

# **Cardinal Local School District**

*Single Audit*

*June 30, 2004*





**Auditor of State  
Betty Montgomery**

Board of Education  
Cardinal Local School District  
Middlefield, Ohio

We have reviewed the Independent Auditor's Report of the Cardinal Local School District, Geauga County, prepared by Rea & Associates, Inc., for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cardinal Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

March 3, 2005

**This Page is Intentionally Left Blank.**

**CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**JUNE 30, 2004**

*Table of Contents*

	<i>Page</i>
Schedule of Expenditures of Federal Awards .....	1
Notes to Schedule of Expenditures of Federal Awards .....	2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	3
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	4-5
Schedule of Findings & Questioned Costs.....	6

CARDINAL LOCAL SCHOOL DISTRICT  
 GEAUGA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2004

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Grant Number	Federal Receipts	Non-Cash Receipts	Federal Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF EDUCATION (Passed through Ohio Department of Education)						
Title 1, Part A, ESEA	84.010	C1-S1 2003	\$ 723,343		\$ 556,048	
		C1-S1 2004	<u>121,703</u>		<u>141,812</u>	
Total Title 1, Part A, ESEA			845,046		697,860	
Special Education Grants to States	84.027	6B-SF 2003	0		12,079	
		6B-SF 2004	<u>168,397</u>		<u>140,379</u>	
Total Special Education Grants to States			168,397		152,458	
Innovative Education Program Strategies	84.298	C2-S1 2004	5,099		6,429	
Technology Literacy Challenge Fund	84.318	TJ-S1 2003	539		7,165	
		TJ-S1 2004	<u>18,911</u>		<u>8,130</u>	
Total Technology Literacy Challenge Fund			19,450		15,295	
Title III English Language Acquisition	84.365	T3-S1 - 2004	5,034		5,364	
Improving Teacher Quality	84.367	TR-S1 2003	36,307		38,945	
		TR-S1 2004	<u>160,501</u>		<u>125,359</u>	
Total Improving Teacher Quality			196,808		164,304	
Safe, Drug-Free Schools & Communities Act Grant	84.186	DR-S1 2003	1,880		311	
		DR-S1 2004	<u>14,811</u>		<u>16,938</u>	
Total Safe, Drug-Free Schools & Communities Act Grant			16,691		17,249	
Total U. S. Department of Education			<u>1,256,525</u>		<u>1,058,959</u>	
U. S. DEPARTMENT OF AGRICULTURE (Passed through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution Program	10.550	FY04		\$ 33,804		\$ 33,804
National School Lunch Program	10.555	LL-P4 2003	22,739		22,739	
		LL-P4 2004	<u>79,336</u>		<u>79,336</u>	
Total National School Lunch Program			102,075		102,075	
Total US Department of Agriculture - Nutrition Cluster			<u>102,075</u>	<u>33,804</u>	<u>102,075</u>	<u>33,804</u>
Total Federal Financial Assistance			<u>\$ 1,358,600</u>	<u>\$ 33,804</u>	<u>\$ 1,161,034</u>	<u>\$ 33,804</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2004

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B: NUTRITION CLUSTER

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed. At June 30, 2004, the School District had no significant food commodities inventory. Reimbursement moneys are commingled with local receipts and state grants. It is assumed federal moneys are expended first.

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

January 7, 2005

To the Board of Education  
Cardinal Local School District  
Geauga County  
16000 East High Street, P.O. Box 188  
Middlefield, OH 44062-0188

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cardinal Local School District (the "District") as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated January 7, 2005.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 7, 2005.

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

*Rea & Associates, Inc.*



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

January 7, 2005

To the Board of Education  
Cardinal Local School District  
Geauga County  
16000 East High Street, P.O. Box 188  
Middlefield, OH 44062-0188

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

### Compliance

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

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

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

### Internal Control Over Compliance

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

Cardinal Local School District  
Independent Auditor's Report On Compliance With Requirements  
Applicable To Each Major Program And Internal Control Over  
Compliance In Accordance With OMB Circular A-133  
January 7, 2005  
Page 2

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 detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over major federal program record keeping that we have reported to management of the District in a separate letter dated January 7, 2005.

Schedule of Expenditures of Federal Awards

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Cardinal Local School District, Geauga County, Ohio as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 7, 2004. Our audit was performed for the purpose of forming opinions on the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Hea & Associates, Inc.*

**CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

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

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

A-133 Ref.  
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any reportable conditions reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Title I	CFDA # 84.010
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

**NONE**

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

**NONE**

**4. SUMMARY SCHEDULE OF PRIOR AUDIT  
FINDINGS AND CORRECTIVE ACTION PLAN**

**NONE**



**Cardinal Local School District**  
*Middlefield, Ohio*

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

Prepared by

Treasurer's Office  
Gerald Zelenka  
Treasurer



**Cardinal Local School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2004*  
*Table of Contents*

	Page
<b>I. Introductory Section</b>	
Table of Contents .....	i
Letter of Transmittal .....	iv
List of Principal Officials.....	xii
Organizational Chart.....	xiii
Certificate of Achievement .....	xiv
 <b>II. Financial Section</b>	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets .....	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	18
Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund.....	22
Statement of Fund Net Assets – Internal Service Fund .....	23
Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Fund.....	24
Statement of Cash Flows – Internal Service Fund .....	25
Statement of Fiduciary Assets and Liabilities - Agency Fund.....	26
Notes to the Basic Financial Statements .....	27

Combining and Individual Fund Statements and Schedules:

Combining Statements - Nonmajor Governmental Funds:

Description of Funds.....	54
Combining Balance Sheet - Nonmajor Governmental Funds.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds .....	57
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds .....	62

Individual Fund Statement – Agency Fund:

Description of Fund .....	66
Statement of Changes in Assets and Liabilities - Agency Fund .....	67

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

Major Funds:

General Fund .....	69
Bond Retirement Fund .....	73
Library Bond Retirement Fund .....	74
Building Fund.....	75
Library Construction Fund .....	76

Nonmajor Funds:

Food Service Fund.....	77
Uniform School Supplies Fund .....	78
Public School Support Fund.....	79
Martha Holden Jennings Fund .....	80
Termination Benefits Fund.....	81
District Managed Activities Fund .....	82
Auxiliary Services Fund.....	83
Management Information Systems Fund.....	84
Data Communications Fund.....	85
Professional Development Fund .....	86
Ohio Reads Grant Fund.....	87
Summer Intervention Fund.....	88
Eisenhower Math and Science Fund .....	89
Title VI-B Fund.....	90
Title III Fund .....	91
Title I Fund.....	92
Title V Fund .....	94
Drug Free Schools Fund.....	95
Classroom Size Reduction Fund .....	96
Technology II-D Grant Fund.....	97
Permanent Improvement Fund .....	98
Self Insurance Fund.....	99



### III. Statistical Section

Governmental Activities Revenues by Source and Expenses by Function Last Five Fiscal Years.....	S1
General Governmental Revenues by Source and Expenditures by Function Last Ten Fiscal Years.....	S2
Property Tax Levies and Collections - Last Ten Years .....	S4
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years .....	S6
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years .....	S8
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Years .....	S9
Computation of Legal Debt Margin.....	S10
Computation of Direct and Overlapping General Obligation Bonded Debt.....	S11
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to General Governmental Expenditures - Last Ten Fiscal Years.....	S12
Demographic Statistics - Last Ten Years.....	S13
Property Value, Financial Institution Deposits and Building Permits - Last Ten Years .....	S14
Principal Taxpayers: Real Estate Tax .....	S16
Tangible Personal Property Tax.....	S17
Public Utilities Tax .....	S18
Per Pupil Cost - Last Ten Fiscal Years .....	S19
Teacher Education and Experience.....	S20

*Cardinal  
School District*

16000 EAST HIGH STREET  
P.O. BOX 188  
MIDDLEFIELD OH 44062

PHONE: 440-632-0261  
FAX: 440-632-5886

January 7, 2005

Board of Education Members  
Cardinal Local School District

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Cardinal Local School District for the fiscal year ended June 30, 2004. 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 Cardinal 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 Auditor's Report and includes 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 Cardinal Local School District.

**The School District**

The Cardinal Local School District is located in eastern Geauga County including all of Huntsburg, Middlefield and Parkman Townships and Middlefield Village. A small portion of the School District is in western Trumbull County in Mesopotamia Township. The District operates under a locally-elected Board form of government. This Board manages the School District's 5 instructional/support facilities staffed by 85 non-certificated employees, 110 certificated full time teaching personnel and 7 administrative employees to provide services to 1,446 students and other community members.

The School District was established February 1, 1957 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. Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 to provide services mandated by State and Federal agencies.

## **Reporting Entity**

The Cardinal 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, and agencies that make up the Cardinal Local School District. For Cardinal Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District has no component units. Excluded from the reporting entity because they are fiscally independent of the School District are the Village of Middlefield, the Townships of Huntsburg, Middlefield and Parkman, the Middlefield Branch of the Geauga County Public Library, the Middlefield, Parkman and Huntsburg Parent Teacher Organizations, the Cardinal Athletic and Music Booster Organizations and the Cardinal Community Scholarship Foundation.

The School District is associated with five jointly governed organizations and one public entity risk 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 Association and the Ohio School Boards Association Worker's Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 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**

Agriculture is a main component of Cardinal Local School District's profile. Many small farms continue to operate. Two local auctions operate on a weekly basis during the harvest season to sell plants and vegetables. One of the auctions operates from spring through fall. The area is home to the second largest Amish settlement in the United States. Many small businesses exist to support their way of life.

Industrial and commercial growth are the strongest economic factors. The 73 square mile area encompassing the rural, residential townships is strongly influenced by the Village of Middlefield (2 square miles). Five of the county's largest employers are within the Village. KraftMaid Industries is the largest employer based on full-time employees. Other large employers include Duramax, Inc., Carlisle Engineered Products, Mercury Plastics and Dillen Products, Inc. Over 40 percent of Geauga County's industry is located within the School District contributing 23 percent of the real estate valuation and \$53,316,420 in tangible personal property tax valuation to the School District. The Village continues to encourage economic development through the use of tax incentives. Currently, 58 percent of the tax abatement area is developed while 42 percent remains available for future growth. Although there is a slowing national economy there are indications that the abatement area will continue to grow at a moderate pace. The Village of Middlefield has accounted for this potential growth without adding to public indebtedness. Impact fees collected from construction projects are added to a fund to expand the sewer plant as needed. This project is in fact taking on a real picture as the project is slated for completion in June 2007. It will be at a cost of \$7.5 million and will increase the water flow to 1.5 million gallons per day.

Due to power demands, the First Energy Company constructed a power transformer and distribution station in Middlefield during 2002.

The Village of Middlefield has constructed a two-mile bypass road Northwest of the Village. The road does by-pass the main intersection at State Routes 87 and 608. Much of the property for the road was donated by a landowner. The landowner sees the opportunity to gain access for development. No driveways will be allowed on this road but a developer can install adjoining roads.

Commercial development may be delayed by other economic factors but many projects are moving forward. Two parcels (11.5 acres and 6.6 acres) at the east end of the Village are being re-zoned from industrial to commercial. The owner of the sites, Richard Bonner, is planning a hotel, large store, service station and a shopping strip mall for the parcels. Mr. Bonner is currently seeking tenants. Near the west-end of town a Wal-Mart is currently under construction and due for completion in March of 2005. It is a 155,000 square foot facility and will create an estimated 270 new jobs in the community. A yearly estimated payroll of \$3 to \$4 million will aid the Village in terms of its 1 percent city income tax. Wal-Mart has not been granted any abatement for this construction project and is in fact paying for most of the site improvements.

Johnson Rubber Company is consolidating and expanding warehouse space in the Village of Middlefield. The Company purchased a 9.5-acre site on the Industrial Parkway. They purchased a neighboring building from Norandex, Incorporated. Norandex has 25 employees and was using a portion of the 70,000 square foot building. Norandex re-located to a building in the existing Johnson Rubber complex. Johnson Rubber Company added 30,000 square feet to the Norandex building and expanded production. A 120,000 square foot warehouse was constructed on the 9.5-acre site. The warehouse is in operation and full of floor covering products to be shipped throughout the nation.

Gold Key, a plastics product company, was started in Middlefield in 1998. Their 100,000 square foot facility will have an additional 40,000 square feet added. The site plan was approved and work is completed. They will add 30 employees.

KraftMaid Cabinetry is planning 70,000 square feet of additional manufacturing space, which is currently under construction. Another large addition is planned for the office in 2005.

Mercury Plastics has completed a 20,000 square foot addition to their plant facilities.

A site plan was approved for an additional industrial park at the east end of the Village at State Route 528. The landowner and developer, Richard Bonner, has broken ground and will offer 18 parcels for lease or purchase.

A discussion with the Middlefield Village Administrator indicates that there are no fewer than 55 houses under construction at present. Although they are in various stages of completion, all should be completed in 2005. This should add another \$8 to \$9 million in real estate valuation. The Village Administrator further sees the construction continuing at a rate of 30 to 35 new residential houses per year.

### **School District Local Funding**

School District management will carefully control expenses during the coming years to continue to assure tax levy revenues are adequate and well spent. A 9.7 mill replacement levy was approved by voters in May of 2002. The additional income was expected to carry the School District through the next five-year period beginning in 2003. Because of cuts in State funding, reduced revenues from the elimination of the inventory tax portion of the personal tangible property tax and abatements to businesses costing \$148,000 per year in real estate revenue, the School District was forced to return to the ballot at the general election on November 2, 2004. The 10 year, 5.95 mill operating levy to cover current expenses was defeated by the voters.

Local factors also have an impact on the need to return to the ballot. Health insurance costs have increased more than 15 percent per year. The two bargaining units in the School District are working collaboratively with the School District's administration and other Geauga County school districts to create the most cost effective consortium possible. Although negotiated agreements are mid-term the leadership of the bargaining units recognizes the long-term impact of the spiraling cost.

