



**Auditor of State  
Betty Montgomery**



**BERKSHIRE LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Schedule of Federal Awards Receipts and Expenditures.....	1
Notes to Schedule of Federal Awards Receipts and Expenditures .....	2
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	3
Independent Accountants' Report on Compliance with Requirements Applicable to its Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	5
Schedule of Findings.....	7

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**BERKSHIRE LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$19,306	\$0	\$19,306
National School Lunch Program	LL-P4-06	10.555	42,913	0	42,913	0
Team Nutrition Grants	LL-P4-05	10.574	490	0	490	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>43,403</u>	<u>19,306</u>	<u>43,403</u>	<u>19,306</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education: Grants to States	6B-SD-05	84.027	12,492	0	1,390	0
Special Education: Grants to States	6B-SF-06	84.027	269,356	0	267,959	0
Total Special Education Cluster			<u>281,848</u>	<u>0</u>	<u>269,349</u>	<u>0</u>
Title I Grants to Local Educational Agencies	C1-S1-05	84.010	(25,833)	0	9,727	0
Title I Grants to Local Educational Agencies	C1-S1-06	84.010	225,893	0	200,060	0
Total Title I Grants to Local Educational Agencies			<u>200,060</u>	<u>0</u>	<u>209,787</u>	<u>0</u>
Safe and Drug-Free Schools and Communities State Grants	DR-S1-05	84.186	0	0	138	0
Safe and Drug-Free Schools and Communities State Grants	DR-S1-06	84.186	7,290	0	7,290	0
Total Safe and Drug-Free Schools and State Grants			<u>7,290</u>	<u>0</u>	<u>7,428</u>	<u>0</u>
State Grant for Innovative Programs	C2-S1-05	84.298	(13)	0	66	0
State Grant for Innovative Programs	C2-S1-06	84.298	367	0	356	0
Total Innovative Education Program Strategies Grant			<u>354</u>	<u>0</u>	<u>422</u>	<u>0</u>
Education Technology State Grant	TJ-S1-05	84.318	0	0	28	0
Education Technology State Grant	TJ-S1-06	84.318	2,008	0	2,008	0
Total Education Technology State Grant			<u>2,008</u>	<u>0</u>	<u>2,036</u>	<u>0</u>
Improving Teacher Quality State Grant	TR-S1-05	84.367	(4,358)	0	0	0
Improving Teacher Quality State Grant	TR-S1-06	84.367	55,612	0	51,253	0
Total Improving Teacher Quality State Grant			<u>51,254</u>	<u>0</u>	<u>51,253</u>	<u>0</u>
Total U.S. Department of Education			<u>542,814</u>	<u>0</u>	<u>540,275</u>	<u>0</u>
<b>Total Federal Financial Assistance</b>			<b><u>\$586,217</u></b>	<b><u>\$19,306</u></b>	<b><u>\$583,678</u></b>	<b><u>\$19,306</u></b>

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

**BERKSHIRE LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2006**

**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 Title 1 Grants to Local Educational Agencies Grant CFDA #84.010 in the amount of \$25,833, State Grant for Innovative Programs #84.298, and the Improving Teacher Quality State Grant CFDA #84.367 in the amount of \$4,358 represent amounts that were transferred or refunded to the State due to expiration of period of availability.

**N/A – Not Applicable**

**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, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2006, wherein we noted the District restated their capital assets. 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 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 December 11, 2006, we reported a 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 11, 2006, we reported other matters 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, the Board of Education, 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

December 11, 2006





## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON 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 apply to its major federal program for the year ended June 30, 2006. 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 its 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 Berkshire Local School 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, 2006.

#### **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 Expenditures 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, 2006, and have issued our report thereon dated December 11, 2006, wherein we noted the District restated their capital assets. 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 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 intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

December 11, 2006

**BERKSHIRE LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FISCAL YEAR END JUNE 30, 2006**

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

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

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

None

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

None



**Berkshire Local School District  
Burton, Ohio**

**Comprehensive  
Annual Financial Report**

**For the Fiscal Year Ended June 30, 2006**

**Prepared by:**

**Treasurer's Office**

**Julie Kirby  
Treasurer**



**Berkshire Local School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2006*  
*Table of Contents*

Page

**I. Introductory Section**

Table of Contents .....	i
Letter of Transmittal .....	iv
List of Principal Officials.....	xii
Organizational Chart .....	xiii
GFOA Certificate of Achievement .....	xiv

**II. Financial Section**

Independent Accountants' Report.....	1
--------------------------------------	---

Management's Discussion and Analysis.....	3
---	---

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Assets.....	12
------------------------------	----

Statement of Activities .....	13
-------------------------------	----

Fund Financial Statements:

Balance Sheet - Governmental Funds.....	14
---	----

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	15
--	----

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	16
---	----

Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	17
---	----

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – General Fund .....	18
--	----

Statement of Fund Net Assets - Internal Service Fund.....	19
---	----

Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Fund .....	20
---	----

Statement of Cash Flows - Internal Service Fund .....	21
---	----

Statement of Fiduciary Assets and Liabilities - Agency Funds.....	22
---	----

Notes to the Basic Financial Statements .....	23
---	----

Combining Statements and Individual Fund Schedules:

Combining Statements - Nonmajor Governmental Funds:

Fund Descriptions..... 46

Combining Balance Sheet - Nonmajor Special Revenue Funds..... 48

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances - Nonmajor Special Revenue Funds..... 50

Combining Statements – Fiduciary Funds:

Fund Descriptions..... 54

Combining Statement of Changes in Assets and Liabilities – All Agency Funds..... 55

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

Major Funds:

General Fund ..... 57

Permanent Improvement Fund ..... 61

Nonmajor Funds:

Food Service Fund..... 62

Uniform School Supplies Fund ..... 63

Public School Support Fund ..... 64

Martha Holden Jennings..... 65

Athletics and Music Fund..... 66

Educational Management Information Systems Fund..... 67

ONenet Fund..... 68

SchoolNet Professional Development Fund ..... 69

Ohio Reads Grant Fund ..... 70

School Improvement Model Fund ..... 71

Title VI-B Fund ..... 72

Title I Fund ..... 73

Title V Fund..... 74

Drug Free Schools Grant Fund..... 75

Class Size Reduction Grant Fund ..... 76

Title II-D Technology Fund ..... 77

Self Insurance Fund ..... 78

**III. Statistical Section**

Net Assets by Component - Last Five Fiscal Years..... S2

Changes in Net Assets of Governmental Activities--Last Five Fiscal Years ..... S3

Fund Balances, Governmental Funds – Last Eight Fiscal Years ..... S4

Changes in Fund Balances, Governmental Funds – Last Eight Fiscal Years ..... S6

Assessed and Estimated Actual Value of Taxable Property – Last Eight Years..... S8

Property Tax Rates--Direct and Overlapping Governments - Last Eight Years ..... S10



Property Tax Levies and Collections – Last Ten Years .....	S14
Principal Taxpayers:	
Real Estate Tax .....	S15
Tangible Personal Property Tax .....	S16
Public Utilities Tax .....	S17
Income Tax Revenue Base and Collections – Last Seven Years .....	S18
Computation of Direct and Overlapping Governmental Activities Debt.....	S19
Ratio of Governmental Activities Debt to Assessed Value and Debt per Capita - Last Eight Fiscal Years .....	S20
Computation of Legal Debt Margin – Last Eight Fiscal Years.....	S22
Demographic and Economic Statistics – Last Seven Years.....	S24
Principal Employers .....	S26
Building Statistics by Function/Program – Last Two Fiscal Years .....	S27
Per Pupil Cost – Last Five Fiscal Years.....	S28
Attendance and Graduation Rates – Last Nine School Years .....	S29
Full-Time Equivalent School District Employees by Education – Last Six Fiscal Years .....	S30
School District Employees by Function/Program – Last Four Fiscal Years.....	S31
Enrollment Statistics – Last Ten Fiscal Years .....	S32
ACT Composite Scores – Last Eight School Years.....	S33
SAT Composite Scores – Last Ten Fiscal Years .....	S34
Average Number of Students per Teacher – Last Nine School Years .....	S36

# Berkshire Local School District

## BOARD OF EDUCATION

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



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

**Merry Lou Tramont**  
Treasurer  
(440) 834-4406  
FAX (440) 834-2058

December 11, 2006

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, 2006. 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

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 three instructional/support facilities staffed by 79 certificated full time teaching personnel and 60.5 non-certificated employees to provide services to 1,282 students.

The Berkshire Local School District provides a comprehensive array of programs and services in three school buildings:

- Berkshire High School built in 1936, with additions in 1973 and 2002 houses students in grades 7 through 12.
- Troy Elementary School built in 1924 with additions in 1930 and 1966 houses students in grades 1 through 6.
- Burton Elementary School built in 1959 with an addition in 1962 houses students in grades kindergarten through 6.

The Burton and Troy 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. Course offerings, supplemented by extra-curricular opportunities, provide students with the skills necessary to pursue post-high school educational and career goals.

Berkshire Local School District's cost-per-pupil is consistently among the lowest for Geauga County school districts. The results of achievement, competency and proficiency testing continue to substantiate the effectiveness of the teaching-learning process in the School District.

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 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.

Enrollment for the 1995/1996 school year was 1,335 students. Enrollment for the 2005/2006 school year was 1,282 students. The School District has enlisted the assistance of a professional demographer to develop enrollment projections. Projections are developed assuming low, moderate and high growth rates in the School District. Student enrollment projections for the 2013/2014 school year estimate an enrollment of 950 students assuming low growth with declining enrollment.

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.

Annually, the School District prepares a five-year financial forecast. The financial forecast is the foundation for the School District's operations and is used as a financial planning tool to assist the School District in determining its ability to meet certain financial obligations and plan future funding needs. The forecast shows revenues and expenditures for the general operating fund for the past three fiscal years and projects revenues and expenditures for the ensuing five-year period. Through a collaborative process, the administration assists the Board of Education in determining and prioritizing the needs of the School District. In accordance with State law, the Board of Education approves the financial forecast and submits it to the Ohio Department of Education prior to October 31 and reviews it again prior to May 31.

## **Education Program**

During the 2006 school year, the School District's curriculum included a wide range of electives and comprehensive courses of study in college preparatory, liberal arts and vocational programs. The School District offers advanced placement courses at the high school in Biology and Chemistry. Test scores indicate students are achieving higher than State and national averages. The School District has earned an excellent rating on the State of Ohio District Report Card for the 2005/2006 school year.

The graduating class of 2006 exceeded the State and national average scores on both the American College Test (ACT) and the Scholastic Aptitude Test (SAT). The composite score of 21.8 on the ACT surpassed the State average of 21.5 and the national average of 21.1. The mean scores for Berkshire Local School District students on the SAT of 560 in mathematics and 570 in verbal surpassed the State mean score of 518 and the national score of 502 in mathematics and the State mean of 503 and the national mean of 491 in the verbal section. This year the high school has one semi-finalist and two commended scholars in the National Merit Scholarship Program.

A full range of student activities and athletic programs are available to students at the high school. Some activities are open to all student participants while others including interscholastic sports require a try-out process and a full pay to participate fee which the School District instituted to cut costs. Competitive sports programs are available via affiliation in the Chagrin Valley Conference from grades 7 through 12.

More than 79 percent of the high school graduates last year indicated they intended to continue their education at the university or college level immediately after graduation. The high school offers 188 courses on the main campus with an additional 50 vocational offerings at Auburn Career Center. Additional academic statistics from the Class of 2006 include: 22.3 percent received an Honors Diploma and 14 percent were members of the National Honor Society.

## **Major Initiatives**

### *Continuity of Leadership*

Mr. James E. Knapp, Superintendent, has been with the Berkshire Local School District since February of 2005 after serving five and one half years as the Superintendent of the Columbia Schools in Lorain County. He has been an administrator for the past twenty-eight years. Mrs. Julie Kirby, Treasurer, has served for twenty years. The School District has benefited from having experienced leadership in its two executive positions. On November 1, 2006 the School District hired Merry Lou Tramont as the new Treasurer.

### *Educational Gains*

Students continue to show gains in achievement. Initiatives such as all day everyday kindergarten, intervention programs and a new approach to mathematics at the elementary level have all contributed to this gain. None of these things would be possible without the leadership of Kim Sethna, Director of Curriculum and Assessment, Dr. Gina Symsek, Director of Special Education and Gifted Services and the building principals. Together this group and teacher leaders in each building worked to develop a program that maximizes each student's potential as a learner. The School District is anticipating an excellent rating for the 2006 school year. It achieved 24 of 25 possible indicators.

### *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*

One of the most successful programs instituted in the last ten years is the all day every day kindergarten program. Once again in fiscal year 2006, the Board of Education chose other programs to reduce rather than revert back to a half-day program. "What's best for students" is the principle the Board uses in weighing decisions impacting program decisions. Given the lack of pre-schools in the area, all day programs for kindergarten become even more important.

### *Cost Saving Measures*

The School District has continued to reduce expenditures as a result of declining revenue and anticipated revenue losses in coming years. In November 2005, the School District lost its third attempt in two years to get additional local revenue. Major changes were made in healthcare insurance that resulted in lowering premiums significantly and established the Berkshire Local School District as the lowest cost per member of any school group insured by Medical Mutual. The Board and staff worked very hard to achieve these

changes. Future healthcare costs remain an item of concern to the School District. The School District has the lowest administrative cost per pupil in the county. All staff took a salary and longevity step freeze in fiscal year 2006. This freeze enabled the School District not to cut even more programs that serve children. Another major change was the elimination of all School District funding for grade 7 through 12 athletics. These sports are all full pay to participate. The School District is also developing a comprehensive strategic plan covering program, facilities and finances for the period of 2006 through 2011. Several staff members left for higher paying jobs in other more financially stable school districts or as a result of a second year formal reduction in force. The School District also arranged with a neighboring school district to begin to share a treasurer and computer tech repair person in fiscal year 2007 to help reduce costs.

#### *Other Major Educational Initiatives*

- Continued to upgrade technology, specifically through staff development to enable more efficient utilization of technology as a support to instruction.
- Continued the cycle of curriculum review, enabling monitoring and updating of the kindergarten through 12 educational programs.
- Developed Continuous Improvement Plans that are designed to improve student performance.

#### *For the Future*

- Continue to work collaboratively with our State representatives regarding school funding, specifically protecting the interests of our School District.
- Evaluate facilities' needs to accommodate the changing student needs, as well as the expansion of educational programs and services if funding permits.
- Refine the system for data driven decision making.
- Support professional growth opportunities for all staff in an effort to implement best practices for the School District's community of learners.
- Continue to collaborate with constituents in order to refine the School District's Consolidated Continuous Improvement Plan.

### **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.

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 fifth 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 2006. 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 dental benefits to the School District employees. The internal service fund had net assets of \$101,349 at June 30, 2006, compared with net assets of \$111,159 at June 30, 2005, reflecting a net decrease in net assets of \$9,810.

