	589,030	4.69
TRC Manufacturing, Incorporated	385,810	3.08
County Ford Limited	373,820	2.98
Electrobock, Incorporated	352,730	2.81
New Methodox, Incorporated	338,370	2.70
Recycled Roadway, Incorporated	307,460	2.45
Total	\$11,084,410	88.34%
Total Assessed Valuation	\$12,547,070	

Source: Office of the County Auditor, Geauga County, Ohio

(1) Information prior to 1999 is not available.

Berkshire Local School District
Principal Taxpayers
Public Utilities Tax
December 31, 2004 and December 31, 1999

Name of Taxpayer	December 31, 2004	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$4,167,640	63.79%
Ohio Bell Telephone Company	928,850	14.21
American Transmission	374,330	5.73
Ohio Edison	192,010	2.94
East Ohio Gas Company	121,310	1.86
Total	<u>\$5,784,140</u>	<u>88.53%</u>
Total Assessed Valuation	<u>\$6,533,790</u>	

Name of Taxpayer	December 31, 1999 (1)	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$5,368,700	65.87%
Ohio Bell Telephone Company	1,284,590	15.76
East Ohio Gas Company	976,410	11.98
Ohio Edison	264,210	3.24
Total	<u>\$7,893,910</u>	<u>96.85%</u>
Total Assessed Valuation	<u>\$8,150,600</u>	

Source: Office of the County Auditor, Geauga County, Ohio

(1) Information prior to 1999 is not available.

Berkshire Local School District
Income Tax Revenue Base and Collections (1)
Last Ten Years

Tax Year (2)	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes from Direct Payments	Percentage of Taxes from Direct Payments
2000	0.75 %	\$1,072,636	\$573,860	53.50%	\$498,776	46.50%
2001	0.75	1,166,466	597,231	51.20	569,235	48.80
2002	0.75	1,085,872	612,432	56.40	473,440	43.60
2003	0.75	1,046,293	600,572	57.40	445,721	42.60
2004	0.75	1,092,823	611,981	56.00	480,842	44.00
2005	0.75	1,182,066	632,405	53.50	549,661	46.50

(1) Income tax is only collected on the income of residents and on estates.

(2) Fiscal year 2002 through 2005 are on an accrual basis and 2000 and 2001 are on a modified accrual basis.

Berkshire Local School District
Computation of Direct and Overlapping
General Obligation Bonded Debt
June 30, 2005

	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Direct:			
Berkshire Local School District	\$0	100.00%	\$0
Overlapping:			
Geauga County	<u>665,000</u>	<u>7.52%</u>	<u>50,008</u>
Total	<u><u>\$665,000</u></u>		<u><u>\$50,008</u></u>

Source: Office of the Auditor, Geauga County, Ohio

Berkshire Local School District
*Ratio of General Obligation Bonded Debt
to Assessed Value and Debt per Capita
Last Eight Fiscal Years*

Fiscal Year	Population (1)		Estimated Actual Value (2)	General Obligation Bonded Debt		
				Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
1998	8,546	a	\$365,496,000	\$80,072	0.02%	\$9.37
1999	8,546	a	375,819,186	13,924	0.00	1.63
2000	8,546	a	465,865,983	0	0.00	0.00
2001	8,647	b	493,996,276	0	0.00	0.00
2002	8,647	b	501,877,217	0	0.00	0.00
2003	8,647	b	577,203,527	0	0.00	0.00
2004	8,647	b	586,953,558	0	0.00	0.00
2005	8,647	b	594,466,664	0	0.00	0.00

Source: (1) U.S. Bureau of Census, Census of Population
(a) 1990 Federal Census
(b) 2000 Federal Census

(2) Geauga County Auditor

General Debt				
Gross Bonded Debt	Capital Leases	Total Debt	Ratio of General Debt to Estimated Actual Value	General Debt per Capita
\$344,283	\$0	\$344,283	0.09%	\$40.29
146,822	0	146,822	0.04	17.18
60,000	0	60,000	0.01	7.02
30,000	0	30,000	0.01	3.47
0	0	0	0.00	0.00
0	212,562	212,562	0.04	24.58
0	141,683	141,683	0.02	16.39
0	68,736	68,736	0.01	7.95

Berkshire Local School District
Computation of Legal Debt Margin
Last Eight Fiscal Years