## **Major Initiatives**

### ***Strategic Planning***

The School District completes an annual continuous improvement plan. This is a form of strategic planning guiding the School District in all phases of operation. The involvement of the general public and employees has broadened support for School District improvement initiatives. The positive effects of the plan can be observed in the academic achievement of students and tangible long-term improvements to programming and school facilities. A new three-year plan was adopted in June of 2002. Seven goals were identified and fifteen (15) strategies to meet those goals. Six of the goals have been met and the final one is ongoing. The latest strategy met was to expand guidance and counseling services. This has been met through the addition of an elementary school counselor and provisions for clerical assistance in the guidance offices at the high school and middle school.

### ***Ohio Report Card***

The Ohio Report Card is issued in February of each school year. The report uses data from the previous school year to inform the public of School District success or failure in 18 indicators. On the 2004 report card the School District met, or exceeded the Ohio standard in 13 of 18 indicators. The School District maintained a rating in the category titled, "Effective." It is the goal of the School District to exceed the State standards in 17 or more indicators. The Cardinal Local School District was commended by the Ohio Department of Education for achieving an index score of 90.5 which surpassed the 2003 score of 89.7.

### ***Federal Projects***

The School District files applications for federal funds electronically utilizing the Consolidated Local Plan. This allows the Director, Mr. Lynne Muzik, to coordinate the application to the goals of the Continuous Improvement Plan. The School District continues to apply for all federal funds for which the School District is eligible. This includes the Class-Size Reduction Grant under Title V allowing for three additional teachers at Kindergarten and Grade One. The Title 1 Reading Recovery program improves the reading for eligible students in Grade 1 at each of the elementary buildings. Student readiness for advancement in each grade has been the primary focus of these services.

### ***Educational Programs and Facilities Improvements***

In the fall of 2002 the new Cardinal Middle School was opened. This changed the grade assignments for buildings in the School District. The three elementary schools have housed students from Kindergarten through Grade Six. The new middle school houses students in Grades 6 through Grade 8. The 78,000 square foot Cardinal Middle School has current technology, added course offerings, a plan for serving gifted students, and improved classrooms for all programs. The cafetorium in the new building will allow students and teachers to plan performances and learning activities never before possible at Cardinal Local School District.

The old Cardinal Middle School has been given a new name, "Middlefield Educational Center." During the summer of 2002, further improvements were completed on the 80 year-old structure. In 2001, the roof was replaced and all brickwork was repaired. In 2002, new electrical service was installed and a coal bin was back filled. Two restrooms were made handicap accessible. A new entrance and a limited use elevator were installed to provide accessibility to all three levels of the building. The Gifted Education Learning Center and Cardinal Technology Manager are housed in the building. The Middlefield Village Recreation program is using the gym and two classrooms for recreational programs and adult education. In addition, there are lease agreements for the use of five classrooms and offices. The tenants are the Lake-Geauga Head Start and a Geauga County Autism program (S.T.A.R.S.). The lease agreements provide enough funds to provide for building utilities and custodial services. The community benefits from the presence of these programs.

The School District is entering a fourth year of full time Kindergarten for all students. Students have shown advancement in skills needed to be in the first grade.

The School District accepts open enrollment students. The School District receives the full Ohio Basic Aid amount for each of these students. With over 100 open enrollment students from other school districts the School District receives over \$500,000 in annual revenue. Students are distributed throughout all grade levels at all schools. New applicants appear each year. Some applicants are denied enrollment due to class size restrictions defined by local board policy.

Cardinal High School has undergone physical improvements and program improvements. There are five additional course offerings for students. The parking lot was demolished and replaced by a lot doubled in size and including lighting. A digital clock system was installed in the building. With the addition of furniture, carpeting and the painting of large rooms the building has a marked increase in appeal as a learning environment.

## **Financial Information**

### ***Internal Accounting and Budgetary Control***

The School District's accounting system is organized on a "fund" basis. Each fund is a distinct self-balancing accounting entity. Reports for general governmental operations are presented on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Reports of the School District's proprietary operations are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.

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

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

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

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

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the fund level for all funds. 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.

The Principal at each building directs site-based financial management. Building teams are formed to respond to the School District's Continuous Improvement Plan and pertinent budget issues identified by the staff, parents or students. Each building has an annual budget for instructional support and office operation.

The administrators and school principals are furnished monthly reports showing the status of the budget accounts for which they are responsible. The School District established a network, which allowed electronic, building level input of purchase requisitions. The requisitions are approved by the Treasurer and electronically converted to numbered purchase orders that then receive the approval or disapproval of the Superintendent who acts as the School District's purchasing agent.

The basis of accounting and the various funds and utilized by Cardinal 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 new basic financial statements for reporting on the School District's financial activities as follows:

**Government-wide financial statements** These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements include the financial activities of the primary government, except for fiduciary funds.

**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 a part of this new 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. The Management's Discussion and Analysis provides an assessment of the School District finances for fiscal year 2004. Because that discussion focuses on major funds, only the internal service fund is discussed briefly in this letter.

**Financial Highlights – Internal Service Fund** The only internal service fund carried on the financial records of the School District is related to self-insurance. This fund accounts for the revenues and expenses related to the provision of prescription and dental coverage for all School District employees. Effective March 1, 1999, the Board established a prescription self-insurance program. On September 1, 2001 the Board established a dental self-insurance program. The internal service fund had net assets of \$73,173 at June 30, 2004, compared with \$59,695 in 2003 reflecting a net increase of \$13,478.

## **Cash Management**

The Board of Education's investment policy allows more flexibility and a greater range of approved investments. The intent is to maximize interest income while ensuring safety and liquidity. The School District's deposits are collateralized by qualified securities pledged by the institution holding the assets. With the use of a treasury management system, the School Board is able to aggregate revenues in a sweep account that can be drawn on to meet daily needs of payroll, benefit and general operation

accounts. This account invests in overnight repurchase agreements. The School Board also uses STAROhio for interim balances.

Interest revenue in the governmental funds totaled \$102,886 for fiscal year 2004, of which \$72,520 was credited to the general fund and \$30,366 to the library construction fund. Information regarding School District investments is found in Note 6 to the basic financial statements.

### **Risk Management**

The School District manages prescription and dental benefits for its employees on a self-insurance basis. A third party administrator processes and pays the claims. Due to the limited loss exposure of prescription insurance, the Board does not purchase additional aggregate stop-loss insurance.

The Board belongs to the OSBA, Gates McDonald Group Rating Program for Worker's Compensation. The State Workers' Compensation program assesses a rate per \$100 of payroll based on the pool's experience. The School District estimates saving between 12 percent and 18 percent as a result of participation in the group. The School District contracts independently with the Harcum-Hyre Insurance Agency for general liability insurance with a \$1,000,000 per occurrence and \$3,000,000 aggregate. As an additional safeguard to the Crime Coverage that blankets all employees, a separate, higher limit bond covers certain individuals in policy-making roles.

Property and fleet insurance are bid and purchased through the Ohio Schools Council. The Indiana Insurance Company is contracted to provide the property and fleet insurance. In November, 2002, the School District received the *Excellence in Safety* award for a "commitment to loss prevention and efforts to provide a healthful and safe environment for students and staff." Losses were below the eight percent of premium level for a two-year period. Risk Management is discussed in detail in Note 10 to the basic financial statements.

### **Independent Audit**

State statutes require the School District to be subject 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 Rea and Associates, Incorporated, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2004. 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 districts in Ohio. The School District adopted and has been in conformance with the automated version of that system beginning with its financial report for the 1981 year.

### **Awards**

*GFOA Certificate of Achievement* -The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cardinal Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. 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 Comprehensive Annual Financial Report according to the new financial reporting model is another significant step toward elevating the professional standards for Cardinal Local School District's financial reporting. We believe it enhances the School District's accountability to the residents and provides all interested parties with a broad historical perspective of the Cardinal 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 the planning, designing and reviewing of this financial report.

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

Respectfully submitted,

Gerald Zelenka  
Treasurer

James T. Campbell  
Superintendent

**Cardinal Local School District**

*Principal Officials*

*June 30, 2004*

***Board of Education***

Mr. Richard A. Moss .....President  
Mr. Kenneth J. Klima..... Vice-President  
Mrs. Pamela Cermak..... Member  
Mr. Dave Hottenstein..... Member  
Dr. I. Jack Youshak..... Member

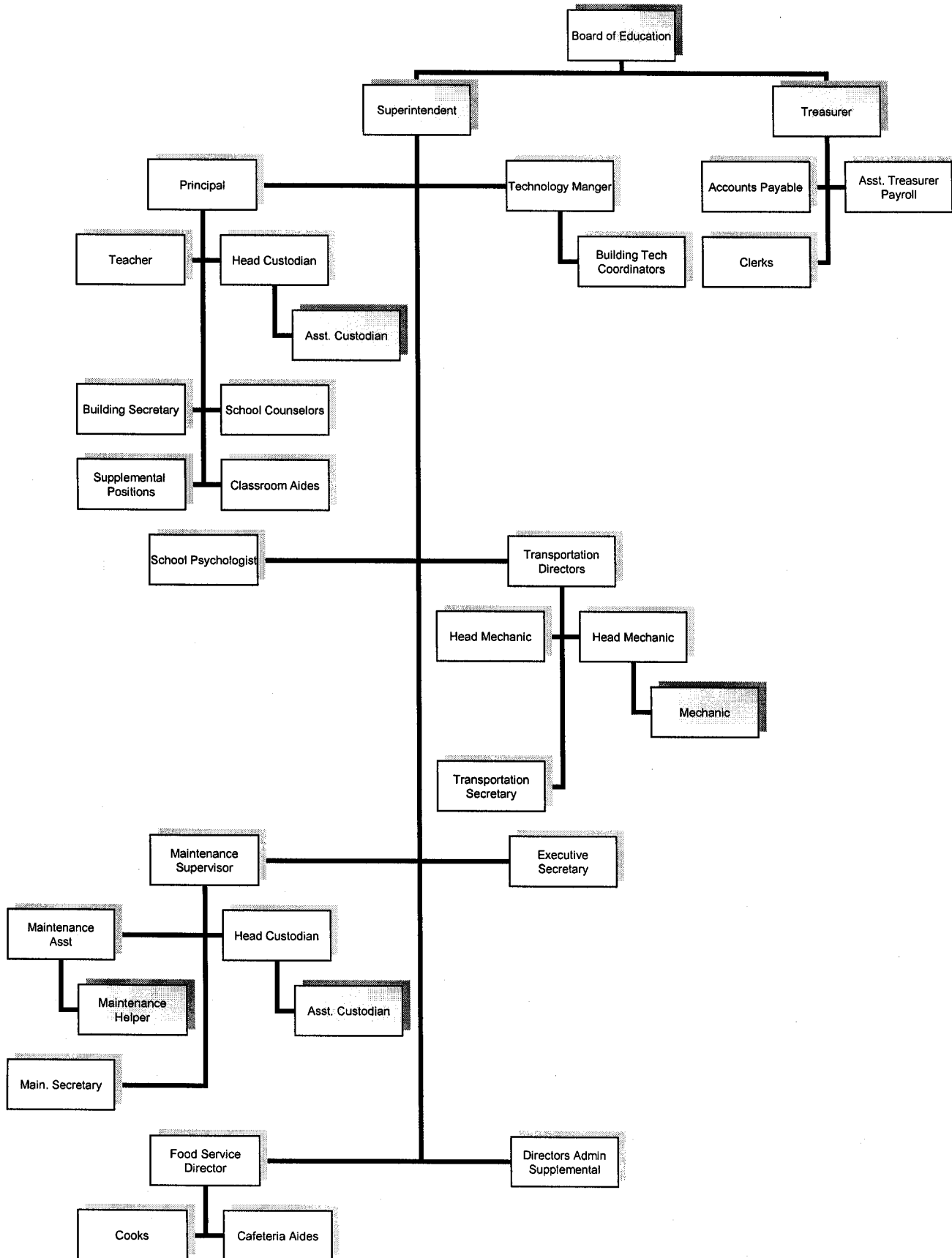
***Treasurer***

Mr. Gerald Zelenka

***Superintendent***

Mr. James T. Campbell

# Cardinal Local School District



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cardinal Local School District,  
Ohio

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

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



President

Executive Director

The logo for Rea & Associates, Inc. features a teal-colored graphic on the left side, consisting of a vertical bar and a curved shape. To the right of this graphic, the company name "Rea & Associates, Inc." is written in a large, black, serif font. Below the company name, the text "ACCOUNTANTS AND BUSINESS CONSULTANTS" is written in a smaller, black, all-caps, serif font, separated from the name by a thin horizontal line.

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

January 7, 2005

To the Board of Education  
Cardinal Local School District  
Middlefield, OH 44062

## **Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cardinal Local School District (the "District"), Geauga County, Ohio, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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 Cardinal Local School District, Geauga County, Ohio, as of June 30, 2004, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As stated in Note 3, during the year ended June 30, 2004, the District adjusted beginning fund balances for the Ohio Reads Grant and Innovative Programs – Title V Funds.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 7, 2005 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual 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.

*Hea & Associates, Inc.*

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

---

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

### **Financial Highlights**

Key financial highlights for 2004 include:

- Ongoing construction of the new Middlefield Public Library.
- Re-assessing the long-term financial needs of the School District in the current economic climate in Ohio and Geauga County.
- Total net assets increased by \$61,914, primarily due to the increase in capital assets of \$1,892,681.
- Total revenues of \$15,488,404 were comprised of general revenues in the amount of \$12,967,008 or 83.7 percent and program specific revenues from charges for services, grants and contributions in the amount of \$2,521,396 or 16.3 percent.
- Total assets decreased by \$372,620. Capital assets, net of depreciation increased by \$1,892,681 reflecting the completion of several projects funded by the 2000 construction fund and the construction in progress of the new Middlefield Public Library. Current and other assets decreased by \$2,265,301 with the decrease of \$1,843,075 in equity in pooled cash and cash equivalents.
- There was a slight increase in the general fund balance of \$42,289. This report will analyze various factors contributing to the increase.