### **Cash Management**

The Board of Education has an aggressive cash management program which consists of expediting the receipt of revenues and 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 \$91,189 for the fiscal year ended June 30, 2006 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 dental coverage with Barrett Benefits, Inc. 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 was 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, 2006. 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, 2005. 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.

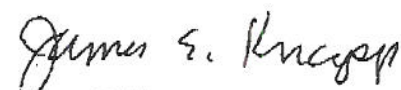
Special appreciation is expressed to the Local Government Services Section of State Auditor Betty Montgomery's office for assistance in planning, designing and reviewing this financial report.

Finally, sincere appreciation is extended to the Board of Education for their support for this project and their continued commitment to excellence.

Respectfully submitted,



Merry Lou Tramont  
Treasurer



James E. Knapp  
Superintendent

**Berkshire Local School District**

*Principal Officials*

*June 30, 2006*

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***Board of Education***

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

***Treasurer***

Mrs. Merry Lou Tramont\*

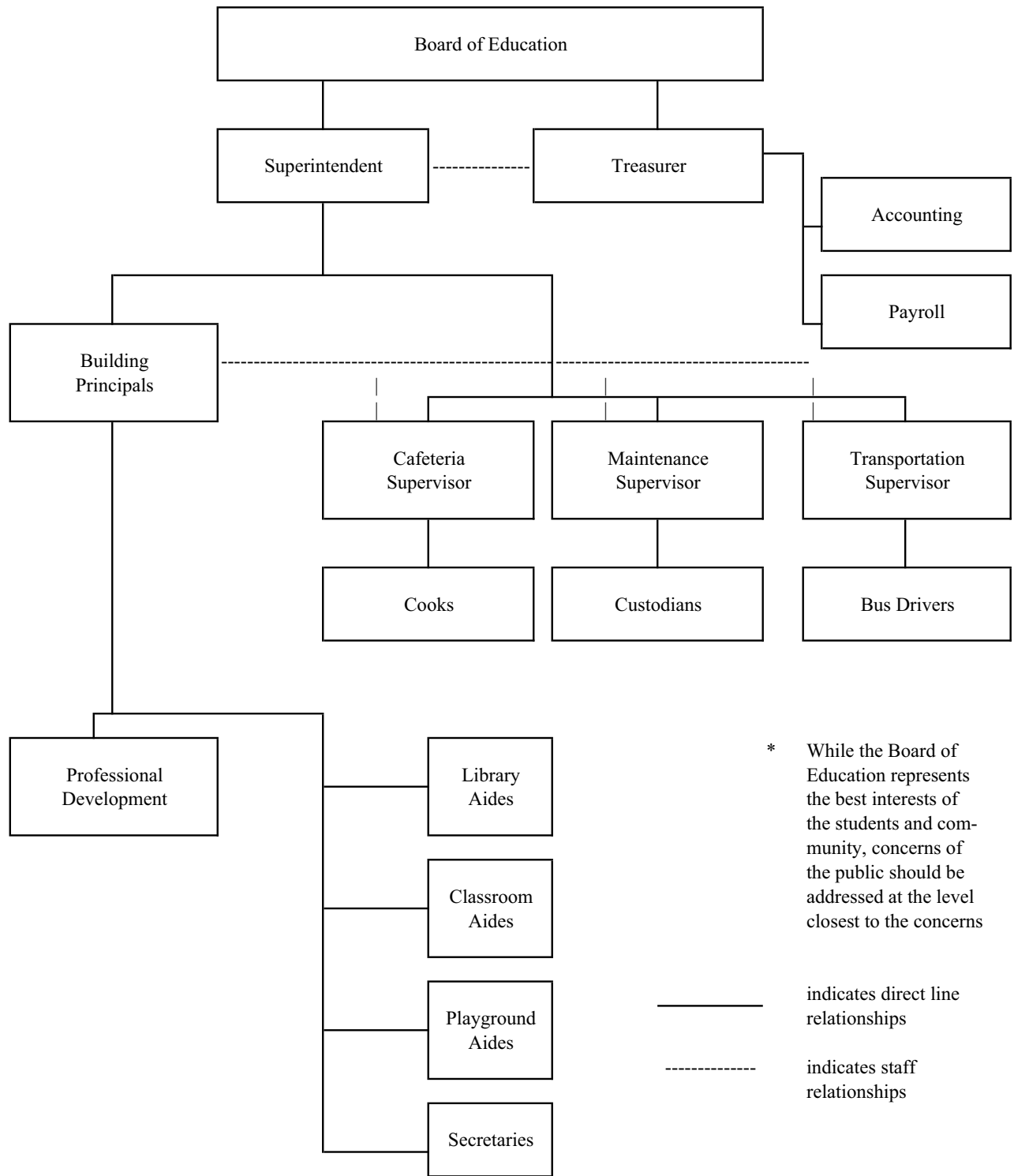
***Superintendent***

Mr. James E. Knapp

\* Mrs. Julie A. Kirby was the Treasurer until November 1, 2006.

# 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, 2005

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.



A handwritten signature in black ink, appearing to read "Ronald J. Blain".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



## 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, 2006, 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, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparisons for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3B, during the year ended June 30, 2006, the District restated their capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2006, 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 inquiries 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](http://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 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 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.

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

**Betty Montgomery**  
Auditor of State

December 11, 2006

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*Unaudited*

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The management's discussion and analysis of Berkshire Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2006. 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, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key Financial Highlights for fiscal year 2006 are as follows:

- Total net assets of governmental activities increased \$797,111 which represents a 38 percent increase from fiscal year 2005.
- Total revenues of \$11,854,039 were comprised of general revenues in the amount of \$10,581,669 or 89.3 percent and program specific revenues from charges for services, grants and contributions in the amount of \$1,272,370 or 10.7 percent.
- Total assets of governmental activities increased by \$728,257 which includes cash and cash equivalents and property taxes receivable increases of \$474,603 and \$425,305 respectively, while capital assets decreased by \$252,134.
- The School District had \$11,056,928 in expenses related to governmental activities; only \$1,272,370 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$10,581,669 helped to provide for these programs.
- The general fund balance was \$901,790 at fiscal year end, up from \$204,716 at June 30, 2005.

**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 and the permanent improvement capital projects funds are the most significant funds.

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*Unaudited*

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**Reporting the School District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2006?" 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.

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, 2006*  
*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 2006 compared to 2005:

Table (1)  
Net Assets  
Governmental Activities

	2006	2005	Change
<b>Assets</b>			
Current and Other Assets	\$7,400,287	\$6,419,896	\$980,391
Capital Assets	1,820,415	2,072,549	(252,134)
<i>Total Assets</i>	<u>9,220,702</u>	<u>8,492,445</u>	<u>728,257</u>
<b>Liabilities</b>			
Current Liabilities	5,416,184	5,365,218	50,966
Long-Term Liabilities			
Due within One Year	48,288	178,505	(130,217)
Due in More than One Year	859,712	849,315	10,397
<i>Total Liabilities</i>	<u>6,324,184</u>	<u>6,393,038</u>	<u>(68,854)</u>
<b>Net Assets</b>			
Invested in Capital Assets			
Net of Related Debt	1,820,415	2,003,813	(183,398)
Restricted for:			
Capital Projects	640,564	471,040	169,524
Set Asides	39,468	39,468	0
Other Purposes	168,066	110,672	57,394
Unrestricted (Deficit)	228,005	(525,586)	753,591
<i>Total Net Assets</i>	<u>\$2,896,518</u>	<u>\$2,099,407</u>	<u>\$797,111</u>

Total net assets increased \$797,111. This increase is due to the closure and sale of Claridon Elementary School for \$208,000. This increase was offset by an increase in expenses. The School District's expenses decreased \$591,115 which was offset by a slight increase in remaining employee's salaries due to step increases. The School District was also able to realize a decrease in health insurance premiums due to the employees choosing a health care plan with a higher deductible.

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*Unaudited*

Table 2 shows the changes in net assets for fiscal year 2006 compared to 2005.

Table (2)  
Change in Net Assets  
Governmental Activities

	2006	2005	Change
<b>Revenues</b>			
<b><i>Program Revenues</i></b>			
Charges for Services and Sales	\$620,012	\$497,091	\$122,921
Operating Grants and Contributions	647,025	703,894	(56,869)
Capital Grants and Contributions	5,333	11,130	(5,797)
<b><i>Total Program Revenues</i></b>	<b>1,272,370</b>	<b>1,212,115</b>	<b>60,255</b>
<b><i>General Revenues</i></b>			
Property and Other Local Taxes	5,029,850	5,145,459	(115,609)
Income Taxes	1,329,783	1,182,066	147,717
Intergovernmental	4,015,962	3,857,075	158,887
Unrestricted Contributions	10,649	0	10,649
Investment Earnings	91,189	34,686	56,503
Gain on Sale of Capital Assets	103,118	0	103,118
Miscellaneous	1,118	5,278	(4,160)
<b><i>Total General Revenues</i></b>	<b>10,581,669</b>	<b>10,224,564</b>	<b>357,105</b>
<b><i>Total Revenues</i></b>	<b>11,854,039</b>	<b>11,436,679</b>	<b>417,360</b>
<b>Program Expenses</b>			
Current:			
Instruction:			
Regular	4,662,636	5,188,198	(525,562)
Special	1,564,547	1,390,995	173,552
Vocational	55,414	55,653	(239)
Support Services:			
Pupil	611,399	615,690	(4,291)
Instructional Staff	407,207	504,650	(97,443)
Board of Education	61,313	46,666	14,647
Administration	829,843	873,703	(43,860)
Fiscal	322,274	320,702	1,572
Business	29,925	36,421	(6,496)
Operation and Maintenance of Plant	1,052,876	1,044,789	8,087
Pupil Transportation	763,710	809,410	(45,700)
Operation of Food Services	331,153	385,017	(53,864)
Extracurricular Activities	363,747	373,143	(9,396)
Interest and Fiscal Charges	884	3,006	(2,122)
<b><i>Total Program Expenses</i></b>	<b>11,056,928</b>	<b>11,648,043</b>	<b>(591,115)</b>
<b><i>Increase (Decrease) in Net Assets</i></b>	<b>797,111</b>	<b>(211,364)</b>	<b>1,008,475</b>
<b>Net Assets Beginning of Year</b>	<b>2,099,407</b>	<b>2,310,771</b>	<b>(211,364)</b>
<b><i>Net Assets End of Year</i></b>	<b>\$2,896,518</b>	<b>\$2,099,407</b>	<b>\$797,111</b>

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*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 39.7 percent. The remaining amount of program expenses, roughly 3.3 percent, is budgeted to facilitate other obligations of the School District and numerous extracurricular activities. During the fiscal year, regular instruction decreased due to the closure of the Claridon elementary school building and special instruction increased due to an increased cost of special education.

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 2006 compared to 2005.

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

	2006		2005	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$4,662,636	\$4,491,029	\$5,188,198	\$5,008,794
Special	1,564,547	1,242,862	1,390,995	1,031,803
Vocational	55,414	55,414	55,653	55,653
Support Services:				
Pupil	611,399	498,743	615,690	517,256
Instructional Staff	407,207	393,518	504,650	475,700
Board of Education	61,313	61,313	46,666	46,666
Administration	829,843	795,381	873,703	836,407
Fiscal	322,274	322,274	320,702	320,702
Business	29,925	29,778	36,421	36,321
Operation and Maintenance of Plant	1,052,876	1,042,199	1,044,789	1,037,006
Pupil Transportation	763,710	753,335	809,410	798,280
Operation of Food Services	331,153	46,485	385,017	64,525
Extracurricular Activities	363,747	51,343	373,143	203,809
Interest and Fiscal Charges	884	884	3,006	3,006
<b>Total</b>	<b>\$11,056,928</b>	<b>\$9,784,558</b>	<b>\$11,648,043</b>	<b>\$10,435,928</b>

**Berkshire Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*Unaudited*

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Property taxes and School District income tax made up 53.7 percent of total revenues for governmental activities for Berkshire Local School District in fiscal year 2006. Program Revenues for governmental activities provided 10.8 percent of governmental revenues with over 89.2 percent of all governmental activities supported through property and income taxes, grants and entitlements, and other general revenues. The 38 percent provided by the grants and entitlements portion of general revenues includes monies received from the Ohio Department of Education, State Foundation Program and property tax relief such as the homestead exemptions and rollbacks provided by HB 920. The community, through its willingness to provide property tax revenues and income tax revenue, is by far the primary support for Berkshire Local School District students.

**The School District's Funds**

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,747,338 and expenditures of \$11,046,804. The net change in fund balance for the fiscal year was most significant in the General Fund, an increase of \$697,074 due to the decrease in expenditures from the sale of Claridon elementary school. The School District has also received an increase in grant monies to better provide services to our students. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds, property taxes are the largest revenue source, accounting for 43 percent of total governmental revenue.

***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 2006, 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 \$10,380,435 representing a \$620,727 increase from the original budget estimates of \$9,759,708. 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 \$370,809.

The School District revises its budget throughout the fiscal year. During fiscal year 2006, 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. HB 412 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, 2006*  
*Unaudited*

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2006 the School District had \$1,820,415 invested in governmental activities capital assets. Table 4 shows fiscal year 2006 balances compared to fiscal year 2005:

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

	2006	2005
Land	\$14,295	\$52,216
Land Improvements	133,565	142,776
Buildings and Improvements	1,025,253	1,187,566
Furniture and Fixtures	328,363	374,708
Vehicles	318,939	315,283
Total	\$1,820,415	\$2,072,549

The decrease in capital assets of \$252,134 was the result of the School District selling the Claridon elementary school building, three busses and another year of annual depreciation being taken on the assets. This decrease was offset by the purchase of a school bus and one dump truck. See Note 11 to the Basic Financial Statements for additional capital asset information.

***Debt***

The School District had no bonded debt in fiscal year 2006 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, 2006*  
*Unaudited*

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Tax abated industries have always been an asset to the School District because the CRA (Community Reinvestment Area) legislation abated real estate tax only, not tangible property taxes on the inventories and equipment of businesses. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. 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 Merry Lou Tramont, Treasurer at Berkshire Local School District, 14259 Claridon Troy Road, P.O. Box 364, Burton, Ohio 44021 or email at [Be\\_Tramont@lgca.org](mailto:Be_Tramont@lgca.org).