	1998	1999	2000	2001
Assessed Valuation	<u>\$129,461,270</u>	<u>\$132,740,160</u>	<u>\$162,943,150</u>	<u>\$171,635,720</u>
Debt Limit - 9% of Assessed Value (1)	\$11,651,514	\$11,946,614	\$14,664,884	\$15,447,215
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds	344,283	146,822	60,000	30,000
Less Amount Available in Debt Service	<u>(264,211)</u>	<u>(162,898)</u>	<u>(119,806)</u>	<u>(85,137)</u>
Amount of Debt Subject to Limit	<u>80,072</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin	<u>\$11,571,442</u>	<u>\$11,946,614</u>	<u>\$14,664,884</u>	<u>\$15,447,215</u>
Legal Debt Margin as a Percentage of the Debt Limit	99.31%	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Assessed Value (1)	\$129,461	\$132,740	\$162,943	\$171,636
Amount of Debt Applicable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$129,461</u>	<u>\$132,740</u>	<u>\$162,943</u>	<u>\$171,636</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Geauga 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.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<u>\$173,485,230</u>	<u>\$197,387,490</u>	<u>\$201,518,040</u>	<u>\$204,313,540</u>
\$15,613,671	\$17,764,874	\$18,136,624	\$18,388,219
0	0	0	0
<u>(52,024)</u>	<u>(52,024)</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$15,613,671</u>	<u>\$17,764,874</u>	<u>\$18,136,624</u>	<u>\$18,388,219</u>
100.00%	100.00%	100.00%	100.00%
\$173,485	\$197,387	\$201,518	\$204,314
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$173,485</u>	<u>\$197,387</u>	<u>\$201,518</u>	<u>\$204,314</u>
100.00%	100.00%	100.00%	100.00%

Berkshire Local School District
Demographic and Economic Statistics
Last Six Years

Year	Population (1)	Total Personal Income (1)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2000	1,450	\$28,298,200	\$19,516	\$41,830	37.50
2001	1,450	28,298,200	19,516	41,830	37.50
2002	1,450	28,298,200	19,516	41,830	37.50
2003	1,450	28,298,200	19,516	41,830	37.50
2004	1,450	28,298,200	19,516	41,830	37.50
2005	1,450	28,298,200	19,516	41,830	37.50

Source 2000 U.S. Census Bureau

- (1) Information presented is for the Village of Burton. Information for the townships of Burton, Troy and Claridon were not available.

<u>Median Value of Residential Property (1)</u>	<u>Geauga County Unemployment Rate</u>	<u>Total Assessed Property Value</u>
\$135,100	2.8%	\$162,943,150
135,100	2.9	171,635,720
135,100	3.7	173,485,230
135,100	4.3	197,387,490
135,100	5.3	201,518,040
135,100	4.4	204,313,540

Berkshire Local School District

*Principal Employers
December 31, 2004 (1)*

<u>Employer</u>	<u>City</u>	<u>Nature of Business or Activity</u>	<u>Employees</u>
Great Lakes Cheese	Troy	Packaging	500
Excell Polymers, LLC	Burton	Manufacturing	214
BFG	Burton	Sales	190
Berkshire School Board of Education	Burton	Education	158
Burton Health Care	Burton	Health Care	125
Duramax	Troy	Manufacturing	90
Preston Chevrolet	Burton	Sales	75
Ronyak Paving	Burton	Paving	66
ARMS Trucking	Burton	Trucking	65
Troy Manufacturing	Troy	Manufacturing	<u>32</u>
Total			<u><u>1,515</u></u>
Total Employment within the School District			<u><u>n/a</u></u>

Source: City of Burton and the Townships of Burton and Troy, Ohio.

(1) Information prior to 2004 is not available.

n/a - Information not available.

Berkshire Local School District
Building Statistics by Function/Program
Current Fiscal Year

Burton Elementary School

Constructed in 1959	
Total Building Square Footage	29,549
Enrollment Grades K-6	371
Student Capacity	450
Regular Instruction Classrooms	23
Regular Instruction Teachers	26
Special Instruction Classrooms	2
Special Instruction Teachers	3

Troy Elementary School

Constructed in 1924	
Total Building Square Footage	18,556
Enrollment Grades 1-6	99
Student Capacity	190
Regular Instruction Classrooms	10
Regular Instruction Teachers	9
Special Instruction Classrooms	1
Special Instruction Teachers	1

Claridon Elementary School

Constructed in 1920	
Total Building Square Footage	15,467
Enrollment Grades 1-6	142
Student Capacity	200
Regular Instruction Classrooms	6
Regular Instruction Teachers	6
Special Instruction Classrooms	0
Special Instruction Teachers	0