### **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 Cardinal 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 Cardinal Local School District, the general, bond retirement, library bond retirement, building and library construction funds are the most significant funds.

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

---

## **Reporting the School District as a Whole**

### *Statement of Net Assets and the Statement of Activities*

The analysis of the School District as a whole begins on page 5. The view of the School District as a whole looks at all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "Why" or "Why not". The Statement of Net Assets and the Statement of Activities provide the basis for answering these questions. The statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting recognizes 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 any changes in those assets. The 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 strictly within the scope of the School District, some not. External factors include the School District's property tax base, community demographics, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

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 and extracurricular activities as well as food services, formerly reported as Business-Type Activities.

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

The analysis of the School District's major funds begins on page 10. 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, the fund financial statements focus on the School District's most significant funds.

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

***Proprietary Funds*** - Proprietary funds have historically operated as *enterprise* and *internal service funds* using the same basis of accounting as business-type activities; however, beginning with the fiscal year 2002 report, the School District reclassified the enterprise funds as *special revenue funds*. The lack of profitability in the food service fund in the last three fiscal years lead to the decision to no longer report it as an enterprise fund last year. The charge for a school lunch cannot keep pace with the ever-increasing



**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

wage and benefit costs. In addition, the School District recognizes the many subsidies received by the food service fund preclude it from being considered a business-type activity. This change is reflected in the tables presented below. The internal service fund accounts for the self-insurance fund for prescription drugs and dental coverage and is reported separately as the School District's only proprietary fund.

**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 2004 compared to 2003:

(Table 1)  
Net Assets

	2004	2003
<b>Assets</b>		
Current and Other Assets	\$13,641,755	\$15,907,056
Capital Assets, Net	15,262,640	13,369,959
<i>Total Assets</i>	<i>28,904,395</i>	<i>29,277,015</i>
<b>Liabilities</b>		
Current and Other Liabilities	10,201,265	10,132,619
Long-Term Liabilities:		
Due Within One Year	859,428	1,026,112
Due in More than One Year	13,211,289	13,318,481
<i>Total Liabilities</i>	<i>24,271,982</i>	<i>24,477,212</i>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	4,393,869	3,946,814
Restricted:		
Capital Projects	196,021	468,713
Debt Service	338,873	568,868
Set Asides	127,341	127,341
Other Purposes	178,024	460,640
Unrestricted (Deficit)	(601,715)	(1,001,877)
<b>Total Net Assets</b>	<b>\$4,632,413</b>	<b>\$4,570,499</b>

Total assets decreased \$372,620 with the increase in capital assets of \$1,892,681 offsetting the decrease in Current and Other assets of \$2,265,301.

Current liabilities in governmental activities increased slightly by \$68,646. Contracts payable had an increase of \$222,454 from the prior year comprising the largest portion of the current liabilities increase. Long-term liabilities decreased by \$273,876 due to the paying down of the long-term debt.

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

Table 2 shows the changes in net assets for fiscal year 2004 compared to fiscal year 2003 and also reflects the reclassification business-type activities to special revenue funds for both years, in order to make the appropriate comparisons.

(Table 2)  
 Changes in Net Assets - Governmental Activities

	<u>2004</u>	<u>2003</u>
<b>Revenues</b>		
<i>Program Revenues</i>		
Charges for Services and Sales	\$1,282,942	\$1,175,897
Operating Grants and Contributions	1,223,638	1,330,186
Capital Grants and Contributions	<u>14,816</u>	<u>73,141</u>
<i>Total Program Revenues</i>	<u>2,521,396</u>	<u>2,579,224</u>
<i>General Revenues</i>		
Property Taxes	8,870,142	8,290,658
Grants and Entitlements	3,695,629	3,553,129
Other	<u>401,237</u>	<u>185,393</u>
<i>Total General Revenues</i>	<u>12,967,008</u>	<u>12,029,180</u>
<i>Total Revenues</i>	<u>15,488,404</u>	<u>14,608,404</u>
<b>Program Expenses</b>		
Instruction	8,523,651	9,044,007
Support Services:		
Pupil and Instructional Staff	1,445,133	1,682,689
Board of Education, Administration, Fiscal and Business	1,435,650	1,406,724
Operation and Maintenance	1,184,735	1,387,312
Pupil Transportation	955,971	1,097,773
Central	270,224	241,170
Extracurricular Activities	421,052	408,672
Operation of Non-Instructional Services:		
Operation of Food Services	457,508	367,376
Other Non-Instructional Services	35,499	215,053
Interest and Fiscal Charges	<u>697,067</u>	<u>661,232</u>
<i>Total Program Expenses</i>	<u>15,426,490</u>	<u>16,512,008</u>
<i>Increase (Decrease) in Net Assets</i>	61,914	(1,903,604)
<i>Net Assets Beginning of Year</i>	<u>4,570,499</u>	<u>6,474,103</u>
<i>Net Assets End of Year</i>	<u><u>\$4,632,413</u></u>	<u><u>\$4,570,499</u></u>

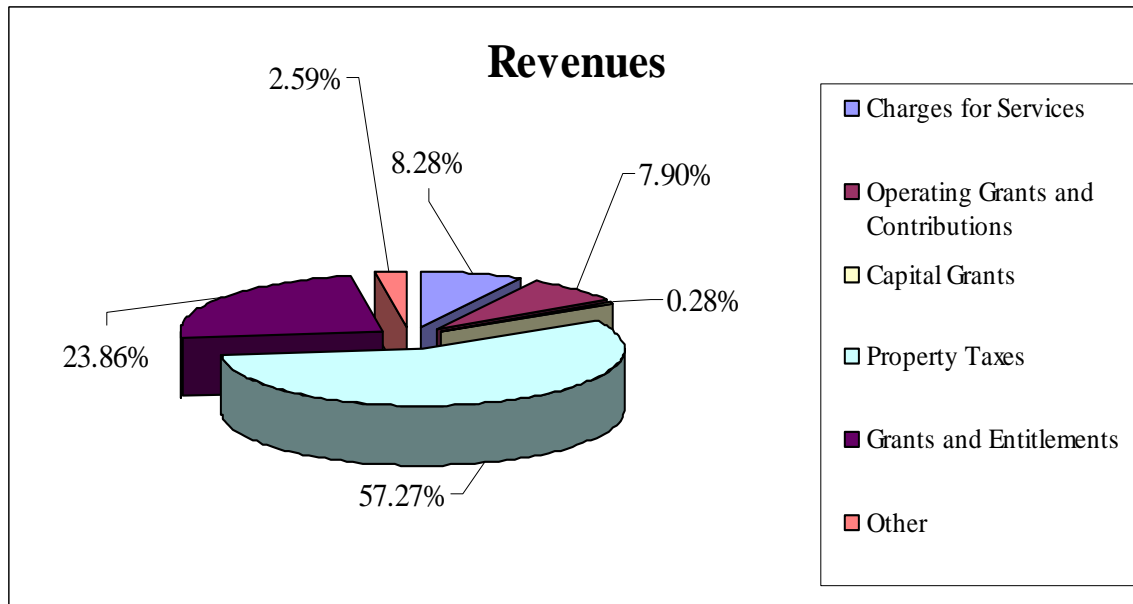
**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

Program Revenues include charges for services, grants and contributions that are program specific. Surrounding schools with resident students attending Cardinal Local School District pay the School District \$5,169 per pupil under Ohio's open enrollment plan. The 9.10 percent increase in the revenues from *charges for services and sales* is derived from additional open enrollment students. The School District operates special education units with excess costs charged back to the students' district of residence. An increase in fees collected was primarily the result of the School District-wide trip to Gettysburg.

The 8.01 percent decrease in *operating grants and contributions* stems from decreases in all existing federal entitlements. The School District also became fiscal agent for a new federal grant to establish an Autism Demonstration Project. The \$50,000 entitlement will train parents, specialists, teachers and aides participating in the new countywide autism unit. *Capital grants and contributions* decreased by 79.74 percent because in fiscal year 2003 the School District received funding for 1.5 school buses. In 2004, the School District received funding for only half the cost of one bus. The State grants for local professional development were not funded in the new biennium budget.

Property taxes made up 57.27 percent of total revenues for governmental activities for Cardinal Local School District in fiscal year 2004. Program Revenues comprised of *charges for services and sales, operating grants and contributions and capital grants and contributions*, provided 16.28 percent of total revenues. 83.72 percent of all governmental activities are supported through property taxes, grants and entitlements, and other general revenues. The 23.86 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. Other revenue showed an increase from the inclusion of assets that were sold that did not meet the threshold requirement for reporting. The community, through its willingness to provide property tax revenues, is by far the primary support for Cardinal Local School District students.

(Graph 1)  
 Revenue Distribution - Governmental Activities

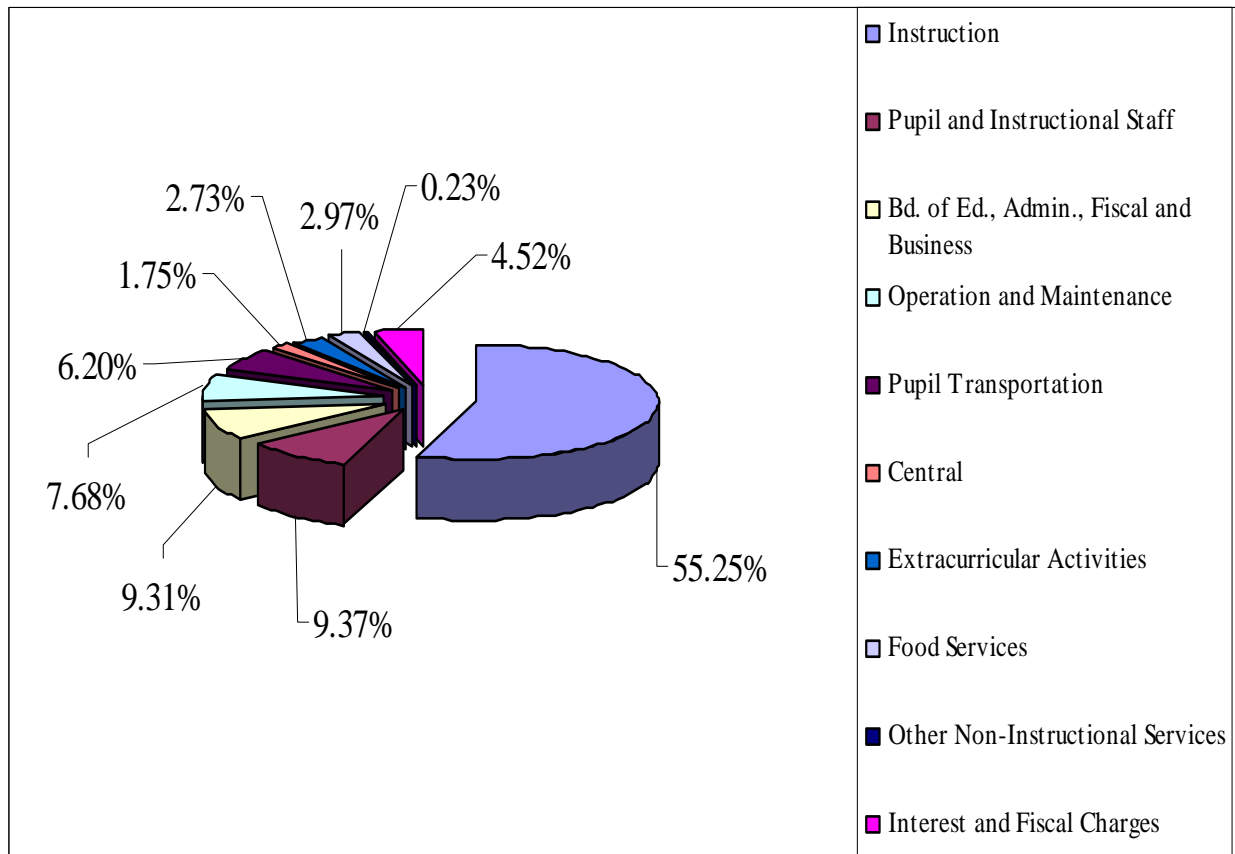


**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

Instruction comprised 55.25 percent of governmental program expenses or 5.75 percent less than fiscal 2003. Support services in the area of pupil and instructional staff decreased by 14.12 percent.

The expenses for food service operations in 2004 increased \$90,132 or 24.5 percent. Uniform school supplies expense is reflected in instruction. In fiscal year 2004, operation and maintenance of plant expenses decreased by \$202,577. The School District completely tightened its belt in this area plus it benefited from the extensive preventive maintenance work performed in previous years. Interest and fiscal charges increased \$35,835 reflecting the continued increase in accretion for the school improvement and the Middlefield public library capital appreciation bonds.

(Graph 2)  
 Expense Distribution – Governmental Activities



***Governmental Activities***

The unique property tax structure of Ohio factors in protection for property owners against inflation through millage rollbacks that offset value increases. Since 1992, the Board has regularly placed a 9.7 mill five (5) year limited operating levy before the voters. The replacement is calculated as a levy on the current tax duplicate unlike renewal levies that are calculated on the value of the duplicate when the issue first received voter approval. Continuing the five (5) year replacement process helps offset the inflation limiting effects of Ohio law. Ohio mandates the use of a five-year forecast that includes three years of

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

history and five years of projected operating revenues and expenditures. The School District's long-range financial plans show the School District unable to finish fiscal year 2006 in the positive thus the need for a new operating issue of 5.95 mills for current expenses lasting five years. This issue was approved by the Board of Education to appear on the November general election ballot. However, on November 2, 2004, the voters defeated this issue. The School District receives 4.5 mills of inside (fixed) millage; 3 mills of which are directed to general operating, 1 mill to permanent improvement and 0.5 mills to debt service. The portion used to finance debt was returned to the general fund in January 2003.