**Basic Financial Statements**

# Berkshire Local School District

## Statement of Net Assets

June 30, 2006

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,453,746
Accounts Receivable	1,805
Intergovernmental Receivable	8,839
Prepaid Items	8,994
Inventory Held for Resale	1,820
Materials and Supplies Inventory	36,133
Income Taxes Receivable	587,084
Property Taxes Receivable	5,301,866
Nondepreciable Capital Assets	14,295
Depreciable Capital Assets, Net	<u>1,806,120</u>
<i>Total Assets</i>	<u>9,220,702</u>
<b>Liabilities</b>	
Accounts Payable	27,311
Accrued Wages	760,244
Intergovernmental Payable	232,236
Matured Compensated Absences Payable	32,176
Matured Termination Benefits Payable	23,760
Deferred Revenue	4,330,335
Claims Payable	10,122
Long-Term Liabilities:	
Due Within One Year	48,288
Due In More Than One Year	<u>859,712</u>
<i>Total Liabilities</i>	<u>6,324,184</u>
<b>Net Assets</b>	
Invested in Capital Assets	1,820,415
Restricted for:	
Capital Projects	640,564
Set Asides	39,468
Other Purposes	168,066
Unrestricted	<u>228,005</u>
<i>Total Net Assets</i>	<u><u>\$2,896,518</u></u>

See accompanying notes to the basic financial statements



**Berkshire Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2006

	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	
<b>Governmental Activities</b>					
Instruction:					
Regular	\$4,662,636	\$98,213	\$73,394	\$0	(\$4,491,029)
Special	1,564,547	0	321,685	0	(1,242,862)
Vocational	55,414	0	0	0	(55,414)
Support Services:					
Pupil	611,399	0	112,656	0	(498,743)
Instructional Staff	407,207	0	13,689	0	(393,518)
Board of Education	61,313	0	0	0	(61,313)
Administration	829,843	0	34,462	0	(795,381)
Fiscal	322,274	0	0	0	(322,274)
Business	29,925	0	147	0	(29,778)
Operation and Maintenance of Plant	1,052,876	10,677	0	0	(1,042,199)
Pupil Transportation	763,710	0	5,042	5,333	(753,335)
Operation of Food Services	331,153	220,821	63,847	0	(46,485)
Extracurricular Activities	363,747	290,301	22,103	0	(51,343)
Interest and Fiscal Charges	884	0	0	0	(884)
<b>Totals</b>	<b>\$11,056,928</b>	<b>\$620,012</b>	<b>\$647,025</b>	<b>\$5,333</b>	<b>(9,784,558)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
					4,777,030
					252,820
					1,329,783
					4,015,962
					10,649
					91,189
					103,118
					1,118
					<i>Total General Revenues</i>
					10,581,669
					797,111
					<i>Net Assets Beginning of Year - Restated (See Note 3)</i>
					2,099,407
					<i>Net Assets End of Year</i>
					\$2,896,518

See accompanying notes to the basic financial statements

**Berkshire Local School District**

*Balance Sheet  
Governmental Funds  
June 30, 2006*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$513,237	\$610,801	\$173,436	\$1,297,474
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	44,801	0	0	44,801
Property Taxes Receivable	5,038,159	263,707	0	5,301,866
Income Taxes Receivable	587,084	0	0	587,084
Accounts Receivable	1,805	0	0	1,805
Intergovernmental Receivable	0	0	8,839	8,839
Prepaid Items	8,724	0	270	8,994
Inventory Held for Resale	0	0	1,820	1,820
Materials and Supplies Inventory	35,744	0	389	36,133
<i>Total Assets</i>	<u>\$6,229,554</u>	<u>\$874,508</u>	<u>\$184,754</u>	<u>\$7,288,816</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$7,163	\$18,825	\$1,323	\$27,311
Accrued Wages and Benefits	745,505	0	14,739	760,244
Intergovernmental Payable	231,610	0	626	232,236
Matured Compensated Absences Payable	32,176	0	0	32,176
Matured Termination Benefits Payable	23,760	0	0	23,760
Deferred Revenue	4,287,550	224,526	0	4,512,076
<i>Total Liabilities</i>	<u>5,327,764</u>	<u>243,351</u>	<u>16,688</u>	<u>5,587,803</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	180,015	183,913	12,036	375,964
Reserved for Property Taxes	750,609	39,181	0	789,790
Reserved for Budget Stabilization	39,468	0	0	39,468
Reserved for School Bus Purchase	5,333	0	0	5,333
Unreserved:				
Undesignated, Reported in:				
General Fund (Deficit)	(73,635)	0	0	(73,635)
Special Revenue Funds	0	0	156,030	156,030
Capital Projects Funds	0	408,063	0	408,063
<i>Total Fund Balances</i>	<u>901,790</u>	<u>631,157</u>	<u>168,066</u>	<u>1,701,013</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,229,554</u>	<u>\$874,508</u>	<u>\$184,754</u>	<u>\$7,288,816</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, 2006*

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<b>Total Governmental Fund Balances</b>	\$1,701,013
 <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.	1,820,415
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.	181,741
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.	101,349
Long-term liabilities payable, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(908,000)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$2,896,518</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, 2006*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Income Taxes	\$1,329,783	\$0	\$0	\$1,329,783
Property and Other Local Taxes	4,773,027	253,240	0	5,026,267
Intergovernmental	3,994,050	27,245	623,161	4,644,456
Interest	91,189	0	0	91,189
Tuition and Fees	56,244	0	0	56,244
Extracurricular Activities	166,391	0	123,910	290,301
Contributions and Donations	10,649	0	23,864	34,513
Charges for Services	23,555	0	239,235	262,790
Rentals	10,677	0	0	10,677
Miscellaneous	1,118	0	0	1,118
<i>Total Revenues</i>	<u>10,456,683</u>	<u>280,485</u>	<u>1,010,170</u>	<u>11,747,338</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,419,342	0	91,036	4,510,378
Special	1,242,889	0	293,044	1,535,933
Vocational	54,762	0	0	54,762
Support Services:				
Pupil	492,440	0	114,375	606,815
Instructional Staff	388,475	0	11,621	400,096
Board of Education	46,539	0	0	46,539
Administration	770,981	0	34,250	805,231
Fiscal	313,693	0	0	313,693
Business	29,775	0	150	29,925
Operation and Maintenance of Plant	973,686	0	0	973,686
Pupil Transportation	685,623	0	5,000	690,623
Operation of Food Services	72,158	0	248,557	320,715
Extracurricular Activities	210,393	0	143,613	354,006
Capital Outlay	0	334,672	0	334,672
Debt Service:				
Principal Retirement	68,736	0	0	68,736
Interest and Fiscal Charges	994	0	0	994
<i>Total Expenditures</i>	<u>9,770,486</u>	<u>334,672</u>	<u>941,646</u>	<u>11,046,804</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	686,197	(54,187)	68,524	700,534
<b>Other Financing Sources</b>				
Sale of Capital Assets	10,877	224,131	0	235,008
<i>Net Change in Fund Balances</i>	697,074	169,944	68,524	935,542
<i>Fund Balances Beginning of Year</i>	<u>204,716</u>	<u>461,213</u>	<u>99,542</u>	<u>765,471</u>
<i>Fund Balances End of Year</i>	<u><u>\$901,790</u></u>	<u><u>\$631,157</u></u>	<u><u>\$168,066</u></u>	<u><u>\$1,701,013</u></u>

See accompanying notes to the basic financial statements

**Berkshire Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2006*

**Net Change in Fund Balances - Total Governmental Funds** \$935,542

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

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

Capital Outlay	\$250,543
Depreciation	<u>(221,036)</u>

Total	29,507
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Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (281,641)

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. 3,583

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. 68,736

In the statement of activities, interest is accrued on outstanding capital leases, whereas in governmental funds, an interest expenditure is reported when due. 110

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 51,084

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. (9,810)

*Change in Net Assets of Governmental Activities* \$797,111

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Income Taxes	\$1,186,418	\$1,261,701	\$1,261,223	(\$478)
Property and Other Local Taxes	4,491,219	4,776,339	4,774,394	(1,945)
Intergovernmental	3,757,158	3,995,565	3,994,050	(1,515)
Interest	74,478	79,204	79,174	(30)
Tuition and Fees	51,474	55,652	55,617	(35)
Extracurricular Activities	156,522	166,455	166,391	(64)
Contributions and Donations	10,013	10,649	10,649	0
Charges for Services	21,800	23,570	23,555	(15)
Rentals	10,626	11,300	11,292	(8)
<i>Total Revenues</i>	9,759,708	10,380,435	10,376,345	(4,090)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,402,318	4,753,345	4,736,452	16,893
Special	712,859	1,269,624	1,264,903	4,721
Vocational	58,347	56,895	56,728	167
Support Services:				
Pupil	542,378	523,329	520,432	2,897
Instructional Staff	449,745	427,701	403,260	24,441
Board of Education	48,244	53,297	52,721	576
Administration	796,274	808,503	798,232	10,271
Fiscal	292,259	340,398	337,386	3,012
Business	345	29,775	29,775	0
Operation and Maintenance of Plant	905,871	1,038,062	1,020,762	17,300
Pupil Transportation	582,680	798,531	789,793	8,738
Operation of Food Services	86,930	74,911	74,675	236
Extracurricular Activities	39,138	215,592	215,051	541
<i>Total Expenditures</i>	8,917,388	10,389,963	10,300,170	89,793
<i>Excess of Revenues Over (Under) Expenditures</i>	842,320	(9,528)	76,175	85,703
<b>Other Financing Sources</b>				
Sale of Capital Assets	10,232	10,881	10,877	(4)
<i>Net Change in Fund Balance</i>	852,552	1,353	87,052	85,699
<i>Fund Balance Beginning of Year</i>	711	711	711	0
Prior Year Encumbrances Appropriated	283,046	283,046	283,046	0
<i>Fund Balance End of Year</i>	\$1,136,309	\$285,110	\$370,809	\$85,699

See accompanying notes to the basic financial statements

**Berkshire Local School District**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2006*

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	<u>Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$111,471
<b>Liabilities</b>	
Claims Payable	<u>10,122</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$101,349</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, 2006*

	Insurance
<b>Operating Revenues</b>	
Charges for Services	\$296,343
<b>Operating Expenses</b>	
Purchased Services	13,982
Claims	292,171
<i>Total Operating Expenses</i>	306,153
<i>Change in Net Assets</i>	(9,810)
<i>Net Assets Beginning of Year</i>	111,159
<i>Net Assets End of Year</i>	\$101,349

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, 2006

	Insurance
<i><b>Increase (Decrease) in Cash and Cash Equivalents</b></i>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$297,418
Cash Payments for Goods and Services	(13,982)
Cash Payments for Claims	(285,701)
<i>Net Decrease in Cash and Cash Equivalents</i>	(2,265)
<i>Cash and Cash Equivalents Beginning of Year</i>	113,736
<i>Cash and Cash Equivalents End of Year</i>	\$111,471
 <b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>	
Operating Loss	(\$9,810)
Adjustments:	
Decrease in Accounts Receivable	1,075
Increase in Claims Payable	6,470
<i>Total Adjustments</i>	7,545
<i>Net Cash Used in Operating Activities</i>	(\$2,265)

See accompanying notes to the basic financial statements

**Berkshire Local School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*June 30, 2006*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	<u><u>\$75,483</u></u>
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**Liabilities**

Due to Students	\$40,617
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Undistributed Monies	<u>34,866</u>
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<i>Total Liabilities</i>	<u><u>\$75,483</u></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, 2006*

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**Note 1 - Description of the School District and Reporting Entity**

Berkshire Local School District (the "School District") operates under a locally elected Board form of government and provides educational services as authorized by state and/or federal agencies. This Board controls the School District's three instructional/support facilities staffed by 60.5 non-certified employees, 79 certified full time teaching personnel and five administrative employees to provide services to 1,282 students and other community members.

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

The School District serves an area of approximately 70 square miles. It is located in Geauga County, including all of Burton, Claridon, and Troy Townships, Ohio. The School District is the 412<sup>th</sup> largest in the State of Ohio (among 612 school districts) in terms of enrollment. It currently operates three 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, 2006*

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

***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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:

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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**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.

**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.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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***D. Basis of Accounting***

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

***Revenues - Exchange and Non-Exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal 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, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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***E. Cash and Cash Equivalents***

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

During fiscal year 2006, the School District invested in 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, 2006.

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 2006 amounted to \$91,189, which includes \$51,969 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, 2006, 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. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition 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.

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

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

***J. 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, 2006*

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***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 \$848,098, of which \$776,065 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, 2006*

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***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 Net Assets**

***A. Change in Accounting Principle***

For fiscal year 2006, the School District has implemented GASB Statement No. 47, "Accounting for Termination Benefits." GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits.

The implementation of GASB Statement No. 47 did not materially affect the presentation of the financial statements of the School District.

***B. Restatement of Net Assets***

During fiscal year 2006, it was determined that capital assets were overstated. This decreased net assets at June 30, 2005 by \$551,449, from \$2,650,856 to \$2,099,407.

**Note 4 – Accountability and Compliance**

***A. Accountability***

The title VI-B special revenue fund's deficit of \$3,050 is due to the adjustments for accrued liabilities. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

**B. Compliance**

The uniform school supplies special revenue fund had original appropriations in excess of estimated resources plus carryover balances in the amount of \$3,353 in violation of Section 5705.39, Ohio Revised Code:

On January 31, 2006, the uniform school supplies special revenue fund has appropriations in excess of estimated resources plus carryover balances in the amount of \$3,353 contrary to Ohio Revised Code 5705.39.

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
<i>Special Revenue Funds:</i>			
Title I	\$208,939	\$210,172	\$1,233
Drug Free Schools Grant	7,290	7,653	363
Class Size Reduction Grant	51,253	51,585	332

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

Ohio Revised Code Section 5701.10 provides the money paid into any fund shall be used only for the purposes for which such fund was established. The following funds had negative fund balances at January 31, 2006 which were corrected at year end:

<b>Special Revenue Funds</b>	
Food Service	\$29,598
Uniform School Supplies	1,678
Martha Holden Jennings Grant	1,774
Special Education	58,116
Title I Grants to Local Educational Agencies	1,353
Improving Teacher Quality State Grant	7,582

This indicates the money from another fund was used to cover the expenses of another fund and consequently the money paid into a fund was not used for the purposes for which the fund had been established. Fund activity will be monitored carefully to ensure the expenditures do not expend the funds available for each fund.

**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

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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).

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	\$697,074
Net Adjustment for Revenue Accruals	(92,353)
Beginning Fair Value Adjustment for Investments	12,015
Net Adjustment for Expenditure Accruals	(716,913)
Encumbrances	187,229
Budget Basis	\$87,052

**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.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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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;
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.

### **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, \$1,501,730 of the School District's bank balance of \$1,801,730 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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**Investments**

As of June 30, 2006, the School District had STAROhio as the only investment with an amount of \$44,548 and a maturity of 34.8 days.

**Credit Risk** 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 addresses credit risk.

**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 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 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 2006 (other than public utility property tax) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Geauga County. The County 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, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 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, 2006 was \$750,609 in the general fund and \$39,181 in the permanent improvement capital projects fund. 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.