Junior High/High School

Constructed in 1936	
Total Building Square Footage	95,485
Enrollment Grades 7-12	724
Student Capacity	760
Regular Instruction Classrooms	32
Regular Instruction Teachers	32
Special Instruction Classrooms	4
Special Instruction Teachers	4

Berkshire Local School District

Per Pupil Cost

Last Four Fiscal Years

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/ Teacher Ratio</u>
2002	\$11,061,381	1,395	\$7,929		90	15.5
2003	11,194,378	1,377	8,130	2.53%	88	15.6
2004	11,324,107	1,381	8,200	0.86	87	15.9
2005	11,648,043	1,336	8,719	6.33	86	15.5

Source: School District Records

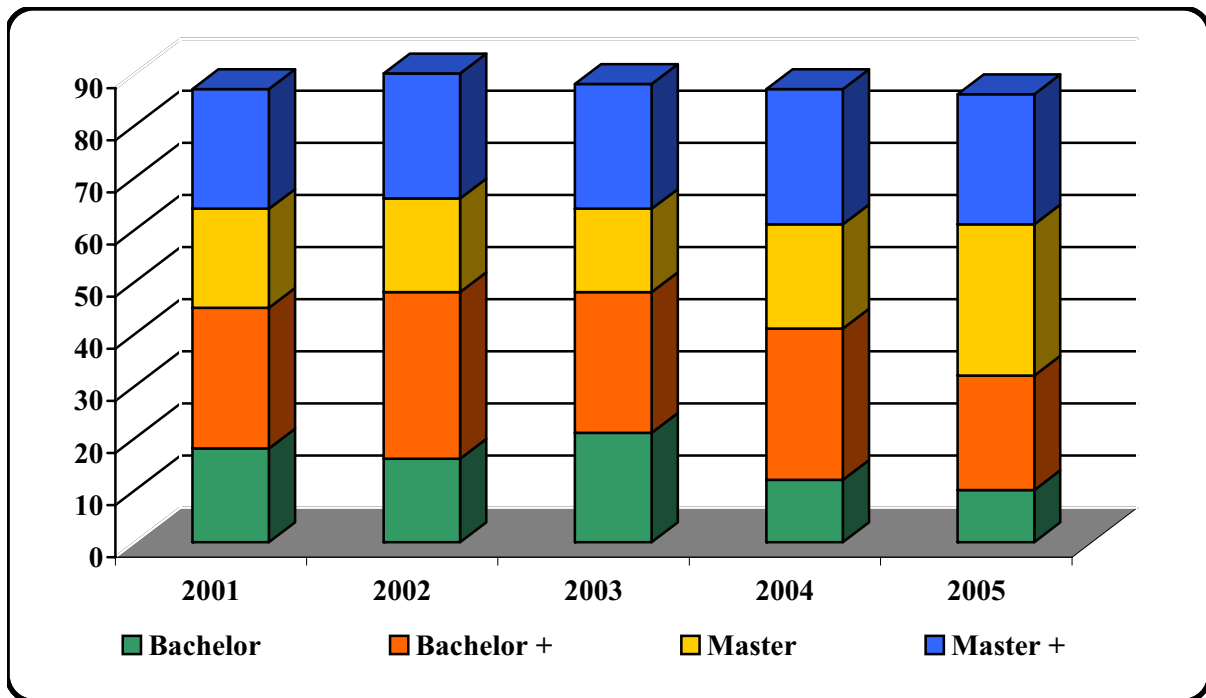
Berkshire Local School District
Attendance and Graduation Rates
Last Eight School Years

Fiscal Year	Berkshire Attendance Rate	State Average	Berkshire Graduation Rate	State Average
1998	96.30%	93.90%	96.30%	79.90%
1999	96.10	93.50	96.10	81.40
2000	95.70	93.60	95.10	80.70
2001	96.00	93.90	95.00	81.20
2002	95.50	94.30	92.50	82.80
2003	95.70	94.50	98.30	83.90
2004	95.90	94.50	95.40	84.30
2005	95.60	94.30	94.60	85.90

Source: Ohio Department of Education Local Report Cards

Berkshire Local School District
Full-Time Equivalent School District Teachers by Education
Last Five Fiscal Years

Degree	2001	2002	2003	2004	2005
Bachelor's Degree	18	16	21	12	10
Bachelor + 15	3	7	8	3	4
Bachelor + 30	24	25	19	26	18
Master's Degree	19	18	16	20	29
Master + 15	6	9	11	14	11
Master + 30	17	15	13	12	14
Total	87	90	88	87	86