While the food service and uniform school supply funds will continue to be segregated in fund accounting, the combined presentation of governmental activities will show those costs in program expenses related to regular instruction and food service operations.

Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows for government activities, the total cost of services and the net cost of services. The (\$12,905,094) *Net Cost of Services 2004* tells the reader that these services are not self-supporting, but are supported by tax revenues and unrestricted State entitlements.

(Table 3)  
 Governmental Activities

	Total Cost of Services 2004	Total Cost of Services 2003	Net Cost of Services 2004	Net Cost of Services 2003
Instruction	\$8,523,651	\$9,044,007	(\$6,943,705)	(\$7,337,579)
Support Services:				
Pupil and Instructional Staff	1,445,133	1,682,689	(1,138,078)	(1,452,744)
Board of Education, Administration, Fiscal and Business	1,435,650	1,406,724	(1,375,613)	(1,369,360)
Operation and Maintenance of Plant	1,184,735	1,387,312	(1,108,055)	(1,357,801)
Pupil Transportation	955,971	1,097,773	(941,155)	(1,011,940)
Central	270,224	241,170	(270,224)	(207,151)
Extracurricular Activities	421,052	408,672	(302,005)	(298,637)
Operation of Non-Instructional Services:				
Food Service Operations	457,508	367,376	(93,693)	(11,812)
Other Non-Instructional Services	35,499	215,053	(35,499)	(215,053)
Interest and Fiscal Charges	697,067	661,232	(697,067)	(661,232)
<i>Total Expenses</i>	<u>\$15,426,490</u>	<u>\$16,512,008</u>	<u>(\$12,905,094)</u>	<u>(\$13,923,309)</u>

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

---

## **The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$15,653,929 and expenditures of \$17,799,219.

The net change in fund balance for the year was most significant in the library construction fund. In fiscal 2004, the net change in fund balance in the library construction fund was (\$1,991,615) reflecting the construction project drawing to a close. The net change in fund balance in the General Fund was \$42,289. The reduction in expenditures from 2003 occurred mainly in operation of non-instructional services: other non-instructional services - \$258,222. Additionally, total revenues experienced an increase of \$1,418,457 with a large portion, \$602,867, coming from taxes and \$296,350 from other revenue.

*Other governmental funds* show a net change in fund balance of (\$190,249). In 2004, the School District expended additional dollars in the termination benefit fund and the permanent improvement fund. The increased number of permanent improvement projects contributed to the negative net change in *other governmental funds*.

### ***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.

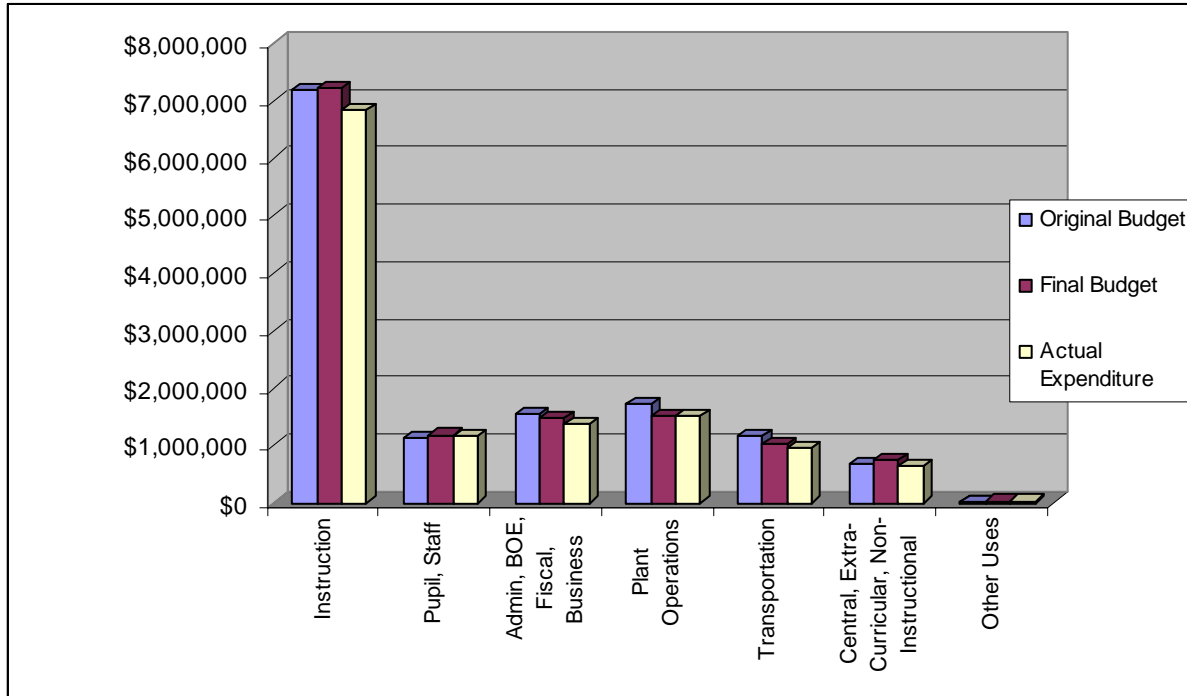
During the course of fiscal 2004, the School District amended its general fund budget numerous times. Many of the amendments are due to changes in expenditure priorities at the building levels. For the general fund, the final budget basis revenue estimate was \$11,664,955 representing a \$329,715 increase from the original budget estimates of \$11,335,240. 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 end of year was \$1,867,748 reflecting additional funds budgeted but not expended or encumbered.

The School District revises its budget throughout the fiscal year. During fiscal year 2004, the significant increases were made to the regular instruction allocations due to the conservative initial salary projections. Modifications to the original budget also included increases in the pupil services, instructional staff, fiscal and central accounts.

During fiscal year 2002 the School District's policy regarding budgetary requirements was revised. The School District instituted fund level rather than fund, function and object level authorization. Modifications to the original budget included the addition of two new funds and an additional federal entitlement. The School District added a termination benefits fund to segregate severance pay and an auxiliary services fund for the newly opened Montessori Farm School in Huntsburg.

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

(Graph 3)  
**General Fund**  
**Original Budget- Final Budgets and Actual Expenditures**



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 textbooks, instructional materials and equipment. Senate Bill 345 requires the School District to set aside \$143.06 per pupil of certain general fund revenues in each of two areas, one for the purchase of textbooks and materials related to instruction and the other for capital outlay. For fiscal year 2004, this amounted to \$206,859 for each set aside for Cardinal Local School District. One new school bus was purchased as well as replacement windows, a new driveway and improved drainage for the parking lot all at Jordak Elementary. The total expenditure at Jordak alone was \$407,943, which exceeded the requirement by over \$200,000 in capital outlay.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2004 the School District had \$15,262,640 invested in land, land improvements buildings and improvements, furniture and equipment, vehicles, textbooks and construction in progress. Table 4 shows fiscal 2004 balances compared to fiscal year 2003. More detailed information is presented in Note 9 of the notes to the basic financial statements.

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

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

	Governmental Activities	
	2004	2003
Land	\$904,478	\$529,319
Land Improvements	1,245,578	956,874
Buildings and Improvements	9,594,778	9,983,116
Furniture and Equipment	983,947	1,095,344
Vehicles	473,252	505,627
Textbooks	54,105	67,090
Construction in Progress	2,006,502	232,589
Totals	<u>\$15,262,640</u>	<u>\$13,369,959</u>

The construction of the new library was at 80 percent completion at the close of the fiscal year accounting for most of the \$1.75 million increase in construction in progress. The building previously used for the public library was donated by the Geauga County Public Library System to the School District. Use for the building has yet to be voted upon by the Board of Education.

**Debt** At June 30, 2004 the School District had \$12,136,635 in bonds outstanding, \$485,000 due within one year. Table 5 summarizes bonds and notes outstanding. More detailed information is presented in Note 14 of the notes to the basic financial statements.

(Table 5)  
 Outstanding Debt at Year End

	Governmental Activities	
	2004	2003
Energy Conservation Bonds	\$70,000	\$135,000
Various School Improvement Serial Bonds	8,385,000	8,660,000
Various School Improvement Capital Appreciation Bonds	896,467	809,234
Middlefield Public Library Serial Bonds	2,525,000	2,645,000
Middlefield Public Capital Appreciation Bonds	260,168	234,392
Totals	<u>\$12,136,635</u>	<u>\$12,483,626</u>

In 1994, the School District issued energy conservation improvement bonds in accordance with HB264. The \$560,000, ten-year issue allowed the School District to improve heating and lighting systems and convert kitchens from electric to natural gas in four of five school buildings. This issue will be completely paid in December 2004; however, the issue is fully funded with .5 mills of inside millage placed in the permanent improvement fund.



**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

---

On November 2, 1999 the voters approved the 3.5 mill bond issue, providing \$10 million for the construction of a new middle school, and facility and site improvements at all buildings. The School District issued serial and capital appreciation bonds to retire the debt in March 2000. The BANS were retired on March 31, 2000. The final bond payment is December 1, 2025.

On May 2, 2002, Cardinal Local School District issued \$3,000,000 general obligation bonds, which included serial bonds and capital appreciation bonds, to fund the construction of the new Middlefield Public Library. The bonds were issued for a twenty-year period with final maturity at December 1, 2022. The bonds were issued at a premium of \$88,300. The final maturity amount of the capital appreciation bonds will be \$390,000. According to the Ohio Revised Code, the School District may issue tax related debt for the Library. The School District will manage the funds, own the facility and lease it to the Library until two years after the debt issue is repaid in 2021. At that time, the School District will deed the building to the Library. The existing Library building will be given to the School District when the new building is occupied.

At June 30, 2004, the School District's overall legal debt margin was \$13,186,410 with an unvoted debt margin of \$269,936. On May 2, 2002, Moody's Investors Service upgraded the School District's outstanding general obligation debt from A3 to A2.

### **Challenges and Opportunities for the Future**

The School District is always presented with challenges and opportunities. Economic recession has not had a material impact on our primary industries, but it is affecting the income of our elderly property tax payers. The defeat of a very important new operating issue has demonstrated wavering community support for the School District and its programs. Again the School District was fortunate to have a low interest market when issuing debt. The market, however, is not attractive for maintaining investment revenues.

In May 2002, the 9.7 mill Replacement Levy passed with collections beginning in January 2003. Losses in interest earnings and the pending one percent additional reduction in business inventory tax completely eliminated any gains from the replacement levy. The proceeds of the 1 mill bond issue to construct the new Middlefield Public Library were first collected in January 2002. Cardinal Local School District issued the Library debt to construct the new Library facility, according to the Ohio Revised Code. The School District will manage the funds, own the facility and lease it to the Library until two years after the debt issue is repaid in 2021. At that time, the School District will deed the building to the Library. The existing Library building has been given to the School District.

The School District adopted a Master Plan and Resolution of Intent to support and participate in the Ohio Schools Facility Commission, Expedited Local Partnership. The School District does not expect to be in the funding range (based upon need) for approximately 10 years, but by adopting the master plan now, the new middle school will qualify for 17 percent reimbursement when the State reaches schools in that range. The plan also qualifies certain renovations to Cardinal High School and Jordak Elementary School when executed by a design professional and approved by the State.

A compromise was reached between the School District and KraftMaid Cabinetry, Inc. on the tax valuation complaint filed in August 2002. The Geauga County Board of Tax Revision concurred with the plan. Initially the School District will receive an increase in tax from higher assessed land values,

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

---

however, expiring abated buildings will come on to the duplicate at a lower assessed value per square foot than previously estimated. All abated properties will be subject to future reappraisals every six years as provided in Ohio law; consequently the exact values when taxable are not known at this time and the School District does not view this as a loss.

Tax base growth has also continued over the past year. The duplicate total assessed value went from \$260 million in 2003 to \$269.9 million in 2004 an increase of 3.8 percent. Housing starts had declined 21 percent in calendar year 2001, however they currently reflect an increase of 55 new starts in Middlefield Village alone. Residential property contributes 60.8 percent of the School District's real estate valuation. General fund operations receive 36.15 percent of its revenue from real estate taxes on residential, commercial, and industrial properties. Another 20.7 percent is received from tangible personal property taxpayers and 28 percent being received from various forms of State aid including homestead and rollback exclusions on property taxes. The remaining 15.15 percent is received from open enrollment fees, billed back special education charges and interest earnings.

In November 2001, the Ohio Supreme Court granted a motion for reconsideration on its latest opinion regarding the State's school funding plan. The School District does not anticipate any material changes in the State funded portion of its budget. This ruling is further discussed in Note 19.

Cardinal Local School District has committed itself to financial reporting excellence for many years. The School District received its first Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting in 1998. Cardinal continues its commitment to continuous improvement in financial reporting to our community.

**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 Gerald Zelenka, Treasurer at Cardinal Local School District, 16000 East High Street, P.O. Box 188, Middlefield, Ohio 44062, [ca\\_zelenka@lgca.org](mailto:ca_zelenka@lgca.org).