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 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$178,567,460	87.40 %	\$203,700,640	90.69 %
Public Utility Personal	6,533,790	3.20	6,205,680	2.76
Tangible Personal Property	19,212,290	9.40	14,712,180	6.55
<b>Total</b>	<b>\$204,313,540</b>	<b>100.00 %</b>	<b>\$224,618,500</b>	<b>100.00 %</b>
Full tax rate per \$1,000 of assessed valuation	\$52.30		\$52.30	

**Note 8 - Receivables**

Receivables at June 30, 2006, 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, 2006 the School District had an intergovernmental receivable of \$8,839 in the food service special revenue fund for federal lunch program reimbursements.

**Note 9 - 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.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

**Note 10 - 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, 2006.

**B. Litigation**

The School District is not party to legal proceedings.

**Note 11 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
<b>Nondepreciable Capital Assets</b>				
Land	\$52,216	\$0	(\$37,921)	\$14,295
<b>Depreciable Capital Assets</b>				
Land Improvements	291,129	0	(13,920)	277,209
Buildings and Improvements	4,191,546	79,971	(506,698)	3,764,819
Furniture and Fixtures	1,502,905	70,739	(118,208)	1,455,436
Vehicles	887,908	99,833	(212,010)	775,731
<i>Total at Historical Cost</i>	<u>6,873,488</u>	<u>250,543</u>	<u>(850,836)</u>	<u>6,273,195</u>
Less: Accumulated Depreciation				
Land Improvements	(148,353)	(1,771)	6,480	(143,644)
Buildings and Improvements	(3,003,980)	(46,642)	311,056	(2,739,566)
Furniture and Fixtures	(1,128,197)	(98,693)	99,817	(1,127,073)
Vehicles	(572,625)	(73,930)	189,763	(456,792)
<i>Total Accumulated Depreciation</i>	<u>(4,853,155)</u>	<u>(221,036) *</u>	<u>607,116</u>	<u>(4,467,075)</u>
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	<u>2,020,333</u>	<u>29,507</u>	<u>(243,720)</u>	<u>1,806,120</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$2,072,549</u>	<u>\$29,507</u>	<u>(\$281,641)</u>	<u>\$1,820,415</u>



**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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

Instruction:	
Regular	\$69,257
Special	277
Support Services:	
Pupil	3,493
Instructional Staff	4,590
Administration	17,869
Fiscal	194
Operation and Maintenance of Plant	48,177
Pupil Transportation	67,791
Operation of Food Services	6,964
Extracurricular Activities	2,424
Total Depreciation Expense	\$221,036

**Note 12 - 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 2006, 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:

Type of Coverage	Amount
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.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2006

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***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 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 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. A third party administrator, Barrett Benefits, Inc., located in Beachwood, Ohio, reviews all dental claims which are then paid by the School District. 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 \$10,122 reported in the internal service fund at June 30, 2006 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 2005 and 2006 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2005	\$2,207	\$263,477	\$262,032	\$3,652
2006	3,652	292,171	285,701	10,122

**Note 13 - 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.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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

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

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Minnesota Life. The School District has elected to provide employee medical/surgical benefits through Medical Mutual.

***C. Retirement Incentive***

The School District Board of Education offers 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 14 - 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, by calling (800) 878-5853 or by visiting the SERS website at [ohsers.org](http://ohsers.org).

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 2006, 10.58 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 amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005 and 2004 were \$149,738, \$159,084 and \$139,237 respectively; 55.43 percent has been contributed for fiscal year 2006 and 100 percent for 2005 and 2004.

***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 East Broad Street, Columbus, OH 43215-3371, by calling (614) 227-4090 or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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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 divided by 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, 2006, 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. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 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 STRS Ohio for the fiscal years ended June 30, 2006, 2005 and 2004 were \$581,144, \$632,183 and \$626,371, respectively; 87.87 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$10,995 made by the School District and \$12,187 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 System. As of June 30, 2006, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 15 - Postemployment Benefits**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$44,703 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

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, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. 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 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including surcharge, during the 2006 fiscal year equaled \$76,709.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 participants eligible to receive health care benefits.

**Note 16 - Long Term Obligations**

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

	Principal Outstanding 06/30/05	Additions	Reductions	Principal Outstanding 06/30/06	Amount Due in One Year
<b>Governmental Activities</b>					
Capital Leases Payable	\$68,736	\$0	\$68,736	\$0	\$0
Compensated Absences	<u>959,084</u>	<u>58,685</u>	<u>109,769</u>	<u>908,000</u>	<u>48,288</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$1,027,820</u>	<u>\$58,685</u>	<u>\$178,505</u>	<u>\$908,000</u>	<u>\$48,288</u>

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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

The School District's overall debt margin was \$20,215,665 with an unvoted debt margin of \$224,619 at June 30, 2006.

**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.

***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 \$96,645 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 sixteen 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 2006, the School District paid \$1,566 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 2006, the School District paid \$90 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.

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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***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 2006, the School District paid \$1,237 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

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

**Note 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,

**Berkshire Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

“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, 2006 was \$87,561. This lease was completely paid during fiscal year 2006.

**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, 2006, only the unspent portion of certain workers’ compensation refunds continues to be set aside.

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbook Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2005	\$39,468	\$0	(\$1,926,154)
Current Year Set-aside Requirement	0	197,321	197,321
Qualifying Disbursements	0	(950,652)	(889,000)
Totals	<u>\$39,468</u>	<u>(\$753,331)</u>	<u>(\$2,617,833)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$39,468</u>	<u>\$0</u>	<u>(\$2,617,833)</u>
Set-aside Reserve Balance as of June 30, 2006	<u>\$39,468</u>	<u>\$0</u>	<u>\$0</u>

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



**Combining Statements and  
Individual Fund Schedules**

## *Combining Statements - Nonmajor Governmental Funds*

### *Nonmajor Special Revenue Funds*

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

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

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

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

***Martha Holden Jennings Fund*** This fund accounts for monies received to promote community involvement and to support activities between the school and the community.

***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.

***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, 2006*

	Food Service	Uniform School Supplies	Public School Support	Athletics and Music
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$96,790	\$744	\$28,187	\$41,031
Intergovernmental Receivable	8,839	0	0	0
Prepaid Items	0	0	0	0
Inventory Held for Resale	1,820	0	0	0
Materials and Supplies Inventory	389	0	0	0
<i>Total Assets</i>	<u>\$107,838</u>	<u>\$744</u>	<u>\$28,187</u>	<u>\$41,031</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$0	\$1,323
Accrued Wages and Benefits	11,812	0	0	0
Intergovernmental Payable	0	0	0	233
<i>Total Liabilities</i>	<u>11,812</u>	<u>0</u>	<u>0</u>	<u>1,556</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	0	0	3,753	8,283
Unreserved, Undesignated (Deficit)	96,026	744	24,434	31,192
<i>Total Fund Balances (Deficit)</i>	<u>96,026</u>	<u>744</u>	<u>28,187</u>	<u>39,475</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$107,838</u>	<u>\$744</u>	<u>\$28,187</u>	<u>\$41,031</u>

<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>School Improvement Model</u>	<u>Title VI-B</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$2,659	\$4,000	\$25	\$0	\$173,436
0	0	0	0	8,839
0	0	0	270	270
0	0	0	0	1,820
0	0	0	0	389
<u>\$2,659</u>	<u>\$4,000</u>	<u>\$25</u>	<u>\$270</u>	<u>\$184,754</u>
\$0	\$0	\$0	\$0	\$1,323
0	0	0	2,927	14,739
0	0	0	393	626
0	0	0	3,320	16,688
0	0	0	0	12,036
2,659	4,000	25	(3,050)	156,030
2,659	4,000	25	(3,050)	168,066
<u>\$2,659</u>	<u>\$4,000</u>	<u>\$25</u>	<u>\$270</u>	<u>\$184,754</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, 2006*

	Food Service	Uniform School Supplies	Public School Support	Martha Holden Jennings
<b>Revenues</b>				
Intergovernmental	\$63,847	\$0	\$0	\$0
Extracurricular Activities	0	0	7,644	0
Contributions and Donations	0	0	10,370	1,761
Charges for Services	220,821	18,414	0	0
<i>Total Revenues</i>	<u>284,668</u>	<u>18,414</u>	<u>18,014</u>	<u>1,761</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	19,129	0	1,761
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
Pupil Transportation	0	0	0	0
Operation of Food Services	248,557	0	0	0
Extracurricular Activities	0	0	24,282	0
<i>Total Expenditures</i>	<u>248,557</u>	<u>19,129</u>	<u>24,282</u>	<u>1,761</u>
<i>Net Change in Fund Balances</i>	36,111	(715)	(6,268)	0
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>59,915</u>	<u>1,459</u>	<u>34,455</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$96,026</u></u>	<u><u>\$744</u></u>	<u><u>\$28,187</u></u>	<u><u>\$0</u></u>

Athletics and Music	Educational Management Information Systems	ONEnet	SchoolNet Professional Development	Ohio Reads Grant	School Improvement Model
\$0	\$5,000	\$9,000	\$3,200	\$10,400	\$0
116,266	0	0	0	0	0
11,733	0	0	0	0	0
0	0	0	0	0	0
127,999	5,000	9,000	3,200	10,400	0
0	0	0	0	0	0
0	0	0	0	0	0
0	5,000	0	0	0	2,925
0	0	0	548	10,985	0
0	0	9,000	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
119,331	0	0	0	0	0
119,331	5,000	9,000	548	10,985	2,925
8,668	0	0	2,652	(585)	(2,925)
30,807	0	0	7	4,585	2,950
\$39,475	\$0	\$0	\$2,659	\$4,000	\$25

(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, 2006*

	Title VI-B	Title I	Title V	Drug Free Schools Grant
<b>Revenues</b>				
Intergovernmental	\$270,747	\$200,060	\$356	\$7,290
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>270,747</u>	<u>200,060</u>	<u>356</u>	<u>7,290</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	11,391	224	7,278
Special	136,659	156,385	0	0
Support Services:				
Pupil	101,497	2,917	0	0
Instructional Staff	88	0	0	0
Administration	25,250	0	0	0
Business	0	0	0	150
Pupil Transportation	5,000	0	0	0
Operation of Food Services	0	0	0	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>268,494</u>	<u>170,693</u>	<u>224</u>	<u>7,428</u>
<i>Net Change in Fund Balances</i>	2,253	29,367	132	(138)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(5,303)</u>	<u>(29,367)</u>	<u>(132)</u>	<u>138</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$3,050)</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>



Class Size Reduction Grant	Title II-D Technology	Total Nonmajor Special Revenue Funds
\$51,253	\$2,008	\$623,161
0	0	123,910
0	0	23,864
0	0	239,235
51,253	2,008	1,010,170
51,253	0	91,036
0	0	293,044
0	2,036	114,375
0	0	11,621
0	0	34,250
0	0	150
0	0	5,000
0	0	248,557
0	0	143,613
51,253	2,036	941,646
0	(28)	68,524
0	28	99,542
\$0	\$0	\$168,066

## ***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, 2006*

	Beginning Balance 6/30/05	Additions	Deductions	Ending Balance 6/30/06
<b><i>Student Activities</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$37,386	\$75,443	\$72,212	\$40,617
<b>Liabilities</b>				
Due to Students	\$37,386	\$75,443	\$72,212	\$40,617
<b><i>Employee Computer Purchase</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,070	\$130,799	\$102,706	\$29,163
<b>Liabilities</b>				
Undistributed Monies	\$1,070	\$130,799	\$102,706	\$29,163
<b><i>Elementary</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,447	\$1,556	\$1,300	\$5,703
<b>Liabilities</b>				
Undistributed Monies	\$5,447	\$1,556	\$1,300	\$5,703
<b><i>Total - All Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$43,903	\$207,798	\$176,218	\$75,483
<b>Liabilities</b>				
Due to Students	\$37,386	\$75,443	\$72,212	\$40,617
Undistributed Monies	6,517	132,355	104,006	34,866
Total Liabilities	\$43,903	\$207,798	\$176,218	\$75,483

**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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Income Taxes	\$1,186,418	\$1,261,701	\$1,261,223	(\$478)
Property and Other Local Taxes	4,491,219	4,776,339	4,774,394	(1,945)
Intergovernmental	3,757,158	3,995,565	3,994,050	(1,515)
Interest	74,478	79,204	79,174	(30)
Tuition and Fees	51,474	55,652	55,617	(35)
Extracurricular Activities	156,522	166,455	166,391	(64)
Contributions and Donations	10,013	10,649	10,649	0
Charges for Services	21,800	23,570	23,555	(15)
Rentals	10,626	11,300	11,292	(8)
<i>Total Revenues</i>	<u>9,759,708</u>	<u>10,380,435</u>	<u>10,376,345</u>	<u>(4,090)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	3,077,546	3,285,257	3,282,697	2,560
Fringe Benefits	1,017,929	929,811	928,115	1,696
Purchased Services	111,095	351,019	351,019	0
Materials and Supplies	119,598	113,142	107,858	5,284
Capital Outlay - New	76,150	74,116	66,763	7,353
Total Regular	<u>4,402,318</u>	<u>4,753,345</u>	<u>4,736,452</u>	<u>16,893</u>
Special:				
Salaries and Wages	415,253	425,639	425,163	476
Fringe Benefits	147,790	160,699	160,516	183
Purchased Services	145,591	678,280	677,694	586
Materials and Supplies	4,225	5,006	1,530	3,476
Total Special	<u>712,859</u>	<u>1,269,624</u>	<u>1,264,903</u>	<u>4,721</u>
Vocational:				
Salaries and Wages	43,700	42,900	42,795	105
Fringe Benefits	11,172	10,520	10,487	33
Materials and Supplies	3,475	3,475	3,446	29
Total Vocational	<u>58,347</u>	<u>56,895</u>	<u>56,728</u>	<u>167</u>
Total Instruction	<u>\$5,173,524</u>	<u>\$6,079,864</u>	<u>\$6,058,083</u>	<u>\$21,781</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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Support Services:				
Pupil:				
Salaries and Wages	\$370,149	\$359,361	\$358,464	\$897
Fringe Benefits	135,090	114,365	113,118	1,247
Purchased Services	15,929	17,519	17,182	337
Materials and Supplies	21,210	32,084	31,668	416
Total Pupil	542,378	523,329	520,432	2,897
Instructional Staff:				
Salaries and Wages	253,023	255,573	254,709	864
Fringe Benefits	82,375	74,844	73,629	1,215
Purchased Services	98,735	71,521	52,607	18,914
Materials and Supplies	10,612	21,792	18,346	3,446
Capital Outlay - New	5,000	3,971	3,969	2
Total Instructional Staff	449,745	427,701	403,260	24,441
Board of Education:				
Salaries and Wages	2,400	4,800	4,560	240
Fringe Benefits	599	553	553	0
Purchased Services	15,824	19,150	19,099	51
Materials and Supplies	571	821	655	166
Other	28,850	27,973	27,854	119
Total Board of Education	48,244	53,297	52,721	576
Administration:				
Salaries and Wages	515,345	538,088	533,875	4,213
Fringe Benefits	189,690	187,859	186,223	1,636
Purchased Services	31,718	23,874	19,566	4,308
Materials and Supplies	1,259	2,102	2,066	36
Capital Outlay - New	1,070	1,070	1,070	0
Other	57,192	55,510	55,432	78
Total Administration	\$796,274	\$808,503	\$798,232	\$10,271