Source: School District Records

Berkshire Local School District
School District Employees by Function/Program
Last Three Fiscal Years

Function/Program	2005	2004	2003
Regular Instruction			
Elementary Classroom Teachers	34.00	39.00	39.00
High School Classroom Teachers	33.00	33.00	33.00
Special Instruction			
Elementary Classroom Teachers	4.00	4.00	4.00
Gifted Education Teachers	1.00	1.00	1.00
High School Classroom Teachers	4.00	3.00	3.00
Vocational Instruction			
High School Classroom Teachers	1.00	1.00	1.00
Pupil Support Services			
Guidance Counselors	3.00	3.00	3.00
Librarians	1.00	1.00	1.00
Psychologists	1.00	1.00	1.00
Speech and Language Pathologists	1.00	1.00	1.00
Nurse	1.00	1.00	1.00
Administrators			
Elementary	3.50	3.00	3.00
High School	2.00	2.00	2.00
Operation of Plant			
Custodians	10.50	11.00	11.00
Maintenance	1.00	1.00	1.00
Pupil Transportation			
Bus Drivers	13.00	13.00	13.00
Bus Aides	2.00	1.00	1.00
Van Drivers	2.00	1.00	0.50
Food Service Program			
Elementary Cooks	5.00	5.00	6.00
High School Cooks	5.00	5.00	4.00
Totals	<u>128.00</u>	<u>130.00</u>	<u>129.50</u>

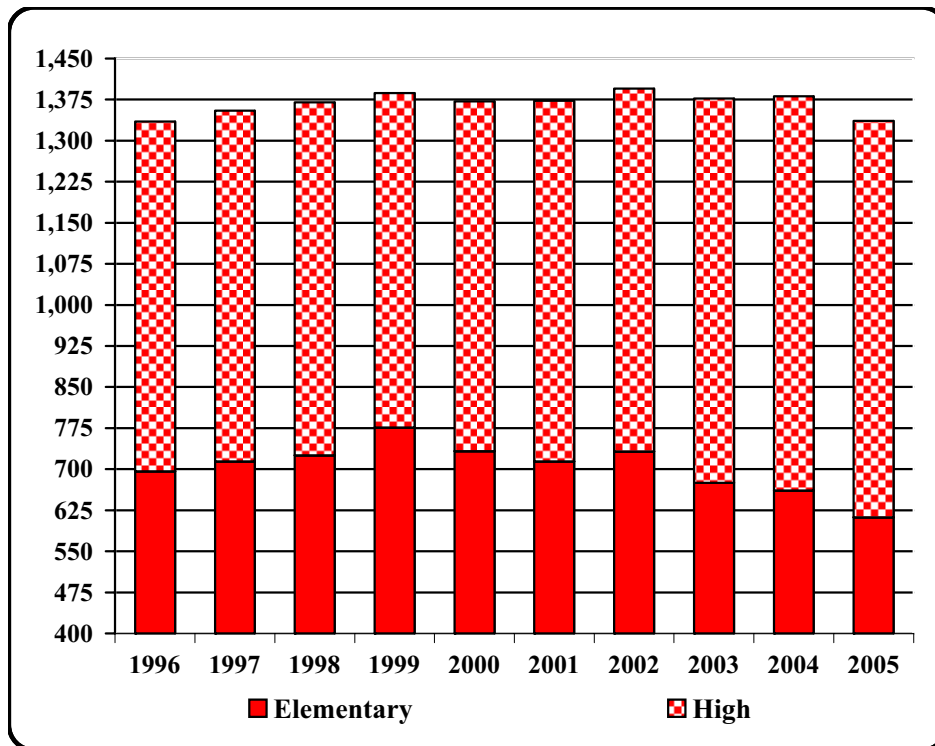
Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee

Berkshire Local School District

Enrollment Statistics

Last Ten Fiscal Years

Fiscal Year	Elementary Schools	Junior/High School	Total
1996	696	639	1,335
1997	714	641	1,355
1998	725	645	1,370
1999	776	611	1,387
2000	733	639	1,372
2001	714	659	1,373
2002	732	663	1,395
2003	675	702	1,377
2004	661	720	1,381
2005	612	724	1,336