## **Basic Financial Statements**

**Cardinal Local School District**

*Statement of Net Assets*

*June 30, 2004*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,514,481
Accounts Receivable	585
Intergovernmental Receivable	331,150
Inventory Held for Resale	7,500
Materials and Supplies Inventory	48,218
Prepaid Items	13,783
Taxes Receivable	8,590,236
Deferred Charges	135,802
Nondepreciable Capital Assets	2,910,980
Depreciable Capital Assets	<u>12,351,660</u>
<i>Total Assets</i>	<u>28,904,395</u>
<b>Liabilities</b>	
Accounts Payable	9,640
Accrued Wages	1,466,580
Contracts Payable	349,619
Deferred Revenue	7,660,655
Intergovernmental Payable	447,166
Accrued Interest Payable	1,890
Matured Compensated Absences Payable	156,260
Claims Payable	14,734
Matured Special Termination Benefits Payable	94,721
Long-Term Liabilities:	
Due Within One Year	859,428
Due in More Than One Year	<u>13,211,289</u>
<i>Total Liabilities</i>	<u>24,271,982</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	4,393,869
Restricted for:	
Capital Projects	196,021
Debt Service	338,873
Set Asides	127,341
Other Purposes	178,024
Unrestricted (Deficit)	<u>(601,715)</u>
<i>Total Net Assets</i>	<u><u>\$4,632,413</u></u>

See accompanying notes to the basic financial statements

**Cardinal Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2004

	Program Revenues			Governmental Activities	Net Expense and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions		
<b>Governmental Activities</b>					
Instruction:					
Regular	\$6,700,477	\$714,938	\$185,511	\$0	(\$5,800,028)
Special	1,677,655	125,186	554,311	0	(998,158)
Vocational	145,519	0	0	0	(145,519)
Support Services:					
Pupil	733,067	0	127,547	0	(605,520)
Instructional Staff	712,066	0	179,508	0	(532,558)
Board of Education	27,021	0	0	0	(27,021)
Administration	910,070	15,593	20,987	0	(873,490)
Fiscal	453,006	0	23,457	0	(429,549)
Business	45,553	0	0	0	(45,553)
Operation and Maintenance of Plant	1,184,735	76,680	0	0	(1,108,055)
Pupil Transportation	955,971	0	0	14,816	(941,155)
Central	270,224	0	0	0	(270,224)
Extracurricular Activities	421,052	119,047	0	0	(302,005)
Operation of Non-Instructional Services:					
Food Service Operations	457,508	231,498	132,317	0	(93,693)
Other Non-Instructional Services	35,499	0	0	0	(35,499)
Interest and Fiscal Charges	697,067	0	0	0	(697,067)
<b>Total Governmental Activities</b>	<b>\$15,426,490</b>	<b>\$1,282,942</b>	<b>\$1,223,638</b>	<b>\$14,816</b>	<b>(12,905,094)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	7,498,414
Debt Service	1,016,126
Capital Outlay	355,602
Grants and Entitlements not Restricted to Specific Programs	3,695,629
Investment Earnings	102,886
Miscellaneous	298,351

**Total General Revenues** **12,967,008**

Change in Net Assets 61,914

*Net Assets Beginning of Year - Restated (See Note 3)* 4,570,499

*Net Assets End of Year* \$4,632,413

See accompanying notes to the basic financial statements

**Cardinal Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2004*

	<u>General</u>	<u>Bond Retirement</u>	<u>Library Bond Retirement</u>	<u>Building</u>	<u>Library Construction</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$2,072,188	\$398,639	\$119,839	\$2,367	\$1,192,069
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	129,141	0	0	0	0
Receivables:					
Taxes	7,368,504	764,876	243,188	0	0
Accounts	51	0	0	0	0
Intergovernmental	237,721	0	0	0	0
Prepaid Items	13,783	0	0	0	0
Interfund Receivable	28,613	0	0	0	0
Inventory Held for Resale	0	0	0	0	0
Materials and Supplies Inventory	46,693	0	0	0	0
<i>Total Assets</i>	<u>\$9,896,694</u>	<u>\$1,163,515</u>	<u>\$363,027</u>	<u>\$2,367</u>	<u>\$1,192,069</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$5,257	\$0	\$0	\$0	\$0
Accrued Wages	1,284,877	0	0	0	0
Contracts Payable	0	0	0	0	349,619
Intergovernmental Payable	267,321	0	0	0	0
Interfund Payable	0	0	0	0	0
Deferred Revenue	6,964,923	701,441	223,009	0	0
Matured Compensated Absences Payable	156,260	0	0	0	0
Matured Special Termination Benefits Payable	94,721	0	0	0	0
<i>Total Liabilities</i>	<u>8,773,359</u>	<u>701,441</u>	<u>223,009</u>	<u>0</u>	<u>349,619</u>
<b>Fund Balances:</b>					
Reserved for Encumbrances	328,324	0	0	1,621	1,006,386
Reserved for Property Taxes	607,980	63,435	20,179	0	0
Reserved for Budget Stabilization	127,341	0	0	0	0
Reserved for Bus Purchases	1,800	0	0	0	0
Unreserved, Undesignated, Reported in:					
General Fund	57,890	0	0	0	0
Special Revenue Funds	0	0	0	0	0
Debt Service Fund	0	398,639	119,839	0	0
Capital Projects Funds	0	0	0	746	(163,936)
<i>Total Fund Balances</i>	<u>1,123,335</u>	<u>462,074</u>	<u>140,018</u>	<u>2,367</u>	<u>842,450</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$9,896,694</u>	<u>\$1,163,515</u>	<u>\$363,027</u>	<u>\$2,367</u>	<u>\$1,192,069</u>

See accompanying notes to the basic financial statements

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

Other Governmental Funds	Total Governmental Funds		
		<b>Total Governmental Funds Balances</b>	<b>\$2,955,353</b>
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$512,193	\$4,297,295	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,262,640
0	129,141	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
213,668	8,590,236	Delinquent Property Taxes	220,536
534	585	Grants	141,399
93,429	331,150	Tuition and Fees	63,000
0	13,783		
0	28,613	Total	424,935
7,500	7,500	In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.	135,802
1,525	48,218		
<b>\$828,849</b>	<b>\$13,446,521</b>	One 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.	73,173
\$4,245	\$9,502	Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(146,883)
181,703	1,466,580	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is not reported.	(1,890)
0	349,619	Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	
32,962	300,283	General Obligation Bonds	(10,980,000)
28,613	28,613	Capital Appreciation Bonds	(1,156,635)
196,217	8,085,590	Bond Premium	(282,393)
0	156,260	Compensated Absences	(1,651,689)
0	94,721		
443,740	10,491,168	Total	(14,070,717)
59,731	1,396,062	<i>Net Assets of Governmental Activities</i>	<b>\$4,632,413</b>
17,451	709,045		
0	127,341		
0	1,800		
0	57,890		
217,186	217,186		
0	518,478		
90,741	(72,449)		
385,109	2,955,353		
<b>\$828,849</b>	<b>\$13,446,521</b>		

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

	General	Bond Retirement	Library Bond Retirement	Building	Library Construction
<b>Revenues</b>					
Taxes	\$7,489,815	\$779,551	\$247,658	\$0	\$0
Intergovernmental	3,649,602	86,248	26,392	0	0
Interest	72,520	0	0	0	30,366
Charges for Services	0	0	0	0	0
Tuition and Fees	717,552	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Rentals	75,448	0	0	0	0
Contributions and Donations	2,200	0	0	0	0
Miscellaneous	297,775	0	0	0	0
<i>Total Revenues</i>	<u>12,304,912</u>	<u>865,799</u>	<u>274,050</u>	<u>0</u>	<u>30,366</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	5,766,456	0	0	0	0
Special	1,088,393	0	0	0	0
Vocational	152,655	0	0	0	0
Support Services:					
Pupils	599,234	0	0	0	0
Instructional Staff	456,961	0	0	0	0
Board of Education	26,075	0	0	0	0
Administration	834,077	0	0	0	0
Fiscal	413,587	18,948	6,117	0	0
Business	42,203	0	0	0	0
Operation and Maintenance of Plant	1,378,011	0	0	0	0
Pupil Transportation	916,987	0	0	0	0
Central	254,630	0	0	0	0
Extracurricular Activities	293,249	0	0	0	0
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	0	0
Other Non-Instructional Services	35,025	0	0	0	0
Capital Outlay	0	0	0	69,063	2,021,981
Debt Service:					
Principal Retirement	0	340,000	120,000	0	0
Interest and Fiscal Charges	0	479,651	111,785	0	0
<i>Total Expenditures</i>	<u>12,257,543</u>	<u>838,599</u>	<u>237,902</u>	<u>69,063</u>	<u>2,021,981</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>47,369</u>	<u>27,200</u>	<u>36,148</u>	<u>(69,063)</u>	<u>(1,991,615)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	0	0
Transfers Out	(5,080)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,080)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	42,289	27,200	36,148	(69,063)	(1,991,615)
<i>Fund Balances Beginning of Year - Restated</i> <i>(See Note 3)</i>	1,081,046	434,874	103,870	71,430	2,834,065
<i>Fund Balances End of Year</i>	<u>\$1,123,335</u>	<u>\$462,074</u>	<u>\$140,018</u>	<u>\$2,367</u>	<u>\$842,450</u>

See accompanying notes to the basic financial statements



**Cardinal 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, 2004*

Other Governmental Funds	Total Governmental Funds		
		<b>Net Change in Fund Balances -Total Governmental Funds</b>	(\$2,145,290)
		<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
		Governmental funds report capital outlays as expenditures.	
		However, in the statement 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.	
\$358,568	\$8,875,592	Capital Asset Additions	2,606,270
1,394,916	5,157,158	Current Year Depreciation	(713,589)
0	102,886		
231,794	231,794	Total	1,892,681
60,030	777,582		
115,302	115,302		
0	75,448		
17,616	19,816		
576	298,351		
2,178,802	15,653,929		
		Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
		Delinquent Property Taxes	(5,450)
		Grants	(223,075)
351,917	6,118,373	Tuition and Fees	63,000
558,559	1,646,952		
0	152,655	Total	(165,525)
128,531	727,765	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
213,716	670,677		460,000
0	26,075		
71,519	905,596	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	
31,751	470,403	Accrued Interest	133
0	42,203	Bond Premium	14,332
2,768	1,380,779	Bond Issuance Costs	(7,087)
0	916,987	Bond Accretion	(113,009)
19,099	273,729		
110,061	403,310	Total	(105,631)
421,174	421,174	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
4,220	39,245	Compensated Absences	141,857
460,816	2,551,860	Pension Obligations	(29,656)
0	460,000	Total	112,201
0	591,436		
2,374,131	17,799,219		
(195,329)	(2,145,290)		
		The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund are allocated among the governmental activities.	
8,553	8,553		13,478
(3,473)	(8,553)		
5,080	0		
(190,249)	(2,145,290)		
		<i>Change in Net Assets of Governmental Activities</i>	
575,358	5,100,643		\$61,914
\$385,109	\$2,955,353		

**Cardinal 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, 2004*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$7,008,186	\$7,139,884	\$7,337,114	\$197,230
Intergovernmental	3,458,139	3,424,970	3,620,448	195,478
Interest	69,364	75,000	72,620	(2,380)
Tuition and Fees	685,384	742,049	717,552	(24,497)
Rentals	72,066	61,052	75,448	14,396
Contributions and Donations	2,101	9,000	2,200	(6,800)
Miscellaneous	40,000	213,000	298,346	85,346
<i>Total Revenues</i>	11,335,240	11,664,955	12,123,728	458,773
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,518,166	5,885,071	5,579,976	305,095
Special	1,483,937	1,184,931	1,119,476	65,455
Vocational	173,110	152,272	133,165	19,107
Support Services:				
Pupils	670,115	694,938	690,638	4,300
Instructional Staff	470,665	488,888	468,344	20,544
Board of Education	80,397	69,397	41,626	27,771
Administration	920,530	841,229	835,004	6,225
Fiscal	473,378	494,122	466,017	28,105
Business	86,123	78,123	44,089	34,034
Operation and Maintenance of Plant	1,710,960	1,505,327	1,503,424	1,903
Pupil Transportation	1,172,302	1,021,814	949,515	72,299
Central	231,862	287,621	278,805	8,816
Extracurricular Activities	339,822	334,785	299,980	34,805
Operation of Non-Instructional Services	120,367	120,367	56,267	64,100
<i>Total Expenditures</i>	13,451,734	13,158,885	12,466,326	692,559
<i>Excess of Revenues Under Expenditures</i>	(2,116,494)	(1,493,930)	(342,598)	1,151,332
<b>Other Financing Sources (Uses)</b>				
Advances In	0	128,602	128,602	0
Advances Out	0	(29,000)	(28,613)	387
Transfers In	0	36,875	0	(36,875)
Transfers Out	(10,000)	(6,000)	(5,080)	920
<i>Total Other Financing Sources (Uses)</i>	(10,000)	130,477	94,909	(35,568)
<i>Net Change in Fund Balance</i>	(2,126,494)	(1,363,453)	(247,689)	1,115,764
<i>Fund Balance Beginning of Year</i>	1,628,474	1,628,474	1,628,474	0
Prior Year Encumbrances Appropriated	486,963	486,963	486,963	0
<i>Fund Balance (Deficit) End of Year</i>	(\$11,057)	\$751,984	\$1,867,748	\$1,115,764

See accompanying notes to the basic financial statements

**Cardinal Local School District**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2004*

---

---

	<u>Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$88,045</u>
<b>Liabilities</b>	
Accounts Payable	138
Claims Payable	<u>14,734</u>
Total Liabilities	<u>14,872</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$73,173</u></u>

See accompanying notes to the basic financial statements

**Cardinal Local School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2004*

---

	Insurance
<b>Operating Revenues</b>	
Charges for Services	\$252,818
<b>Operating Expenses</b>	
Purchased Services	1,977
Claims	237,363
<i>Total Operating Expenses</i>	239,340
 <i>Change in Net Assets</i>	 13,478
 <i>Net Assets Beginning of Year</i>	 59,695
 <i>Net Assets End of Year</i>	 \$73,173

See accompanying notes to the basic financial statements

**Cardinal Local School District**  
*Statement of Cash Flows*  
*Internal Service Fund*  
*For the Fiscal Year Ended June 30, 2004*

---

---

	<u>Insurance</u>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received for Interfund Services	\$252,818
Cash Payments for Goods and Services	(2,205)
Cash Payments for Claims	<u>(235,598)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	15,015
Cash and Cash Equivalents Beginning of Year	<u>73,030</u>
Cash and Cash Equivalents End of Year	<u><u>\$88,045</u></u>
<b>Reconciliation of Operating Income</b>	
<b>to Net Cash Provided by Operating Activities</b>	
<i>Operating Income</i>	\$13,478
Adjustments:	
Increase in Accounts Payable	(228)
Decrease in Claims Payable	<u>1,765</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$15,015</u></u>

See accompanying notes to the basic financial statements

**Cardinal Local School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*June 30, 2004*

---

---

**Assets**

Equity in Pooled Cash and Cash Equivalents	<u><u>\$33,269</u></u>
--------------------------------------------	------------------------

**Liabilities**

Due to Students	<u><u>\$33,269</u></u>
-----------------	------------------------

See accompanying notes to the basic financial statements

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

**Note 1 - Description of the School District**

Cardinal Local School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state and federal agencies. This Board controls the School District's 5 instructional/support facilities staffed by 85 non-certificated employees, 110 certificated full time teaching personnel and 7 administrative employees to provide services to 1,446 students and other community members.