(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, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Fiscal:</b>				
Salaries and Wages	\$128,500	\$143,500	\$142,260	\$1,240
Fringe Benefits	33,410	40,306	40,123	183
Purchased Services	15,194	17,836	17,285	551
Materials and Supplies	3,655	3,055	2,180	875
Other	111,500	135,701	135,538	163
<b>Total Fiscal</b>	<b>292,259</b>	<b>340,398</b>	<b>337,386</b>	<b>3,012</b>
<b>Business:</b>				
Other	345	29,775	29,775	0
<b>Operation and Maintenance of Plant:</b>				
Salaries and Wages	304,225	365,047	362,883	2,164
Fringe Benefits	149,450	135,389	135,308	81
Purchased Services	386,470	454,105	445,415	8,690
Materials and Supplies	50,926	44,576	38,237	6,339
Capital Outlay - New	11,600	11,725	11,709	16
Capital Outlay - Replacement	3,200	27,220	27,210	10
<b>Total Operation and Maintenance of Plant</b>	<b>905,871</b>	<b>1,038,062</b>	<b>1,020,762</b>	<b>17,300</b>
<b>Pupil Transportation:</b>				
Salaries and Wages	218,431	378,919	378,350	569
Fringe Benefits	150,050	150,245	148,894	1,351
Purchased Services	67,746	66,135	62,941	3,194
Materials and Supplies	93,594	90,366	86,745	3,621
Capital Outlay - New	2,000	1,800	1,800	0
Capital Outlay - Replacement	50,859	111,066	111,063	3
<b>Total Pupil Transportation</b>	<b>582,680</b>	<b>798,531</b>	<b>789,793</b>	<b>8,738</b>
<b>Total Support Services</b>	<b>3,617,796</b>	<b>4,019,596</b>	<b>3,952,361</b>	<b>67,235</b>
<b>Operation of Non-Instructional Services:</b>				
<b>Food Services:</b>				
Fringe Benefits	80,930	70,686	70,508	178
Materials and Supplies	6,000	4,225	4,167	58
<b>Total Operation of Non-Instructional Services</b>	<b>\$86,930</b>	<b>\$74,911</b>	<b>\$74,675</b>	<b>\$236</b>

(continued)

**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2006*

	<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	\$15,000	\$22,215	\$22,142	\$73
Fringe Benefits	17,000	20,370	20,136	234
Total Academic and Subject Oriented Activities	<u>32,000</u>	<u>42,585</u>	<u>42,278</u>	<u>307</u>
Sports Oriented Activities:				
Salaries and Wages	5,603	168,472	168,304	168
Purchased Services	535	535	535	0
Total Sports Oriented Activities	<u>6,138</u>	<u>169,007</u>	<u>168,839</u>	<u>168</u>
School and Public Service Co-Curricular Activities:				
Salaries and Wages	1,000	4,000	3,934	66
Total Extracurricular Activities	<u>39,138</u>	<u>215,592</u>	<u>215,051</u>	<u>541</u>
<i>Total Expenditures</i>	<u>8,917,388</u>	<u>10,389,963</u>	<u>10,300,170</u>	<u>89,793</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	842,320	(9,528)	76,175	85,703
<b>Other Financing Sources</b>				
Sale of Capital Assets	10,232	10,881	10,877	(4)
<i>Net Change in Fund Balance</i>	852,552	1,353	87,052	85,699
<i>Fund Balance Beginning of Year</i>	711	711	711	0
Prior Year Encumbrances Appropriated	283,046	283,046	283,046	0
<i>Fund Balance End of Year</i>	<u>\$1,136,309</u>	<u>\$285,110</u>	<u>\$370,809</u>	<u>\$85,699</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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$260,698	\$262,294	\$258,429	(\$3,865)
Intergovernmental	27,484	27,652	27,245	(407)
<i>Total Revenues</i>	<u>288,182</u>	<u>289,946</u>	<u>285,674</u>	<u>(4,272)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Other	100	100	100	0
Support Services:				
Fiscal:				
Other	1,752	4,044	4,044	0
Operation and Maintenance of Plant:				
Purchased Services	273,786	360,342	350,219	10,123
Capital Outlay - New	41,463	190,463	184,667	5,796
Total Operation and Maintenance of Plant	<u>315,249</u>	<u>550,805</u>	<u>534,886</u>	<u>15,919</u>
Total Support Services	<u>317,001</u>	<u>554,849</u>	<u>538,930</u>	<u>15,919</u>
<i>Total Expenditures</i>	<u>317,101</u>	<u>554,949</u>	<u>539,030</u>	<u>15,919</u>
<i>Excess of Revenues Under Expenditures</i>	(28,919)	(265,003)	(253,356)	11,647
<b>Other Financing Sources</b>				
Sale of Capital Assets	0	227,482	224,131	(3,351)
<i>Net Change in Fund Balance</i>	(28,919)	(37,521)	(29,225)	8,296
<i>Fund Balance Beginning of Year</i>	285,158	285,158	285,158	0
Prior Year Encumbrances Appropriated	<u>152,130</u>	<u>152,130</u>	<u>152,130</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$408,369</u></u>	<u><u>\$399,767</u></u>	<u><u>\$408,063</u></u>	<u><u>\$8,296</u></u>

**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$64,428	\$52,339	\$53,571	\$1,232
Charges for Services	265,572	215,741	220,821	5,080
<i>Total Revenues</i>	<u>330,000</u>	<u>268,080</u>	<u>274,392</u>	<u>6,312</u>
<b>Expenditures</b>				
Current:				
Operation of Food Services:				
Food Service:				
Salaries and Wages	87,809	123,117	122,693	424
Materials and Supplies	182,000	118,451	117,888	563
<i>Total Expenditures</i>	<u>269,809</u>	<u>241,568</u>	<u>240,581</u>	<u>987</u>
<i>Net Change in Fund Balance</i>	60,191	26,512	33,811	7,299
<i>Fund Balance Beginning of Year</i>	71,367	71,367	71,367	0
Prior Year Encumbrances Appropriated	451	451	451	0
<i>Fund Balance End of Year</i>	<u>\$132,009</u>	<u>\$98,330</u>	<u>\$105,629</u>	<u>\$7,299</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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$19,000	\$18,750	\$18,414	(\$336)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	<u>23,812</u>	<u>19,131</u>	<u>19,129</u>	<u>2</u>
<i>Net Change in Fund Balance</i>	(4,812)	(381)	(715)	(334)
<i>Fund Balance Beginning of Year</i>	<u>1,459</u>	<u>1,459</u>	<u>1,459</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$3,353)</u></u>	<u><u>\$1,078</u></u>	<u><u>\$744</u></u>	<u><u>(\$334)</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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Extracurricular Activities	\$10,608	\$10,608	\$7,644	(\$2,964)
Contributions and Donations	<u>14,392</u>	<u>14,392</u>	<u>10,370</u>	<u>(4,022)</u>
<i>Total Revenues</i>	25,000	25,000	18,014	(6,986)
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Materials and Supplies	<u>6,785</u>	<u>30,224</u>	<u>28,372</u>	<u>1,852</u>
<i>Net Change in Fund Balance</i>	18,215	(5,224)	(10,358)	(5,134)
<i>Fund Balance Beginning of Year</i>	34,433	34,433	34,433	0
Prior Year Encumbrances Appropriated	<u>359</u>	<u>359</u>	<u>359</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$53,007</u>	<u>\$29,568</u>	<u>\$24,434</u>	<u>(\$5,134)</u>

**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Martha Holden Jennings Fund*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Contributions and Donations	\$1,800	\$1,781	\$1,761	(\$20)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular Instruction:				
Materials and Supplies	<u>1,761</u>	<u>1,761</u>	<u>1,761</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	39	20	0	(20)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$39</u></u>	<u><u>\$20</u></u>	<u><u>\$0</u></u>	<u><u>(\$20)</u></u>

**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Athletics and Music Fund*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Extracurricular Activities	\$90,834	\$118,084	\$116,266	(\$1,818)
Contributions and Donations	9,166	11,916	11,733	(183)
<i>Total Revenues</i>	<u>100,000</u>	<u>130,000</u>	<u>127,999</u>	<u>(2,001)</u>
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Sports Oriented Activities:				
Salaries and Wages	675	1,500	1,325	175
Fringe Benefits	0	5	5	0
Purchased Services	67,004	97,615	94,718	2,897
Materials and Supplies	14,444	17,099	17,099	0
Capital Outlay - New	12,484	12,090	12,090	0
Other	2,057	4,156	2,144	2,012
<i>Total Expenditures</i>	<u>96,664</u>	<u>132,465</u>	<u>127,381</u>	<u>5,084</u>
<i>Net Change in Fund Balance</i>	3,336	(2,465)	618	3,083
<i>Fund Balance Beginning of Year</i>	6,679	6,679	6,679	0
Prior Year Encumbrances Appropriated	24,128	24,128	24,128	0
<i>Fund Balance End of Year</i>	<u>\$34,143</u>	<u>\$28,342</u>	<u>\$31,425</u>	<u>\$3,083</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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$5,000	\$5,000	\$5,000	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Salaries and Wages	3,667	3,667	3,667	0
Purchased Services	1,333	1,333	1,333	0
<i>Total Expenditures</i>	<u>5,000</u>	<u>5,000</u>	<u>5,000</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*  
*ONEnet Fund*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$14,000	\$9,000	\$9,000	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Administration:				
Purchased Services	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	5,000	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,000</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>



**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*SchoolNet Professional Development Fund*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$3,200	\$3,200	\$3,200	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	<u>2,707</u>	<u>2,707</u>	<u>548</u>	<u>2,159</u>
<i>Net Change in Fund Balance</i>	493	493	2,652	2,159
<i>Fund Balance Beginning of Year</i>	<u>7</u>	<u>7</u>	<u>7</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$500</u>	<u>\$500</u>	<u>\$2,659</u>	<u>\$2,159</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, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$10,400	\$10,500	\$10,400	(\$100)
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	0	7,249	7,249	0
Fringe Benefits	0	1,151	1,151	0
Purchased Services	2,000	2,000	2,000	0
Materials and Supplies	2,585	585	585	0
<i>Total Expenditures</i>	<u>4,585</u>	<u>10,985</u>	<u>10,985</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	5,815	(485)	(585)	(100)
<i>Fund Balance Beginning of Year</i>	4,400	4,400	4,400	0
Prior Year Encumbrances Appropriated	<u>185</u>	<u>185</u>	<u>185</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$10,400</u></u>	<u><u>\$4,100</u></u>	<u><u>\$4,000</u></u>	<u><u>(\$100)</u></u>

**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*School Improvement Model Fund*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Purchased Services	0	1,552	1,527	25
Materials and Supplies	2,950	1,398	1,398	0
<i>Total Expenditures</i>	<u>2,950</u>	<u>2,950</u>	<u>2,925</u>	<u>25</u>
<i>Net Change in Fund Balance</i>	(2,950)	(2,950)	(2,925)	25
<i>Fund Balance Beginning of Year</i>	<u>2,950</u>	<u>2,950</u>	<u>2,950</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$25</u>	<u>\$25</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$280,501	\$272,093	\$270,747	(\$1,346)
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	1,346	1,615	1,615	0
Fringe Benefits	0	635	635	0
Purchased Services	123,000	126,377	126,377	0
Materials and Supplies	5,294	5,258	5,258	0
Capital Outlay - New	2,000	2,000	2,000	0
Other	1,000	1,000	1,000	0
Total Instruction	132,640	136,885	136,885	0
Support Services:				
Pupil:				
Purchased Services	92,308	91,379	91,379	0
Materials and Supplies	3,500	3,500	3,500	0
Capital Outlay - New	8,000	8,000	8,000	0
Total Pupil	103,808	102,879	102,879	0
Instructional Staff:				
Fringe Benefits	88	88	88	0
Administration:				
Salaries and Wages	20,060	20,060	20,060	0
Fringe Benefits	2,748	2,880	2,880	0
Materials and Supplies	2,955	2,955	2,955	0
Total Administration	25,763	25,895	25,895	0
Pupil Transportation:				
Purchased Services	0	5,000	5,000	0
Total Support Services	129,659	133,862	133,862	0
<i>Total Expenditures</i>	262,299	270,747	270,747	0
<i>Net Change in Fund Balance</i>	18,202	1,346	0	(1,346)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$18,202	\$1,346	\$0	(\$1,346)

**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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$207,699	\$200,060	\$200,060	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	12,848	11,498	11,391	107
Special:				
Salaries and Wages	117,665	144,684	144,475	209
Fringe Benefits	41,665	50,004	50,004	0
Materials and Supplies	1,000	1,000	1,000	0
Total Special	160,330	195,688	195,479	209
Total Instruction	173,178	207,186	206,870	316
Support Services:				
Pupil:				
Materials and Supplies	2,000	2,986	2,917	69
<i>Total Expenditures</i>	175,178	210,172	209,787	385
<i>Net Change in Fund Balance</i>	32,521	(10,112)	(9,727)	385
<i>Fund Balance Beginning of Year</i>	8,879	8,879	8,879	0
Prior Year Encumbrances Appropriated	848	848	848	0
<i>Fund Balance (Deficit) End of Year</i>	\$42,248	(\$385)	\$0	\$385

**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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$7,700	\$356	\$356	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	3,623	0	0	0
Fringe Benefits	1,997	422	422	0
<i>Total Expenditures</i>	5,620	422	422	0
<i>Net Change in Fund Balance</i>	2,080	(66)	(66)	0
<i>Fund Balance Beginning of Year</i>	66	66	66	0
<i>Fund Balance End of Year</i>	\$2,146	\$0	\$0	\$0

**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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$7,290	\$7,290	\$7,290	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	0	5,000	5,000	0
Materials and Supplies	2,278	2,503	2,278	225
Total Instruction	2,278	7,503	7,278	225
Support Services:				
Business:				
Salaries and Wages	150	150	150	0
<i>Total Expenditures</i>	2,428	7,653	7,428	225
<i>Net Change in Fund Balance</i>	4,862	(363)	(138)	225
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	138	138	138	0
<i>Fund Balance (Deficit) End of Year</i>	\$5,000	(\$225)	\$0	\$225