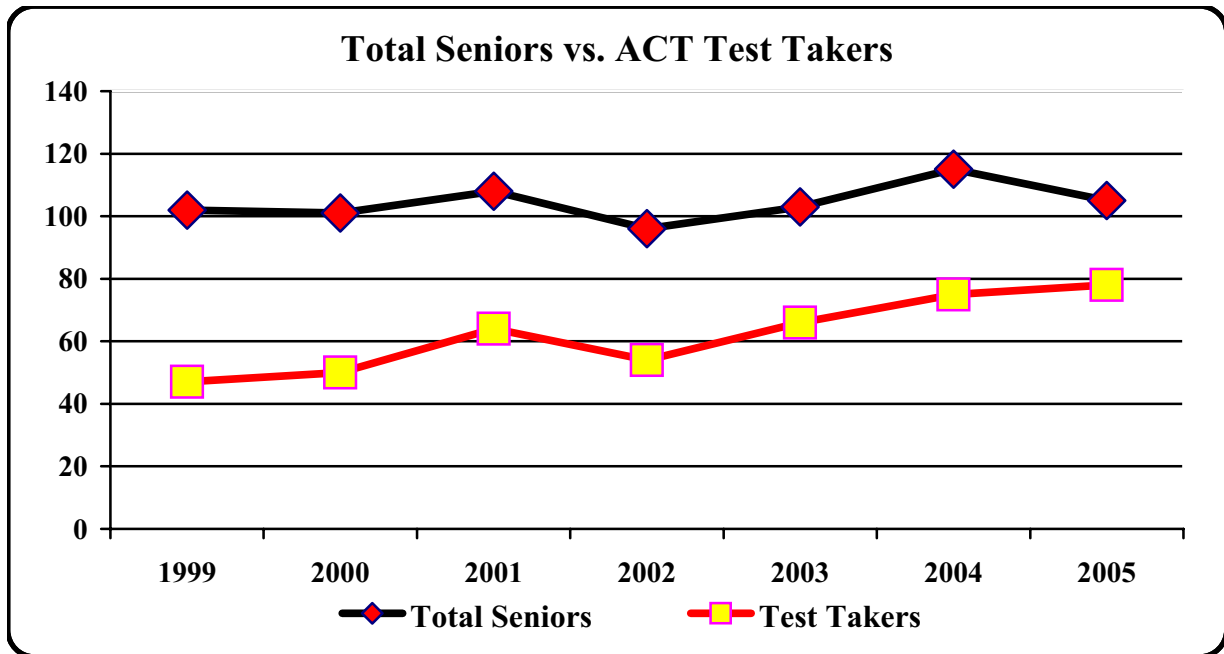
Source: Berkshire Local School Districts Records

Berkshire Local School District

ACT Composite Scores

Last Seven School Years

School Year	Number of Test Takers	Number of Seniors	Percent of Students	Berkshire Composite	Ohio Composite	National Composite
1999	47	102	46.03%	22.0	21.4	21.0
2000	50	101	49.50	22.7	21.4	21.0
2001	64	108	59.26	22.5	21.4	21.0
2002	54	96	56.25	22.9	21.4	20.8
2003	66	103	64.08	22.1	21.4	20.8
2004	75	115	65.22	20.5	21.4	20.9
2005	78	105	74.29	20.7	21.4	20.9



Source: High School Guidance Office,
Berkshire Local School District

Berkshire Local School District

SAT Composite Scores

Last Ten Fiscal Years

School Year	Number of Senior Test Takers	Berkshire Verbal	Ohio Verbal	National Verbal
1996	92	524	536	505
1997	101	603	535	505
1998	101	555	536	505
1999	102	535	534	505
2000	101	535	533	505
2001	108	535	534	506
2002	96	526	533	504
2003	103	565	536	507
2004	115	575	538	508
2005	105	571	539	508

Source: High School Guidance Office, Berkshire Local School District

<u>Berkshire Math</u>	<u>Ohio Math</u>	<u>National Math</u>
576	535	508
581	536	511
523	540	512
523	538	511
516	539	514
524	539	514
503	540	516
539	541	519
574	542	518
555	543	520

Berkshire Local School District
Average Number of Students per Teacher
Last Seven School Years

Fiscal Year	Berkshire Average	State Average
1998	17.7	20.4
1999	16.7	18.6
2000	16.3	18.1
2001	16.0	18.0
2002	15.5	16.9
2003	15.6	16.6
2004	15.9	18.5
2005	15.5	n/a

Source: Ohio Department of Education, EMIS Reports

Information for fiscal year 2005 is not yet available.

n/a - Information not available



**Auditor of State
Betty Montgomery**

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**BERKSHIRE LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2005**