The School District was established February 1, 1957 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 75 square miles. It is located in Geauga County, including all of Huntsburg, Middlefield and Parkman Townships and Middlefield Village. A small portion of Trumbull County, Mesopotamia Township is also served by the School District.

*Reporting Entity*

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements 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 Cardinal 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 participates in five jointly governed organizations 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, Ohio Schools Council Association and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 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 local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

and financial principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

**A. Basis of Presentation**

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

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

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

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



**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

**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.

**Bond Retirement Fund** The bond retirement fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds issued for high school and elementary school additions, energy conservation and the construction of a new middle school.

**Library Bond Retirement Fund** The library bond retirement fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds issued for the Middlefield Public Library building construction.

**Building Fund** The building fund accounts for bond proceeds and interest revenue to be used for the construction of a new middle school.

**Library Construction Fund** The library construction fund accounts for bond proceeds and interest revenue to be used for the construction of a Middlefield Public Library.

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

**Proprietary Funds** Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. The School District's only proprietary fund is an internal service fund.

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

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund which reports resources that belong to the student bodies of the various schools.

**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 (i.e. revenues) and decreases (i.e. expenses) 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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

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 reconciliations 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 the fund are included on the statement of net assets. The statement of revenues, expenses, and 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 internal service fund activity.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the 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 60 days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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 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.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

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

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

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

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

***E. Budgetary Data***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level for all funds. The treasurer has been given the 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 budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect when the final appropriations were passed.

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

***F. Cash and Cash Equivalents***

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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

During fiscal year 2004, investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2004.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$72,520, which includes \$49,802 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are reported as cash equivalents.

***G. Prepaid Items***

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

***H. Inventory***

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

***I. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund include unspent resources restricted for the purchase of buses and amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 18 for additional information regarding set-asides.

***J. Deferred Charges***

On the governmental fund statements, bond issuance costs are recorded as an expenditure when incurred. Bond issuance costs are reported as deferred and amortized over the term of the bonds using the straight-line method on the government-wide statements since the results are not significantly different from the effective interest method.

***K. Bond Premiums***

Bond premiums are recorded as an other financing source on the governmental fund statements. On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bond using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

**L. Capital Assets**

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 years
Buildings and Improvements	10 to 30 years
Furniture and Equipment	5 to 10 years
Vehicles	10 years
Textbooks	5 years

**M. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets.

**N. 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 from which the employee will be paid.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

***O. Accrued Liabilities and Long-term Obligations***

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

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

***P. Net Assets***

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

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

***Q. Fund Balance Reserves***

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves are 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 appropriations under State statute. The reserve for budget stabilization represents monies required to be set-aside by statute to protect against cyclical fluctuations in revenues and expenditures.

***R. 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 goods or services that are the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

**S. Extraordinary and Special Items**

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

**T. Estimates**

The preparation of 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.

**Note 3 – Changes in Accounting Principle and Restatement of Fund Balance**

**A. Change in Accounting Principle**

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

**B. Restatement of Fund Balance/Net Assets**

During fiscal year 2004, it was determined that accrued wages, intergovernmental receivables and general obligations bonds were misstated. These restatements had the following effect on fund balances as they were previously reported.

	Other Governmental Funds
Fund Balance as Previously Reported	\$580,922
Intergovernmental Receivable	(9,475)
Accrued Wages Payable	3,911
Restated Balance June 30, 2003	\$575,358

These restatements had the following effect on net assets as they were previously reported.

	Governmental Activities
Net Assets, June 30, 2003	\$4,805,367
Intergovernmental Receivables	(9,475)
Accrued Wages and Benefits	3,911
Capital Appreciation Bonds	(229,304)
Adjusted Net Assets, June 30, 2003	\$4,570,499

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

**Note 4 – Compliance and Accountability**

**A. Compliance**

The general fund had total original appropriations in excess of estimated resources plus carryover balances by \$11,057 contrary to Section 5705.39, Revised Code. This oversight was identified and corrected by fiscal year end.

The following funds had expenditures plus encumbrances in excess of appropriations contrary to section 5705.41, Ohio Revised Code:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<i>Special Revenue Funds:</i>			
Auxiliary Services	\$23,219	\$24,339	\$1,120
Drug Free Schools	17,579	19,685	2,106
<i>Debt Service Fund:</i>			
Library Bond Retirement	236,285	237,902	1,617
<i>Capital Projects Fund:</i>			
Building	70,638	70,684	46

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

**B. Accountability**

At June 30, 2004, the food service and summer intervention special revenue funds had fund deficits of \$21,228 and \$54, respectively.

The deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in this fund and provides operating transfers when cash is required, rather than when accruals occur.

**Note 5 - Budgetary Basis of Accounting**

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

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).



**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$42,289
Net Adjustment for Revenue Accruals	(181,184)
Advances In	128,602
Net Adjustment for Expenditure Accruals	124,798
Advances Out	(28,613)
Adjustment for Encumbrances	(333,581)
Budget Basis	(\$247,689)

**Note 6 - Deposits and Investments**

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

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

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

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$3,726,959 and the bank balance was \$3,811,327. Of the bank balance:

1. \$200,000 of the bank balance was covered by depository insurance; and
2. \$3,611,327 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

**Investments** GASB Statement No. 3 requires the School District’s investments to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District invests in STAROhio, which is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. STAROhio’s fair value at June 30, 2004 is \$820,791.

The classification of cash and cash equivalents, and investments on the combined basic financial statements is based on criteria set forth in GASB Statement No. 9, “Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”.

A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$4,547,750	\$0
STAROhio	(820,791)	820,791
GASB Statement No. 3	\$3,726,959	\$820,791

**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 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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

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

The amount available as an advance at June 30, 2004 was \$607,980 in the general fund, \$63,435 in the bond retirement debt service fund, \$20,179 in the library bond retirement debt service fund and \$17,451 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2003 was \$417,420 in the general fund, \$57,205 in the bond retirement debt service fund, \$18,160 in the library bond retirement debt service fund and \$27,241 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 2004 taxes were collected are:

	2003 First		2004 First	
	Half Collections		Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$203,583,810	78.05 %	\$209,675,890	77.68 %
Public Utility	6,943,510	2.66	6,943,780	2.57
Tangible Personal Property	50,313,160	19.29	53,316,420	19.75
	<u>\$260,840,480</u>	<u>100.00 %</u>	<u>\$269,936,090</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$56.25		\$56.25	

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

**Note 8 - Receivables**

Receivables at June 30, 2004, consisted of taxes, accounts (rent and student fees), interfund, 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 fiscal year guarantee of federal funds. All are expected to be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
East Shore Regional Transportation Authority	\$95,099
Title I	52,256
State Aid	46,300
Berkshire Local Schools	37,954
Warren City Schools	26,868
Chardon Local Schools	21,000
Title VI-B	19,899
Food Service	17,573
West Geauga Local Schools	10,500
Drug Free Schools	2,665
Title V	<u>1,036</u>
Total All Funds	<u><u>\$331,150</u></u>

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

**Note 9 - Capital Assets**

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

	Balance 6/30/03	Additions	Deletions	Balance 6/30/04
<b>Governmental Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$529,319	\$375,159	\$0	\$904,478
Construction in Progress	232,589	2,006,502	(232,589)	2,006,502
<b><i>Total Capital Assets, not being depreciated</i></b>	<b><u>761,908</u></b>	<b><u>2,381,661</u></b>	<b><u>(232,589)</u></b>	<b><u>2,910,980</u></b>
<b><i>Capital Assets, being depreciated:</i></b>				
Land Improvements	1,275,146	362,002	0	1,637,148
Buildings and Improvements	13,722,687	34,225	0	13,756,912
Furniture and Fixtures	1,798,099	5,875	(27,229)	1,776,745
Vehicles	912,024	55,096	0	967,120
Textbooks	77,911	0	0	77,911
<b><i>Total Capital Assets, being depreciated</i></b>	<b><u>17,785,867</u></b>	<b><u>457,198</u></b>	<b><u>(27,229)</u></b>	<b><u>18,215,836</u></b>
<b><i>Less Accumulated Depreciation:</i></b>				
Land Improvements	(318,272)	(73,298)	0	(391,570)
Buildings and Improvements	(3,739,571)	(422,563)	0	(4,162,134)
Furniture and Fixtures	(702,755)	(117,272)	27,229	(792,798)
Vehicles	(406,397)	(87,471)	0	(493,868)
Textbooks	(10,821)	(12,985)	0	(23,806)
<b><i>Total Accumulated Depreciation</i></b>	<b><u>(5,177,816)</u></b>	<b><u>(713,589) *</u></b>	<b><u>27,229</u></b>	<b><u>(5,864,176)</u></b>
<b><i>Total Capital Assets being depreciated, net</i></b>	<b><u>12,608,051</u></b>	<b><u>(256,391)</u></b>	<b><u>0</u></b>	<b><u>12,351,660</u></b>
<b><i>Governmental Activities Capital Assets, Net</i></b>	<b><u>\$13,369,959</u></b>	<b><u>\$2,125,270</u></b>	<b><u>(\$232,589)</u></b>	<b><u>\$15,262,640</u></b>

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

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

Instruction:	
Regular	\$397,123
Special	34,141
Vocational	8,628
Support Services:	
Pupils	2,908
Instructional Staff	52,685
Administration	16,752
Fiscal	1,124
Operation and Maintenance of Plant	83,515
Pupil Transportation	72,800
Central	3,264
Extracurricular Activities	13,731
Food Service Operations	26,918
Total Depreciation Expense	<u>\$713,589</u>

## **Note 10 - Risk Management**

### ***A. Workers' Compensation***

The School District participated in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

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

### ***B. 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. The School District participates in the Ohio Schools Council's property and fleet insurance program which contracted with Ohio Farmers Insurance Company for buildings and contents, inland marine, crime and boiler coverages. The Council contracted with the Indiana Insurance Company for fleet insurance. The School District contracted independently with Wausau Insurance Companies/Harcum-Hyre Agency for liability insurance.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

Company	Type of Coverage	Coverage Amount
Indiana Insurance Company	Fleet Insurance, single limit	\$2,000,000
	Fleet Insurance, uninsured	2,000,000
	Property	32,888,452
	Inland Marine	304,455
	Crime	250,000
Ohio Farmers Insurance Company	Builder's Risk	2,000,000
Harcum-Hyre Insurance Agency	General Liability, in aggregate	3,000,000
	General Liability, per occurrence	1,000,000
	Fire Damage	500,000
	Medical Expense, any one person	10,000
	Employee Benefits Liability, in aggregate	3,000,000
	Employee Benefits Liability, per occurrence	1,000,000
	Educational Legal Liability, in aggregate	2,000,000
	Educational Legal Liability, per occurrence	1,000,000
Travelers Insurance	Boiler and Machinery	30,000,000
	Consequential Loss	50,000
	Expediting Expense	100,000
	Hazardous Substance	100,000
	Ammonia Contamination	100,000
	Water Damage	100,000
Ohio Casualty	Public Officials Bond	15,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

***C. Prescription Drug and Dental***

The School District operates and manages employee prescription drug and dental benefits on a self-insured basis and established an internal service self insurance fund to account for there coverage. The School District provides coverage as a paid benefit with an employee-paid deductible of \$12.00 per prescription for name brand drugs and \$5.00 for generic drugs. The claims liability at June 30, 2004, was estimated by the third party administrator to be \$14,734. This is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in fiscal years 2003 and 2004 were:



**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

	<u>Balance</u> <u>Beginning of Year</u>	<u>Current</u> <u>Year Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance</u> <u>End of Year</u>
2003	\$13,623	\$394,649	\$395,303	\$12,969
2004	12,969	237,363	235,598	14,734

**Note 11 - Other Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for all certified and classified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 68.75 days for certified and classified personnel.

***B. Insurance Benefits***

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Life Insurance Company, in an amount equal to the employee's annual salary.

The School District has contracted with the Medical Mutual of Ohio to provide employee medical/surgical benefits. Vision is provided through VSP.

***C. Retirement Incentive Bonus***

The School District Board of Education offers employees participation in a Retirement Incentive Bonus program for those employees who retire during their respective years of contracts. The certified staff bonus is limited to no more than 5 percent of staff retiring in any given school year. If more than 5 percent of certified staff retires, then seniority will decide who gets the bonus. The classified staff retirement bonus is limited to 5 retirees. The bonus is paid out at 50 percent of their final year's salary. Seniority again plays a role in determining those eligible if more than 5 employees retire from the classified union.

**Note 12 - Defined Benefit Pension Plans**

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

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$177,377, \$157,645 and \$88,661 respectively; 47.34 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

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

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

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

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

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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$789,195, \$775,947, and \$517,812 respectively; 76.53 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$9,078 made by the School District and \$12,278 made by the plan members.

**Note 13 - Postemployment Benefits**

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

Retirees who participated in the DC or Combined Plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$60,707 for fiscal year 2004.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll, a decrease of .92 percent from fiscal year 2003. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established as \$25,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2004 fiscal year equaled \$154,774.