**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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$50,467	\$51,253	\$51,253	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	35,466	36,585	36,253	332
Fringe Benefits	15,001	15,000	15,000	0
<i>Total Expenditures</i>	<u>50,467</u>	<u>51,585</u>	<u>51,253</u>	<u>332</u>
<i>Net Change in Fund Balance</i>	0	(332)	0	332
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$0</u>	<u>(\$332)</u>	<u>\$0</u>	<u>\$332</u>



**Berkshire Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Title II-D Technology Fund*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$3,764	\$2,008	\$2,008	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Purchased Services	3,764	2,008	2,008	0
Materials and Supplies	0	28	28	0
<i>Total Expenditures</i>	<u>3,764</u>	<u>2,036</u>	<u>2,036</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(28)	(28)	0
<i>Fund Balance Beginning of Year</i>	<u>28</u>	<u>28</u>	<u>28</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$28</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$222,900	\$295,000	\$297,418	\$2,418
<b>Expenses</b>				
Purchased Services	13,982	13,982	13,982	0
Claims	169,874	296,239	285,701	10,538
<i>Total Expenses</i>	183,856	310,221	299,683	10,538
<i>Net Change in Fund Equity</i>	39,044	(15,221)	(2,265)	12,956
<i>Fund Equity Beginning of Year</i>	113,736	113,736	113,736	0
<i>Fund Equity End of Year</i>	<u>\$152,780</u>	<u>\$98,515</u>	<u>\$111,471</u>	<u>\$12,956</u>

## 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.

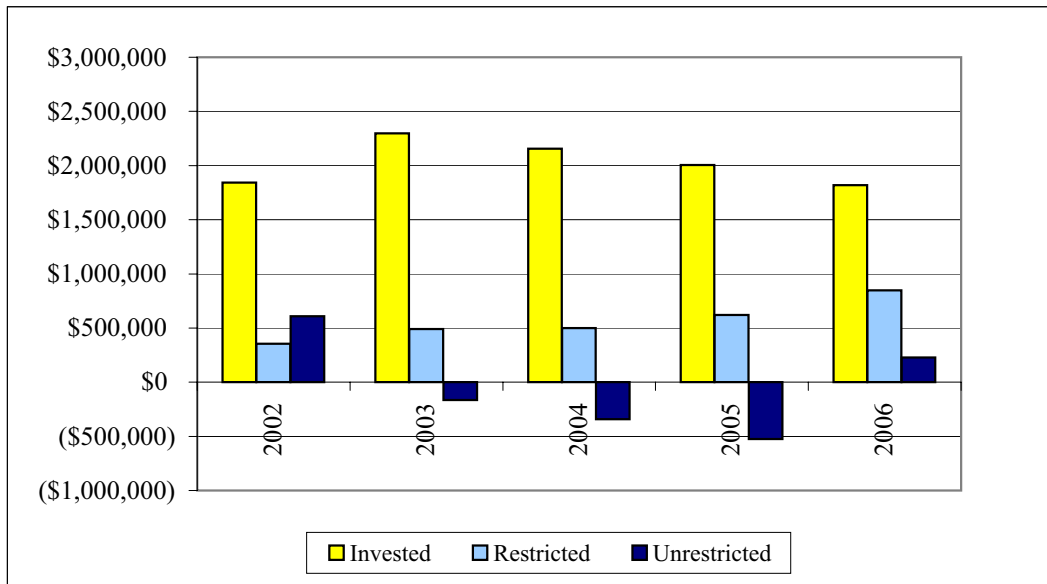
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<b>Contents</b>	<b>Pages(s)</b>
<b><i>Financial Trends</i></b> .....	<b><i>S2 – S7</i></b>
These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	
<b><i>Revenue Capacity</i></b> .....	<b><i>S8 – S18</i></b>
These schedules contain information to help the reader assess the School District's most significant local revenue, the property tax and the income tax.	
<b><i>Debt Capacity</i></b> .....	<b><i>S19 – S23</i></b>
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.	
<b><i>Economic and Demographic Information</i></b> .....	<b><i>S24 - S26</i></b>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.	
<b><i>Operating Information</i></b> .....	<b><i>S27 – S36</i></b>
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 Five Fiscal Years*  
*(accrual basis of accounting)*

	2002	2003	2004	2005	2006
Invested in Capital Assets, Net of Related Debt	\$1,843,250	\$2,296,818	\$2,154,459	\$2,003,813	\$1,820,415
Restricted for:					
Capital Projects	156,522	310,541	302,853	471,040	640,564
Debt Service	52,024	52,024	0	0	0
Set Asides	39,468	39,468	39,468	39,468	39,468
Other Purposes	107,382	87,604	156,379	110,672	168,066
Unrestricted (Deficit)	609,162	(163,721)	(342,388)	(525,586)	228,005
<b>Total Net Assets</b>	<b>\$2,807,808</b>	<b>\$2,622,734</b>	<b>\$2,310,771</b>	<b>\$2,099,407</b>	<b>\$2,896,518</b>



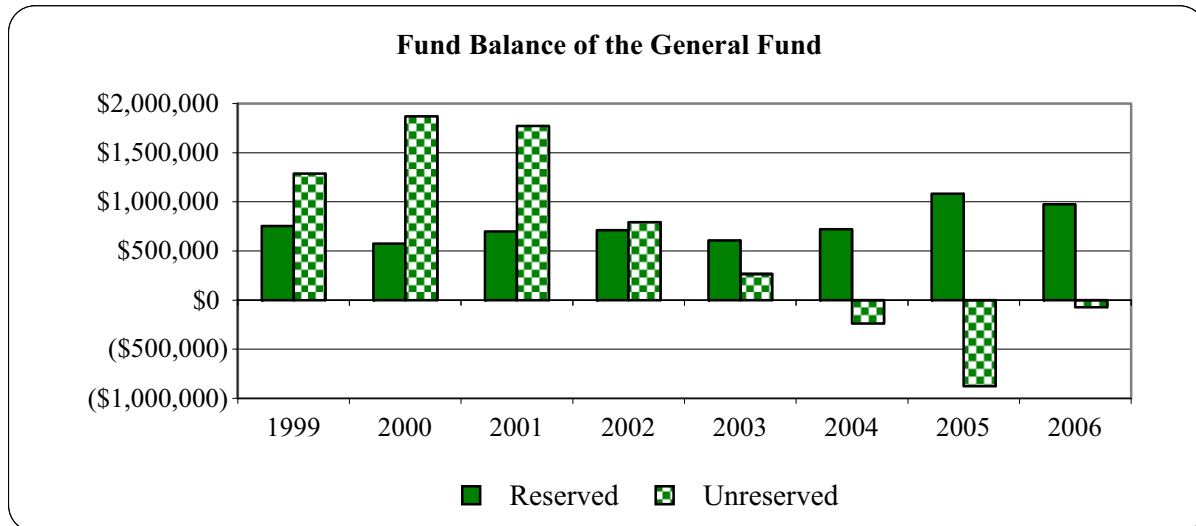
**Berkshire Local School District**  
*Changes in Net Assets of Governmental Activities*  
*Last Five Fiscal Years*  
*(accrual basis of accounting)*

	2002	2003	2004	2005	2006
<b>Expenses</b>					
Regular Instruction	\$5,062,243	\$4,905,643	\$4,988,073	\$5,188,198	\$4,662,636
Special Instruction	954,287	967,922	1,153,426	1,390,995	1,564,547
Vocational Instruction	53,659	47,206	53,983	55,653	55,414
Pupil Support	648,079	599,157	605,670	615,690	611,399
Instructional Staff Support	410,336	542,635	474,125	504,650	407,207
Board of Education	49,191	47,565	51,839	46,666	61,313
Administration	951,540	1,003,572	879,946	873,703	829,843
Fiscal	286,878	309,202	334,441	320,702	322,274
Business	33,972	16,910	27,850	36,421	29,925
Operation and Maintenance of Plant	1,070,121	1,088,676	1,118,464	1,044,789	1,052,876
Pupil Transportation	786,010	827,529	816,997	809,410	763,710
Operation of Food Services	401,456	424,048	388,659	385,017	331,153
Extracurricular Activities	351,015	413,973	425,556	373,143	363,747
Interest and Fiscal Charges	2,594	340	5,078	3,006	884
<i>Total Expenses</i>	<u>11,061,381</u>	<u>11,194,378</u>	<u>11,324,107</u>	<u>11,648,043</u>	<u>11,056,928</u>
<b>Program Revenues</b>					
Charges for Services					
Regular Instruction	45,157	75,428	79,894	87,553	98,213
Operation and Maintenance of Plant	22,843	11,484	6,968	7,783	10,677
Operation of Food Service	255,269	261,458	262,367	250,221	220,821
Extracurricular Activities	137,212	133,834	135,663	151,534	290,301
Operating Grants and Contributions	408,776	438,818	684,384	703,894	647,025
Capital Grants and Contributions	27,343	320,315	13,034	11,130	5,333
<i>Total Program Revenues</i>	<u>896,600</u>	<u>1,241,337</u>	<u>1,182,310</u>	<u>1,212,115</u>	<u>1,272,370</u>
Net Expense	<u>(10,164,781)</u>	<u>(9,953,041)</u>	<u>(10,141,797)</u>	<u>(10,435,928)</u>	<u>(9,784,558)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes	3,912,786	4,493,546	4,536,033	4,859,170	4,777,030
Capital Outlay	234,293	260,450	240,597	286,289	252,820
Income Taxes Levied for:					
General Purposes	1,085,872	1,046,293	1,092,823	1,182,066	1,329,783
Grants and Entitlements not					
Restricted to Specific Programs	3,693,492	3,797,347	3,851,111	3,857,075	4,015,962
Unrestricted Contributions	0	0	0	0	10,649
Investment Earnings	136,719	88,847	24,063	34,686	91,189
Gain on Sale of Capital Assets	0	0	0	0	103,118
Miscellaneous	110,889	81,484	85,207	5,278	1,118
<i>Total General Revenues</i>	<u>9,174,051</u>	<u>9,767,967</u>	<u>9,829,834</u>	<u>10,224,564</u>	<u>10,581,669</u>
<i>Change in Net Assets</i>	<u>(\$990,730)</u>	<u>(\$185,074)</u>	<u>(\$311,963)</u>	<u>(\$211,364)</u>	<u>\$797,111</u>

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

	1999	2000	2001	2002
<b>General Fund</b>				
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>
<b>All Other Governmental Funds</b>				
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
<b>Total All Other Governmental Funds</b>	<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>

(1) Information prior to 1999 is unavailable



2003	2004	2005	2006
\$606,338	\$720,833	\$1,081,687	\$975,425
265,095	(237,113)	(876,971)	(73,635)
871,433	483,720	204,716	901,790
218,634	110,697	201,771	235,130
40,004	113,164	73,826	156,030
52,024	0	0	0
104,951	228,061	285,158	408,063
415,613	451,922	560,755	799,223
<u>\$1,287,046</u>	<u>\$935,642</u>	<u>\$765,471</u>	<u>\$1,701,013</u>

**Berkshire Local School District**  
*Changes in Fund Balances, Governmental Funds (1)*  
*Last Eight Fiscal Years (2)*  
*(modified accrual basis of accounting)*

	1999	2000 (3)	2001	2002
<b>Revenues</b>				
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>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	3,682,673	3,893,810	4,654,551	4,944,160
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>8,604,341</u>	<u>9,955,378</u>	<u>11,285,526</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>447,663</u>	<u>474,179</u>	<u>4,780</u>	<u>(1,222,723)</u>
<b>Other Financing Sources (Uses)</b>				
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>\$476,321</u>	<u>(\$20,158)</u>	<u>(\$1,222,723)</u>
Debt Service as a Percentage of				
Noncapital Expenditures	2.80%	1.50%	0.36%	0.30%

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

(2) Information prior to 1999 is unavailable

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



2003	2004	2005	2006
\$1,046,293	\$1,092,823	\$1,182,066	\$1,329,783
4,766,751	4,775,107	5,103,176	5,026,267
4,245,726	4,501,737	4,553,248	4,644,456
88,847	24,063	34,686	91,189
44,700	46,141	55,769	56,244
133,834	135,663	151,534	290,301
39,214	46,792	18,851	34,513
289,347	296,120	282,005	262,790
11,484	6,968	7,783	10,677
81,484	85,207	5,278	1,118
<u>10,747,680</u>	<u>11,010,621</u>	<u>11,394,396</u>	<u>11,747,338</u>
5,085,157	4,794,030	4,970,513	4,510,378
964,032	1,155,584	1,423,454	1,535,933
46,735	51,639	54,833	54,762
594,738	579,799	613,912	606,815
539,961	470,724	499,865	400,096
47,562	51,018	45,977	46,539
992,446	876,884	852,759	805,231
296,593	325,462	315,633	313,693
16,910	27,850	36,421	29,925
1,042,087	1,070,456	1,008,026	973,686
789,847	761,529	770,480	690,623
0	0	0	0
81,255	0	0	0
336,601	377,141	392,307	320,715
391,254	418,126	357,388	354,006
152,444	325,713	146,929	334,672
6,339	70,879	72,947	68,736
0	5,191	3,123	994
<u>11,383,961</u>	<u>11,362,025</u>	<u>11,564,567</u>	<u>11,046,804</u>
<u>(636,281)</u>	<u>(351,404)</u>	<u>(170,171)</u>	<u>700,534</u>
0	0	0	235,008
218,901	0	0	0
25,000	52,024	0	0
<u>(25,000)</u>	<u>(52,024)</u>	<u>0</u>	<u>0</u>
<u>218,901</u>	<u>0</u>	<u>0</u>	<u>235,008</u>
<u>(\$417,380)</u>	<u>(\$351,404)</u>	<u>(\$170,171)</u>	<u>\$935,542</u>
0.06%	0.69%	0.67%	0.65%

**Berkshire Local School District**  
*Assessed and Estimated Actual Value of Taxable Property*  
*Last Eight Years (1)*

Collection Year	Real Estate			Estimated Actual Value	Tangible Assessed Value
	Assessed Value				
	Residential/ Agricultural	Commercial/ Industrial	Total		
1999	\$101,708,650	\$12,165,520	\$113,874,170	\$325,354,771	\$10,135,990
2000	126,827,500	15,417,980	142,245,480	406,415,657	12,547,070
2001	130,700,920	17,265,020	147,965,940	422,759,829	15,483,450
2002	134,440,000	17,503,830	151,943,830	434,125,229	15,111,250
2003	151,308,040	19,594,050	170,902,090	488,291,686	20,538,500
2004	155,560,120	19,950,180	175,510,300	501,458,000	19,535,060
2005	158,735,280	19,832,180	178,567,460	510,192,743	19,212,290
2006	181,335,230	22,365,410	203,700,640	582,001,829	14,712,180