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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

**Note 14 - Long-Term Obligations**

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

	Principal Outstanding 6/30/03	Additions	Reductions	Principal Outstanding 6/30/04	Amount Due in One Year
General Obligations Bonds:					
1994 5.78% \$560,000					
Energy Conservation Bonds	\$135,000	\$0	\$65,000	\$70,000	\$70,000
2000 \$9,749,930 Various					
School Improvement Serial Bonds	8,660,000	0	275,000	8,385,000	285,000
Capital Appreciation Bonds 10.51%	579,930	0	0	579,930	0
Accretion on Capital Appreciation Bonds	229,304	87,233	0	316,537	0
Unamortized Premium	213,072	0	9,685	203,387	0
2002 Middlefield Public Library Bonds					
Serial Bonds 5%	2,645,000	0	120,000	2,525,000	130,000
Capital Appreciation Bonds 10.71%	220,000	0	0	220,000	0
Accretion on Capital Appreciation Bonds	14,392	25,776	0	40,168	0
Unamortized Premium	83,653	0	4,647	79,006	0
<i>Total General Obligation Bonds</i>	<u>12,780,351</u>	<u>113,009</u>	<u>474,332</u>	<u>12,419,028</u>	<u>485,000</u>
Compensated Absences	<u>1,793,546</u>	<u>48,804</u>	<u>190,661</u>	<u>1,651,689</u>	<u>374,428</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$14,573,897</u>	<u>\$161,813</u>	<u>\$664,993</u>	<u>\$14,070,717</u>	<u>\$859,428</u>

On May 15, 1994, Cardinal Local School District issued \$560,000 in energy conservation bonds. The bonds were issued for a ten-year period with final maturity at December 1, 2004.

On March 16, 2000, Cardinal Local School District issued \$9,749,930 in voted general obligation bonds which included serial and capital appreciation (deep discount) bonds in the amount of \$9,170,000 and \$579,930, respectively. The general obligation bonds were issued for the purpose of constructing a middle school. The bonds were issued at a premium of \$242,127 for a twenty-five year period with final maturity at December 1, 2025.

On May 2, 2002, Cardinal Local School District issued \$3,000,000 general obligation bonds, which included serial bonds and capital appreciation bonds, to fund the construction of the new Middlefield Public Library. The bonds were issued for a twenty-year period with final maturity at December 1, 2022. The bonds were issued at a premium of \$88,300. The final maturity amount of the capital appreciation bonds will be \$390,000. According to the Ohio Revised Code, the School District may issue tax related debt for the Library. The School District will manage the funds, own the facility and lease it to the Library until two years after the debt issue is repaid in 2021. At that time, the School District will deed the building to the Library. The existing Library building will be given to the School District when the new building is occupied.

The maturity amount of outstanding school improvement and Middlefield public library capital appreciation bonds at June 30, 2004 is \$1,200,000 and \$390,000, respectively. The accretion recorded for

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

2004 was \$87,233 and \$25,776, respectively, for a total outstanding bond liability of \$896,467 and \$260,168, respectively.

All general obligation bonds will be paid from property taxes. Compensated absences will be paid from the general, food service and title I special revenue funds.

The School District's overall debt margin was \$13,186,410 with an unvoted debt margin of \$269,936 at June 30, 2004. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2004 are as follows:

	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$485,000	\$570,687	\$0	\$0	\$485,000	\$570,687
2006	135,000	558,322	249,041	180,959	384,041	739,281
2007	0	453,282	224,667	205,333	224,667	658,615
2008	0	453,282	202,682	227,318	202,682	680,600
2009	0	453,282	123,540	176,460	123,540	629,742
2010 - 2014	2,410,000	2,502,992	0	0	2,410,000	2,502,992
2015 - 2019	3,070,000	1,813,811	0	0	3,070,000	1,813,811
2020 - 2024	3,490,000	883,170	0	0	3,490,000	883,170
2025 - 2026	1,390,000	81,780	0	0	1,390,000	81,780
<b>Total</b>	<b>\$10,980,000</b>	<b>\$7,770,608</b>	<b>\$799,930</b>	<b>\$790,070</b>	<b>\$11,779,930</b>	<b>\$8,560,678</b>

**Note 15 - 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's board of education appoints one of its members 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. During fiscal year 2004, the School District did not make any contributions or payments to the Center. Financial information can be obtained by writing the Auburn Career Center, 8140 Auburn Road, Painesville, Ohio 44077.

**B. Lake Geauga Computer Association**

The Lake Geauga Computer Association (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 2004, the School District paid \$62,265 to the Association. Financial information can be obtained from Lake Geauga Computer Association, 8221 Auburn Road, Painesville, Ohio 44077.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

***C. East Shore Regional Transportation System***

The East Shore Regional Transportation System (ESRTA) is a jointly governed organization that was 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. During fiscal year 2004, the School District paid \$39,713 for services. Financial information can be obtained by writing the fiscal agent, Kirtland Board of Education, 9152 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 on the governing board. During fiscal year 2004, the School District paid \$95,099 to the Center. Financial information can be obtained by writing the fiscal agent, Lake County Educational Service Center, 30 South Park Place, Suite 30, Painesville, Ohio 44077.

***E. Ohio Schools Council Association***

The Ohio Schools Council Association (Council) is a jointly governed organization among ninety-one 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. In fiscal year 2004, the School District paid \$1,241 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 and the natural gas program which was implemented during fiscal year 2001.

The electric purchase 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 repurchase 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 their agreement, they are required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

The natural gas program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each November these estimates are compared to their actual usage for the year and any necessary adjustments are made.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

---

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

**Note 16 - Insurance Purchasing Pool**

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

**Note 17 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of the School District, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

**B. Litigation**

The Cardinal Local School District is a party to legal proceedings. The School District is of the opinion that the ultimate disposition of the current proceedings will not have a material effect, if any, on the financial condition of the School District.

**Note 18 – 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 acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end and 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, 2004, 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 acquisitions and budget stabilization. Disclosure of this information is required by State statute.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

	Budget		Capital
	Stabilization	Textbooks	Improvements
Set Aside Reserve Balance as of June 30, 2003	\$127,341	\$0	\$0
Current Year Set-Aside Requirement	0	206,859	206,859
Balance Carried over from Prior Year	0	(288,204)	0
Qualifying Disbursements	0	(176,329)	(450,782)
<b>Totals</b>	<b>\$127,341</b>	<b>(\$257,674)</b>	<b>(\$243,923)</b>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$127,341</u>	<u>(\$257,674)</u>	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2004	<u>\$127,341</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This amount may be used to reduce the set-aside requirement in future fiscal years. Although the School District has qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$127,341.

**Note 19 – State School Funding Decision**

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

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

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

**Note 20 – Interfund Balances and Transfers**

**A. Interfund Balances**

Interfund balances at June 30, 2004, consist of the following individual fund receivables and payables:

Interfund Payable	Interfund Receivable
	General
Food Service	\$21,000
Title VI-B	3,482
Title V	1,568
Drug Free Schools	2,563
<b>Total</b>	<b>\$28,613</b>



**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2004*

The interfund payables are advances for grant monies that were not repaid by fiscal year end and were for support to programs and projects in the special revenue funds that are awaiting grant dollars.

**B. Interfund Transfers**

Transfers To	Transfers From		Total
	General	Public School Support	
<b>Nonmajor Funds</b>			
Uniform School Supplies	0	3,473	3,473
Summer Intervention	4,768	0	4,768
Title III	312	0	312
<b>Total</b>	<b>\$5,080</b>	<b>\$3,473</b>	<b>\$8,553</b>

The general fund transfers to the summer intervention and title III special revenue funds represent additional funds to operate those programs. The transfer from the public school support special revenue fund to the uniform school supplies special revenue fund was to cover fees and supplies for field trips.

**Note 21 – Contractual Commitments**

As of June 30, 2004, the School District had the following major contractual commitments outstanding:

Projects	Contract Amount	Amount Paid as of June 30, 2004	Amount Remaining on Contract
Middlefield Library	\$3,121,780	\$2,006,502	\$1,115,278

**Note 22 – Subsequent Event**

On November 2, 2004, the School District had a 10 year 5.95 mill operating levy to cover current expenses on the ballot. This was defeated by the voters.

## **Combining and Individual Fund Statements and Schedules**

### *Fund Descriptions – Nonmajor Governmental Funds*

---

#### *Nonmajor Special Revenue Funds*

To account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes.

*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 for library services including book purchases, distribution and shelves for storage.

*Termination Benefits Fund* - This fund accounts for monies set aside to pay for future retirement and special benefits payments.

*District Managed Activities Fund* - This fund accounts for gate receipts and other revenues from athletic events and costs (except supplemental coaching contracts) of the athletic program, including transportation.

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

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

*Data Communications Fund* - This fund accounts for State monies received to provide Ohio Educational Computer Network connections.

*Professional Development Fund* - This fund accounts for State monies used to provide seminars and workshops for staff development.

*Ohio Reads Grant Fund* - This fund accounts for State monies to improve reading outcomes, especially on fourth grade reading proficiency tests and for costs associated with volunteer coordinators who administer the program.

(continued)

***Fund Descriptions – Nonmajor Special Revenue Funds (continued)***

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

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

*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 III Fund* - This fund accounts for Federal monies used for costs associated with English proficiency.

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

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

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

*Classroom Size Reduction Fund* - This fund accounts for Federal monies received to encourage and help fund smaller classroom size and additional staffing needs.

*Technology II-D Grant Fund* – This fund accounts for Federal monies used primarily for assistive mobility and learning devices for orthopedically handicapped students.

***Nonmajor Capital Projects Fund***

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

*Permanent Improvement Fund* - This fund accounts for property taxes levied to be used for various capital improvements within the School District.

**Cardinal Local School District**

*Combining Balance Sheet*

*Nonmajor Governmental Funds*

*June 30, 2004*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Permanent Improvement Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$410,751	\$101,442	\$512,193
Receivables:			
Taxes	0	213,668	213,668
Accounts	534	0	534
Intergovernmental	93,429	0	93,429
Inventory Held for Resale	7,500	0	7,500
Materials and Supplies Inventory	1,525	0	1,525
<i>Total Assets</i>	<u>\$513,739</u>	<u>\$315,110</u>	<u>\$828,849</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$4,245	\$0	\$4,245
Accrued Wages	181,703	0	181,703
Intergovernmental Payable	32,962	0	32,962
Interfund Payable	28,613	0	28,613
Deferred Revenue	0	196,217	196,217
<i>Total Liabilities</i>	<u>247,523</u>	<u>196,217</u>	<u>443,740</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	49,030	10,701	59,731
Reserved for Property Taxes	0	17,451	17,451
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	217,186	0	217,186
Capital Projects Funds	0	90,741	90,741
<i>Total Fund Balances</i>	<u>266,216</u>	<u>118,893</u>	<u>385,109</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$513,739</u>	<u>\$315,110</u>	<u>\$828,849</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Permanent Improvement Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$0	\$358,568	\$358,568
Intergovernmental	1,355,411	39,505	1,394,916
Charges for Services	231,794	0	231,794
Tuition and Fees	60,030	0	60,030
Extracurricular Activities	115,302	0	115,302
Contributions and Donations	17,616	0	17,616
Miscellaneous	576	0	576
<i>Total Revenues</i>	<u>1,780,729</u>	<u>398,073</u>	<u>2,178,802</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	351,917	0	351,917
Special	558,559	0	558,559
Support Services:			
Pupils	128,531	0	128,531
Instructional Staff	213,716	0	213,716
Administration	71,519	0	71,519
Fiscal	31,751	0	31,751
Operation and Maintenance of Plant	2,768	0	2,768
Central	19,099	0	19,099
Extracurricular Activities	110,061	0	110,061
Operation of Non-Instructional Services			
Food Services Operations	421,174	0	421,174
Other Non-Instructional Services	4,220	0	4,220
Capital Outlay	0	460,816	460,816
<i>Total Expenditures</i>	<u>1,913,315</u>	<u>460,816</u>	<u>2,374,131</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(132,586)</u>	<u>(62,743)</u>	<u>(195,329)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	8,553	0	8,553
Transfers Out	(3,473)	0	(3,473)
<i>Total Other Financing Sources (Uses)</i>	<u>5,080</u>	<u>0</u>	<u>5,080</u>
<i>Net Change in Fund Balances</i>	(127,506)	(62,743)	(190,249)
<i>Fund Balances Beginning of Year</i>	<u>393,722</u>	<u>181,636</u>	<u>575,358</u>
<i>Fund Balances End of Year</i>	<u>\$266,216</u>	<u>\$118,893</u>	<u>\$385,109</u>

**Cardinal Local School District**

*Combining Balance Sheet*

*Nonmajor Special Revenue Funds*

*June 30, 2004*

---

---

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Public School Support</u>	<u>Martha Holden Jennings</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$17,220	\$53,683	\$10,296	\$250
Receivables:				
Accounts	140	98	223	0
Intergovernmental	17,573	0	0	0
Inventory Held for Resale	3,094	4,406	0	0
Materials and Supplies Inventory	<u>1,525</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$39,552</u></u>	<u><u>\$58,187</u></u>	<u><u>\$10,519</u></u>	<u><u>\$250</u></u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$181	\$0	\$0
Accrued Wages	35,358	0	0	0
Intergovernmental Payable	4,422	0	0	0
Interfund Payable	<u>21,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>60,780</u>	<u>181</u>	<u>0</u>	<u>0</u>
 <b>Fund Balances:</b>				
Reserved for Encumbrances	176	374	1,100	0
Unreserved, Undesignated (Deficit)	<u>(21,404)</u>	<u>57,632</u>	<u>9,419</u>	<u>250</u>
<i>Total Fund Balances (Deficit)</i>	<u>(21,228)</u>	<u>58,006</u>	<u>10,519</u>	<u>250</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$39,552</u></u>	<u><u>\$58,187</u></u>	<u><u>\$10,519</u></u>	<u><u>\$250</u></u>