(1) Information prior to 1999 is unavailable

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

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

Personal		Public Utility		Total	
Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Weighted Average Tax Rate
\$180,623,328	\$8,730,000	\$9,920,455	\$132,740,160	\$515,898,554	\$29.43352
50,188,280	8,150,600	9,262,045	162,943,150	465,865,983	25.65010
61,933,800	8,186,330	9,302,648	171,635,720	493,996,276	25.93321
60,445,000	6,430,150	7,306,989	173,485,230	501,877,217	25.50385
82,154,000	5,946,900	6,757,841	197,387,490	577,203,527	25.64408
78,140,240	6,472,680	7,355,318	201,518,040	586,953,558	25.48296
76,849,160	6,533,790	7,424,761	204,313,540	594,466,664	25.41435
58,848,720	6,205,680	7,051,909	224,618,500	647,902,458	24.07686

**Berkshire Local School District**  
*Property Tax Rates - Direct and Overlapping Governments*  
(per \$1,000 of assessed value)  
*Last Eight Years (1)*

	1999	2000	2001
<b>Unvoted Millage</b>			
Operating	\$4.5000	\$4.5000	\$4.5000
<b>Voted Millage - by levy</b>			
1976 Operating - continuing			
Effective Millage Rates			
Residential/Agricultural	8.8447	7.2503	7.2656
Commercial/Industrial	10.9282	8.7154	8.4110
Tangible/Public Utility Personal	26.1000	26.1000	26.1000
1977 Operating - continuing			
Effective Millage Rates			
Residential/Agricultural	1.6944	1.3890	1.3919
Commercial/Industrial	2.0935	1.6696	1.6113
Tangible/Public Utility Personal	5.0000	5.0000	5.0000
1983 Operating - continuing			
Effective Millage Rates			
Residential/Agricultural	2.6625	2.1813	2.1761
Commercial/Industrial	3.7590	2.9978	2.8931
Tangible/Public Utility Personal	4.7000	4.7000	4.7000
1985 Operating - continuing			
Effective Millage Rates			
Residential/Agricultural	2.5492	2.0885	2.0835
Commercial/Industrial	3.5990	2.8703	2.7700
Tangible/Public Utility Personal	4.5000	4.5000	4.5000
1988 Operating - continuing			
Effective Millage Rates			
Residential/Agricultural	3.1629	2.5910	2.5829
Commercial/Industrial	4.0982	3.2684	3.1542
Tangible/Public Utility Personal	5.0000	5.0000	5.0000
1989 Permanent Improvements - 3 years			
Effective Millage Rates			
Residential/Agricultural	1.5849	1.2979	1.2901
Commercial/Industrial	2.0726	1.6529	1.5952
Tangible/Public Utility Personal	2.5000	2.5000	2.5000
<b>Total Effective Voted Millage by type of property</b>			
Residential/Agricultural	20.4986	16.7980	16.7901
Commercial/Industrial	26.5505	21.1744	20.4348
Tangible/Public Utility Personal	47.8000	47.8000	47.8000

2002	2003	2004	2005	2006
\$4.5000	\$4.5000	\$4.5000	\$4.5000	\$4.5000
7.2747	7.5095	7.5170	7.5200	7.7462
8.4077	8.1268	8.1365	8.2787	7.3781
26.1000	26.1000	26.1000	26.1000	26.1000
1.3936	1.4386	1.4400	1.4406	1.4840
1.6107	1.5569	1.5587	1.5860	1.4134
5.0000	5.0000	5.0000	5.0000	5.0000
2.1730	2.0929	2.0903	2.0893	2.0121
2.8920	2.7954	2.7987	2.8476	2.5378
4.7000	4.7000	4.7000	4.7000	4.7000
2.0805	2.0038	2.0014	2.0004	1.9265
2.7689	2.6764	2.6796	2.7264	2.4298
4.5000	4.5000	4.5000	4.5000	4.5000
2.5782	2.4552	2.4512	2.4497	2.3312
3.1530	3.0476	3.0513	3.1046	2.7668
5.0000	5.0000	5.0000	5.0000	5.0000
1.2854	1.1594	1.1554	1.1537	1.0249
1.5946	1.5413	1.5432	1.5701	1.3993
2.5000	2.5000	2.5000	2.5000	2.5000
16.7854	16.6594	16.6553	16.6537	16.5249
20.4269	19.7444	19.7680	20.1134	17.9252
47.8000	47.8000	47.8000	47.8000	47.8000

(continued)

**Berkshire Local School District**  
*Property Tax Rates - Direct and Overlapping Governments (continued)*  
(per \$1,000 of assessed value)  
*Last Eight Years (1)*

	1999	2000	2001
<b>Overlapping Rates by Taxing District</b>			
Auburn Joint Vocational School District Voted Millage			
Effective Millage Rates			
Residential/Agricultural	\$1.5000	\$1.5000	\$1.5000
Commercial/Industrial	1.5000	1.5000	1.5000
Tangible/Public Utility Personal	1.5000	1.5000	1.5000
Burton Public Library Voted Millage			
Effective Millage Rates			
Residential/Agricultural	0.9125	0.7472	0.7427
Commercial/Industrial	0.9883	0.7882	0.7606
Tangible/Public Utility Personal	1.0000	1.0000	1.0000
Village of Burton Unvoted Millage			
Residential/Agricultural	7.2500	6.3872	7.8814
Commercial/Industrial	7.2500	6.7326	8.2366
Tangible/Public Utility Personal	7.2500	7.2500	8.7500
Township of Burton Voted Millage			
Effective Millage Rates			
Residential/Agricultural	5.4057	4.9971	4.9840
Commercial/Industrial	5.7921	5.2051	8.2041
Tangible/Public Utility Personal	7.1000	7.1000	7.1000
Township of Claridon Voted Millage			
Effective Millage Rates			
Residential/Agricultural	7.5700	6.7263	6.6908
Commercial/Industrial	8.4762	6.8776	6.8776
Tangible/Public Utility Personal	9.4000	9.4000	9.4000
Township of Troy Voted Millage			
Residential/Agricultural	11.7635	10.0820	11.1410
Commercial/Industrial	11.8745	8.9580	9.4928
Tangible/Public Utility Personal	12.5000	12.5000	12.5000
Geauga County Voted Millage			
Effective Millage Rates			
Residential/Agricultural	9.1884	9.1226	10.0209
Commercial/Industrial	10.3328	9.7000	10.5950
Tangible/Public Utility Personal	12.4500	12.6500	13.4000

(1) Information prior to 1999 is unavailable

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

**Source:** Ohio Department of Taxation

2002	2003	2004	2005	2006
\$1.5000	\$1.5000	\$1.5000	\$1.5000	\$1.5000
1.5000	1.5000	1.5000	1.5000	1.5000
1.5000	1.5000	1.5000	1.5000	1.5000
0.9964	0.8987	0.8956	0.8943	0.7945
0.9996	0.9662	0.9674	0.9843	0.8772
1.0000	1.0000	1.0000	1.0000	1.0000
7.8498	8.7634	8.7626	8.7626	8.1252
8.2366	9.1944	9.2209	9.5308	9.1220
8.7500	9.7500	9.7500	9.7500	9.7500
4.9773	5.3861	5.3819	5.2931	5.9448
5.2041	5.7536	5.7536	5.6419	6.3072
7.1000	7.1000	7.1000	6.8000	7.2500
6.6782	6.3436	6.3238	6.3170	6.5377
6.8776	6.7262	6.7227	6.7227	6.2914
9.4000	9.4000	9.4000	9.4000	9.4000
11.1219	10.2093	10.1830	10.1821	9.4212
9.4826	9.3190	9.3190	9.3190	8.2919
12.5000	12.5000	12.5000	12.5000	12.5000
10.9916	10.3876	10.8587	11.8767	10.8912
11.5829	11.2985	11.7554	12.6037	11.4143
14.4000	14.6000	15.1000	15.1000	15.1000

**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
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
2005	5,309,213	5,118,387	96.41	190,147	5,308,534	99.99

**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 2006 information cannot be presented because all collections have not been made by June 30, 2006.

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



**Berkshire Local School District**  
*Principal Taxpayers*  
*Real Estate Tax*  
*December 31, 2005 and December 31, 1999*

Name of Taxpayer	December 31, 2005	
	Assessed Value	Percent of Real Property Assessed Value
Great Lakes Cheese Company, Inc.	\$4,014,330	1.97%
Thistle Lane Real Properties	1,642,380	0.81
Luxemburg Properties	1,239,190	0.61
Excel Polymers LLC	1,237,750	0.61
John J. Masternick	1,089,280	0.53
Troy Oaks Homes	1,071,500	0.53
Steven Rajki, Junior	599,450	0.29
Grandview Golf Club	583,420	0.29
Tripak Enterprise	570,650	0.28
Preston Real Estate	562,180	0.27
Totals	<u>\$12,610,130</u>	<u>6.19%</u>
Total Assessed Valuation	<u>\$203,700,640</u>	

Name of Taxpayer	December 31, 1999 (1)	
	Assessed Value	Percent of Real Property Assessed Value
Berkshire Hills Limited	\$1,256,510	1.10%
M.A. Hanna Company	1,131,000	0.99
John J. Masternick	1,010,010	0.89
Safra Inn, LLO	617,820	0.54
Grandview Golf Club	470,030	0.41
Farmore Farms Limited	440,060	0.40
Steven Rajki, Junior	439,270	0.39
East Branch Limited	437,130	0.38
Tripoli Enterprise, Inc.	431,210	0.38
John Calabrese	392,820	0.34
Totals	<u>\$6,625,860</u>	<u>5.82%</u>
Total Assessed Valuation	<u>\$113,874,170</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, 2005 and December 31, 1999*

Name of Taxpayer	December 31, 2005	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Great Lakes Cheese Company, Incorporated	\$7,643,710	51.95%
Excel Polymers, LLC.	3,840,950	26.11
Preston Chevrolet/Cadillac, Incorporated	1,287,760	8.75
Duramax Marine	708,540	4.82
Troy Manufacturing Company, Incorporated	686,280	4.66
Total	<u>\$14,167,240</u>	<u>96.29%</u>
Total Assessed Valuation	<u>\$14,712,180</u>	

Name of Taxpayer	December 31, 1999 (1)	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Great Lakes Cheese Company, Incorporated	\$4,012,930	39.59%
M.A. Hanna Company	3,266,530	32.23
Troy Manufacturing Company, Incorporated	866,500	8.55
Burton Flowers and Garden	591,230	5.83
Preston Chevrolet/Cadillac, Incorporated	589,030	5.81
TRC Manufacturing, Incorporated	385,810	3.81
County Ford Limited	373,820	3.69
Total	<u>\$10,085,850</u>	<u>99.51%</u>
Total Assessed Valuation	<u>\$10,135,990</u>	

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, 2005 and December 31, 1999*

Name of Taxpayer	December 31, 2005	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$4,087,680	65.87%
Ohio Bell Telephone Company	763,450	12.30
Ohio Edison	197,180	3.18
East Ohio Gas Company	122,940	1.98
American Transmission	114,440	1.85
Total	<u>\$5,285,690</u>	<u>85.17%</u>
Total Assessed Valuation	<u>\$6,205,680</u>	

Name of Taxpayer	December 31, 1999 (1)	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$5,368,700	61.50%
Ohio Bell Telephone Company	1,284,590	14.71
East Ohio Gas Company	976,410	11.18
Ohio Edison	264,210	3.03
Total	<u>\$7,893,910</u>	<u>90.42%</u>
Total Assessed Valuation	<u>\$8,730,000</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 Seven Years (2)*

Tax Year (3)	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
2006	0.75	1,329,783	711,434	53.50	618,349	46.50

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

(2) Information prior to 2000 is not available.

(3) Fiscal year 2002 through 2006 are on an accrual basis and 2000 and 2001 are on a modified accrual basis.

**Berkshire Local School District**  
*Computation of Direct and Overlapping*  
*Governmental Activities Debt*  
*December 31, 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			
General Obligation Bonds	455,000	7.52%	34,216
Special Assessment Bonds	3,388,962	7.52%	254,850
General Obligation Notes	10,650,000	7.52%	800,880
 Total Overlapping	 14,493,962	 7.52%	 1,089,946
 Total	 \$14,493,962		 \$1,089,946

Source: Office of the Auditor, Geauga County, Ohio

**Berkshire Local School District**  
*Ratio of Governmental Activities Debt  
to Assessed Value and Debt per Capita  
Last Eight Fiscal Years (1)*

Fiscal Year	Population (2)		Estimated Actual Value (3)	General Obligation Bonded Debt		
				Bonded Debt	Ratio of Bonded Debt to Estimated Actual Value	Bonded Debt per Capita
1999	8,546	a	\$375,819,186	\$146,822	0.02%	\$17.18
2000	8,546	a	465,865,983	60,000	0.00	7.02
2001	8,647	b	493,996,276	30,000	0.00	3.47
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
2006	8,647	b	647,902,458	0	0.00	0.00

- Source:** (1) Information prior to 1999 is not available
- (2) U.S. Bureau of Census, Census of Population  
(a) 1990 Federal Census  
(b) 2000 Federal Census
- (3) Geauga County Auditor

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

**Berkshire Local School District**  
*Computation of Legal Debt Margin*  
*Last Eight Fiscal Years (1)*

	1999	2000	2001
Assessed Valuation	<u>\$132,740,160</u>	<u>\$162,943,150</u>	<u>\$171,635,720</u>
Debt Limit - 9% of Assessed Value (1)	\$11,946,614	\$14,664,884	\$15,447,215
Amount of Debt Applicable to Debt Limit			
General Obligation Bonds	146,822	60,000	30,000
Less Amount Available in Debt Service	<u>(162,898)</u>	<u>(119,806)</u>	<u>(85,137)</u>
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin	<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	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Assessed Value (2)	\$132,740	\$162,943	\$171,636
Amount of Debt Applicable	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<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%

**Source:** Geauga County Auditor and School District Financial Records

(1) Information prior to 1999 is not available

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



2002	2003	2004	2005	2006
<u>\$173,485,230</u>	<u>\$197,387,490</u>	<u>\$201,518,040</u>	<u>\$204,313,540</u>	<u>\$224,618,500</u>
\$15,613,671	\$17,764,874	\$18,136,624	\$18,388,219	\$20,215,665
0	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>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>	<u>\$20,215,665</u>
100.00%	100.00%	100.00%	100.00%	100.00%
\$173,485	\$197,387	\$201,518	\$204,314	\$224,619
<u>0</u>	<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>	<u>\$224,619</u>
100.00%	100.00%	100.00%	100.00%	100.00%

**Berkshire Local School District**  
*Demographic and Economic Statistics*  
*Last Seven Years (1)*

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Year	Population (2)	Total Personal Income (2)	Personal Income Per Capita (2)	Median Household Income (2)	Median Age (2)
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
2006	1,450	28,298,200	19,516	41,830	37.50

Source 2000 U.S. Census  
 Geauga County

- (1) Information prior to 2000 is not available
- (2) Information presented is for the Village of Burton. Information for the townships of Burton, Troy and Claridon was not available.

<u>Median Value of Residential Property (2)</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
135,100	4.4	224,618,500

**Berkshire Local School District**  
*Principal Employers*  
*December 31, 2005 and December 31, 2004 (1)*

December 31, 2005			
Employer	City	Nature of Business or Activity	Employees
Great Lakes Cheese	Troy	Packaging	502
Excell Polymers, LLC	Burton	Manufacturing	214
Berkshire School Board of Education	Burton	Education	137
Burton Health Care	Burton	Health Care	135
BFG	Burton	Sales	116
Duramax	Troy	Manufacturing	81
Preston Chevrolet	Burton	Sales	80
Ronyak Paving	Burton	Paving	75
ARMS Trucking	Burton	Trucking	62
Troy Manufacturing	Troy	Manufacturing	25
Total			1,427
Total Employment within the School District			n/a

December 31, 2004 (1)			
Employer	City	Nature of Business or Activity	Employees
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	32
Total			1,515
Total Employment within the School District			n/a

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*  
*Last Two Fiscal Years (1)*

	2005	2006
<b>Burton Elementary School</b>		
Constructed in 1959		
Total Building Square Footage	29,549	29,549
Enrollment Grades K-6	371	421
Student Capacity	450	450
Regular Instruction Classrooms	23	23
Regular Instruction Teachers	26	26
Special Instruction Classrooms	2	2
Special Instruction Teachers	3	3
<b>Troy Elementary School</b>		
Constructed in 1924		
Total Building Square Footage	18,556	18,556
Enrollment Grades 1-6	99	159
Student Capacity	190	190
Regular Instruction Classrooms	10	10
Regular Instruction Teachers	9	11
Special Instruction Classrooms	1	1
Special Instruction Teachers	1	1
<b>Claridon Elementary School</b>		
Constructed in 1920		
Total Building Square Footage	15,467	0
Enrollment Grades 1-6	142	0
Student Capacity	200	0
Regular Instruction Classrooms	6	0
Regular Instruction Teachers	6	0
Special Instruction Classrooms	0	0
Special Instruction Teachers	0	0
<b>Junior High/High School</b>		
Constructed in 1936		
Total Building Square Footage	95,485	95,485
Enrollment Grades 7-12	724	702
Student Capacity	760	760
Regular Instruction Classrooms	32	32
Regular Instruction Teachers	32	32
Special Instruction Classrooms	4	4
Special Instruction Teachers	4	4

(1) Information prior to 2005 is not available

**Berkshire Local School District**

*Per Pupil Cost*

*Last Five Fiscal Years (1)*

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<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
2006	11,066,294	1,282	8,632	(0.99)	79	16.2

Source: School District Records

(1) Information prior to 2002 is not available

**Berkshire Local School District**  
*Attendance and Graduation Rates*  
*Last Nine School Years (1)*

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
2006	95.20	94.10	95.30	86.20

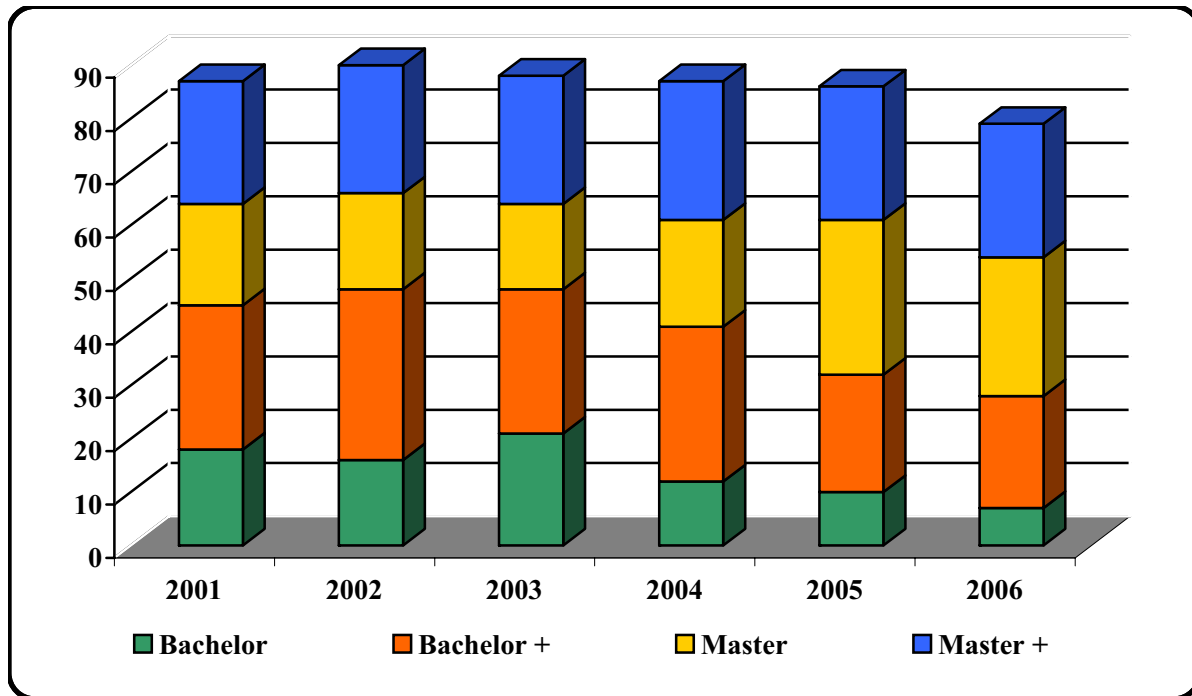
Source: Ohio Department of Education Local Report Cards

(1) Information prior to 1998 is not available

**Berkshire Local School District**  
*Full-Time Equivalent School District Teachers by Education*  
*Last Six Fiscal Years (1)*

Degree	2001	2002	2003	2004	2005	2006
Bachelor's Degree	18	16	21	12	10	7
Bachelor + 15	3	7	8	3	4	0
Bachelor + 150	24	25	19	26	18	21
Master's Degree	19	18	16	20	29	26
Master + 15	6	9	11	14	11	11
Master + 30	17	15	13	12	14	14
<b>Total</b>	<b>87</b>	<b>90</b>	<b>88</b>	<b>87</b>	<b>86</b>	<b>79</b>

(1) Information prior to 2001 is not available



Source: School District Records



**Berkshire Local School District**  
*School District Employees by Function/Program*  
*Last Four Fiscal Years (1)*

Function/Program	2003	2004	2005	2006
<b>Regular Instruction</b>				
Elementary Classroom Teachers	39.00	39.00	34.00	33.00
High School Classroom Teachers	33.00	33.00	33.00	31.00
<b>Special Instruction</b>				
Elementary Classroom Teachers	4.00	4.00	4.00	4.00
Gifted Education Teachers	1.00	1.00	1.00	0.50
High School Classroom Teachers	3.00	3.00	4.00	3.00
<b>Vocational Instruction</b>				
High School Classroom Teachers	1.00	1.00	1.00	1.00
<b>Pupil Support Services</b>				
Guidance Counselors	3.00	3.00	3.00	3.00
Librarians	1.00	1.00	1.00	1.00
Psychologists	1.00	1.00	1.00	1.00
Speech and Language Pathologists	1.00	1.00	1.00	1.00
Nurse	1.00	1.00	1.00	1.00
<b>Administrators</b>				
Elementary	3.00	3.00	3.50	2.00
High School	2.00	2.00	2.00	2.00
<b>Operation of Plant</b>				
Custodians	11.00	11.00	10.50	9.00
Maintenance	1.00	1.00	1.00	2.00
<b>Pupil Transportation</b>				
Bus Drivers	13.00	13.00	13.00	13.00
Bus Aides	1.00	1.00	2.00	1.00
Van Drivers	0.50	1.00	2.00	1.00
<b>Food Service Program</b>				
Elementary Cooks	6.00	5.00	5.00	5.00
High School Cooks	4.00	5.00	5.00	4.00
Totals	<u>129.50</u>	<u>130.00</u>	<u>128.00</u>	<u>118.50</u>

**Method:** Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at fiscal year end.

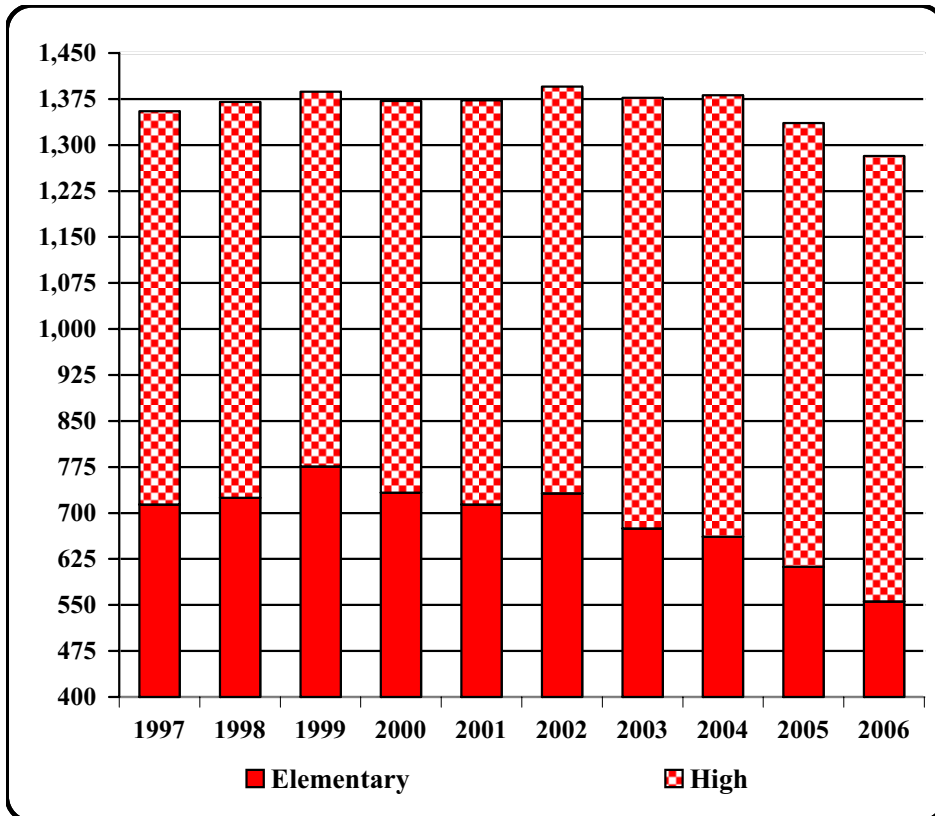
(1) Information prior to 2003 is not available

**Berkshire Local School District**

*Enrollment Statistics*

*Last Ten Fiscal Years*

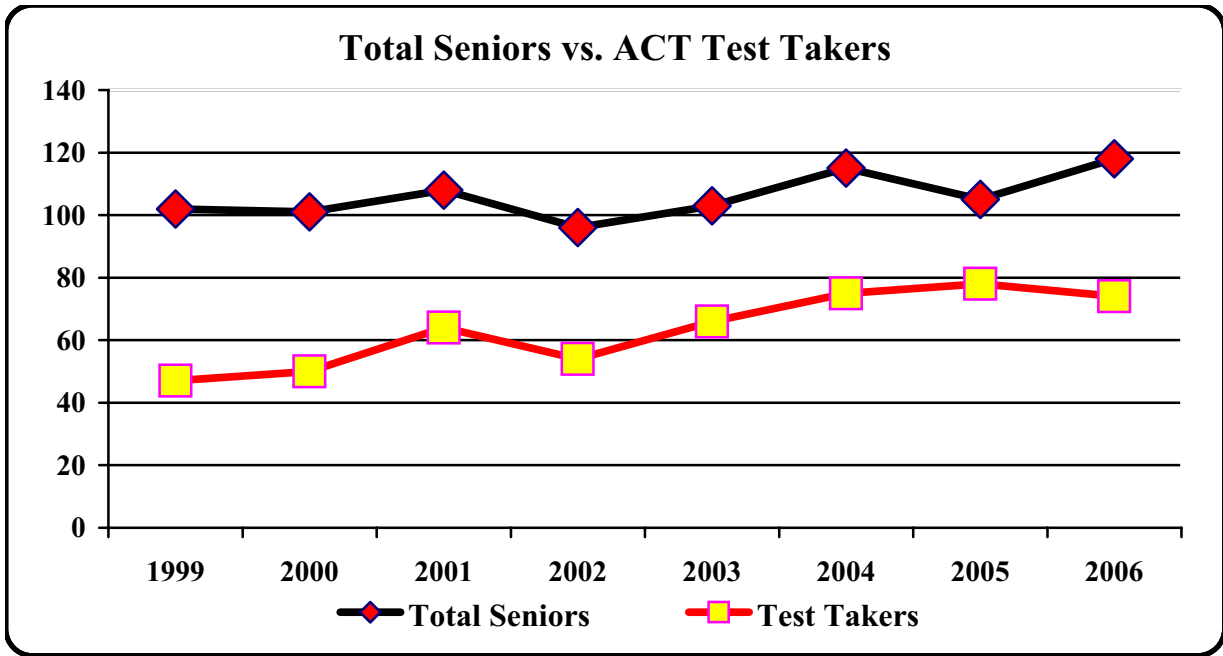
Fiscal Year	Elementary Schools	Junior/High School	Total
1997	714	641	1,355
1998	725	645	1,370
1999	776	611	1,387
2000	733	639	1,372
2001	714	659	1,373
2002	732	663	1,395
2003	675	702	1,377
2004	661	720	1,381
2005	612	724	1,336
2006	556	726	1,282



**Berkshire Local School District**  
*ACT Composite Scores*  
*Last Eight School Years (1)*

School Year	Number of Test Takers	Number of Seniors	Percent of Students	Berkshire Composite	Ohio Composite	National Composite
1999	47	102	46.08%	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
2006	74	118	62.71	21.8	21.5	21.1

(1) Information prior to 1999 is not available



Source: High School Guidance Office,  
 Berkshire Local School District

**Berkshire Local School District**

*SAT Composite Scores*

*Last Ten Fiscal Years*

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School Year	Number of Senior Test Takers	Berkshire Verbal	Ohio Verbal	National Verbal
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
2006	118	570	503	491

Source: High School Guidance Office, Berkshire Local School District

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<u>Berkshire Math</u>	<u>Ohio Math</u>	<u>National Math</u>
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
560	518	502

**Berkshire Local School District**  
*Average Number of Students per Teacher*  
*Last Nine School Years (1)*

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	18.0
2006	16.2	18.4

Source: Ohio Department of Education, EMIS Reports

(1) Information prior to 1998 is 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  
JANUARY 4, 2007**