<u>Termination Benefits</u>	<u>District Managed Activities</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Data Communications</u>	<u>Professional Development</u>
\$4,780	\$46,513	\$8,056	\$11,295	\$2,108	\$2,095
0	73	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$4,780</u>	<u>\$46,586</u>	<u>\$8,056</u>	<u>\$11,295</u>	<u>\$2,108</u>	<u>\$2,095</u>
\$0	\$0	\$2,095	\$0	\$0	\$0
0	0	0	0	0	0
909	212	0	0	0	0
0	0	0	0	0	0
<u>909</u>	<u>212</u>	<u>2,095</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	4,907	5,952	0	0	0
3,871	41,467	9	11,295	2,108	2,095
<u>3,871</u>	<u>46,374</u>	<u>5,961</u>	<u>11,295</u>	<u>2,108</u>	<u>2,095</u>
<u>\$4,780</u>	<u>\$46,586</u>	<u>\$8,056</u>	<u>\$11,295</u>	<u>\$2,108</u>	<u>\$2,095</u>

(continued)

**Cardinal Local School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*June 30, 2004*

	Ohio Reads Grant	Summer Intervention	Eisenhower Math and Science	Title VI-B
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$6,242	\$0	\$17	\$31,520
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	0	0	19,899
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
<i>Total Assets</i>	<u>\$6,242</u>	<u>\$0</u>	<u>\$17</u>	<u>\$51,419</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages	0	0	0	14,830
Intergovernmental Payable	0	54	0	2,294
Interfund Payable	0	0	0	3,482
<i>Total Liabilities</i>	<u>0</u>	<u>54</u>	<u>0</u>	<u>20,606</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	0	31,500
Unreserved, Undesignated (Deficit)	6,242	(54)	17	(687)
<i>Total Fund Balances (Deficit)</i>	<u>6,242</u>	<u>(54)</u>	<u>17</u>	<u>30,813</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,242</u>	<u>\$0</u>	<u>\$17</u>	<u>\$51,419</u>



<u>Title I</u>	<u>Title V</u>	<u>Drug Free Schools</u>	<u>Classroom Size Reduction</u>	<u>Technology II-D Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$167,529	\$1,523	\$435	\$36,179	\$11,010	\$410,751
0	0	0	0	0	534
52,256	1,036	2,665	0	0	93,429
0	0	0	0	0	7,500
0	0	0	0	0	1,525
<u>\$219,785</u>	<u>\$2,559</u>	<u>\$3,100</u>	<u>\$36,179</u>	<u>\$11,010</u>	<u>\$513,739</u>
\$165	\$0	\$0	\$1,804	\$0	\$4,245
106,476	0	0	25,039	0	181,703
20,615	0	72	4,384	0	32,962
0	1,568	2,563	0	0	28,613
<u>127,256</u>	<u>1,568</u>	<u>2,635</u>	<u>31,227</u>	<u>0</u>	<u>247,523</u>
3,533	239	435	457	357	49,030
88,996	752	30	4,495	10,653	217,186
<u>92,529</u>	<u>991</u>	<u>465</u>	<u>4,952</u>	<u>11,010</u>	<u>266,216</u>
<u>\$219,785</u>	<u>\$2,559</u>	<u>\$3,100</u>	<u>\$36,179</u>	<u>\$11,010</u>	<u>\$513,739</u>

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

	Food Service	Uniform School Supplies	Public School Support	Martha Holden Jennings
<b>Revenues</b>				
Intergovernmental	\$132,317	\$0	\$0	\$250
Charges for Services	231,498	0	223	0
Tuition and Fees	0	57,372	0	0
Extracurricular Activities	0	0	15,593	0
Contributions and Donations	0	0	1,232	0
Miscellaneous	434	98	44	0
<i>Total Revenues</i>	<u>364,249</u>	<u>57,470</u>	<u>17,092</u>	<u>250</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	50,263	2,181	0
Special	0	0	0	0
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	50	0
Administration	0	0	15,800	0
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	1,410	1,358	0
Central	0	0	0	0
Extracurricular Activities	0	0	977	0
Operation of Non-Instructional Services:				
Food Service Operations	421,174	0	0	0
Other Non-Instructional Services	0	0	0	0
<i>Total Expenditures</i>	<u>421,174</u>	<u>51,673</u>	<u>20,366</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(56,925)</u>	<u>5,797</u>	<u>(3,274)</u>	<u>250</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	3,473	0	0
Transfers Out	0	0	(3,473)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>3,473</u>	<u>(3,473)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(56,925)	9,270	(6,747)	250
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>35,697</u>	<u>48,736</u>	<u>17,266</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$21,228)</u>	<u>\$58,006</u>	<u>\$10,519</u>	<u>\$250</u>

<u>Termination Benefits</u>	<u>District Managed Activities</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Data Communications</u>	<u>Professional Development</u>
\$0	\$0	\$18,485	\$5,457	\$18,000	\$2,925
0	73	0	0	0	0
0	2,658	0	0	0	0
0	99,709	0	0	0	0
0	16,384	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>118,824</u>	<u>18,485</u>	<u>5,457</u>	<u>18,000</u>	<u>2,925</u>
97,474	0	11,859	0	0	6
0	0	0	0	0	0
0	0	5,661	0	0	0
3,531	0	0	0	0	2,822
34,732	0	0	0	0	0
30,130	0	612	0	0	0
0	0	0	0	0	0
0	0	0	1,099	18,000	0
0	109,084	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>165,867</u>	<u>109,084</u>	<u>18,132</u>	<u>1,099</u>	<u>18,000</u>	<u>2,828</u>
<u>(165,867)</u>	<u>9,740</u>	<u>353</u>	<u>4,358</u>	<u>0</u>	<u>97</u>
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(165,867)	9,740	353	4,358	0	97
<u>169,738</u>	<u>36,634</u>	<u>5,608</u>	<u>6,937</u>	<u>2,108</u>	<u>1,998</u>
<u>\$3,871</u>	<u>\$46,374</u>	<u>\$5,961</u>	<u>\$11,295</u>	<u>\$2,108</u>	<u>\$2,095</u>

(continued)

**Cardinal 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, 2004*

	Ohio Reads Grant	Summer Intervention	Eisenhower Math and Science	Title VI-B
<b>Revenues</b>				
Intergovernmental	\$6,000	\$4,302	\$0	\$188,296
Charges for Services	0	0	0	0
Tuition and Fees	0	0	0	0
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>6,000</u>	<u>4,302</u>	<u>0</u>	<u>188,296</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	9,124	0	60
Special	0	0	0	0
Support Services:				
Pupils	0	0	0	31,500
Instructional Staff	0	0	0	125,164
Administration	0	0	0	0
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Central	0	0	0	0
Extracurricular Activities	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Other Non-Instructional Services	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>9,124</u>	<u>0</u>	<u>156,724</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,000</u>	<u>(4,822)</u>	<u>0</u>	<u>31,572</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	4,768	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>4,768</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	6,000	(54)	0	31,572
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>242</u>	<u>0</u>	<u>17</u>	<u>(759)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$6,242</u></u>	<u><u>(\$54)</u></u>	<u><u>\$17</u></u>	<u><u>\$30,813</u></u>

<u>Title III</u>	<u>Title I</u>	<u>Title V</u>	<u>Drug Free Schools</u>	<u>Classroom Size Reduction</u>	<u>Technology II-D Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$5,034	\$775,600	\$1,343	\$17,764	\$160,500	\$19,138	\$1,355,411
0	0	0	0	0	0	231,794
0	0	0	0	0	0	60,030
0	0	0	0	0	0	115,302
0	0	0	0	0	0	17,616
0	0	0	0	0	0	576
<u>5,034</u>	<u>775,600</u>	<u>1,343</u>	<u>17,764</u>	<u>160,500</u>	<u>19,138</u>	<u>1,780,729</u>
0	0	4,274	0	168,076	8,600	351,917
0	550,100	0	0	0	8,459	558,559
0	74,293	0	17,077	0	0	128,531
5,346	72,662	2,000	0	872	1,269	213,716
0	20,987	0	0	0	0	71,519
0	1,009	0	0	0	0	31,751
0	0	0	0	0	0	2,768
0	0	0	0	0	0	19,099
0	0	0	0	0	0	110,061
0	0	0	0	0	0	421,174
0	3,628	410	182	0	0	4,220
<u>5,346</u>	<u>722,679</u>	<u>6,684</u>	<u>17,259</u>	<u>168,948</u>	<u>18,328</u>	<u>1,913,315</u>
<u>(312)</u>	<u>52,921</u>	<u>(5,341)</u>	<u>505</u>	<u>(8,448)</u>	<u>810</u>	<u>(132,586)</u>
312	0	0	0	0	0	8,553
0	0	0	0	0	0	(3,473)
<u>312</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,080</u>
0	52,921	(5,341)	505	(8,448)	810	(127,506)
0	39,608	6,332	(40)	13,400	10,200	393,722
<u>\$0</u>	<u>\$92,529</u>	<u>\$991</u>	<u>\$465</u>	<u>\$4,952</u>	<u>\$11,010</u>	<u>\$266,216</u>

## Individual Fund Statement – Agency Fund

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 fund follows:

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

**Cardinal Local School District**  
*Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For the Fiscal Year Ended June 30, 2004*

---

	Beginning Balance <u>June 30, 2003</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2004</u>
<b>Student Activities</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$30,091</u>	<u>\$49,692</u>	<u>\$46,514</u>	<u>\$33,269</u>
<b>Liabilities</b>				
Due to Students	<u>\$30,091</u>	<u>\$49,692</u>	<u>\$46,514</u>	<u>\$33,269</u>

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



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

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$7,008,186	\$7,139,884	\$7,337,114	\$197,230
Intergovernmental	3,458,139	3,424,970	3,620,448	195,478
Interest	69,364	75,000	72,620	(2,380)
Tuition and Fees	685,384	742,049	717,552	(24,497)
Rentals	72,066	61,052	75,448	14,396
Contributions and Donations	2,101	9,000	2,200	(6,800)
Miscellaneous	40,000	213,000	298,346	85,346
<i>Total Revenues</i>	<u>11,335,240</u>	<u>11,664,955</u>	<u>12,123,728</u>	<u>458,773</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	3,904,677	4,307,871	4,009,859	298,012
Fringe Benefits	1,132,356	1,144,457	1,144,457	0
Purchased Services	326,613	238,517	238,517	0
Materials and Supplies	97,870	134,375	134,375	0
Capital Outlay - New	47,150	12,413	5,495	6,918
Capital Outlay - Replacement	9,500	47,438	47,273	165
Total Regular	<u>5,518,166</u>	<u>5,885,071</u>	<u>5,579,976</u>	<u>305,095</u>
Special:				
Salaries and Wages	526,898	526,898	509,999	16,899
Fringe Benefits	176,730	176,730	170,800	5,930
Purchased Services	774,926	477,170	435,669	41,501
Materials and Supplies	3,856	2,856	2,732	124
Capital Outlay - New	1,527	1,277	276	1,001
Total Special	<u>1,483,937</u>	<u>1,184,931</u>	<u>1,119,476</u>	<u>65,455</u>
Vocational:				
Salaries and Wages	126,459	105,276	97,653	7,623
Fringe Benefits	45,735	45,735	35,067	10,668
Purchased Services	916	916	100	816
Capital Outlay - Replacement	0	345	345	0
Total Vocational	<u>173,110</u>	<u>152,272</u>	<u>133,165</u>	<u>19,107</u>
Total Instruction	<u>7,175,213</u>	<u>7,222,274</u>	<u>6,832,617</u>	<u>389,657</u>
Support Services:				
Pupils:				
Salaries and Wages	368,442	383,327	383,327	0
Fringe Benefits	145,271	134,763	134,763	0
Purchased Services	114,526	150,572	150,572	0
Materials and Supplies	29,611	16,784	12,572	4,212
Capital Outlay - New	4,500	4,820	4,820	0
Capital Outlay - Replacement	7,765	4,672	4,584	88
Total Pupils	<u>\$670,115</u>	<u>\$694,938</u>	<u>\$690,638</u>	<u>\$4,300</u>

(continued)

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

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Instructional Staff:</b>				
Salaries and Wages	\$269,267	\$312,662	\$312,662	\$0
Fringe Benefits	154,378	144,441	131,505	12,936
Purchased Services	4,632	3,332	2,182	1,150
Materials and Supplies	17,850	14,585	13,089	1,496
Capital Outlay - New	10,836	9,463	8,410	1,053
Capital Outlay - Replacement	11,702	4,152	375	3,777
Other	2,000	253	121	132
<b>Total Instructional Staff</b>	<b>470,665</b>	<b>488,888</b>	<b>468,344</b>	<b>20,544</b>
<b>Board of Education:</b>				
Salaries and Wages	5,499	5,780	5,780	0
Fringe Benefits	5,784	5,503	0	5,503
Purchased Services	30,883	21,883	10,143	11,740
Materials and Supplies	2,005	2,005	816	1,189
Other	36,226	34,226	24,887	9,339
<b>Total Board of Education</b>	<b>80,397</b>	<b>69,397</b>	<b>41,626</b>	<b>27,771</b>
<b>Administration:</b>				
Salaries and Wages	544,510	533,667	533,667	0
Fringe Benefits	235,786	217,123	217,123	0
Purchased Services	29,770	17,796	17,796	0
Materials and Supplies	26,517	12,754	10,591	2,163
Capital Outlay - New	3,679	5,631	4,980	651
Capital Outlay - Replacement	2,150	1,140	214	926
Other	78,118	53,118	50,633	2,485
<b>Total Administration</b>	<b>920,530</b>	<b>841,229</b>	<b>835,004</b>	<b>6,225</b>
<b>Fiscal:</b>				
Salaries and Wages	162,271	164,539	164,539	0
Fringe Benefits	74,832	72,564	64,825	7,739
Purchased Services	42,648	39,521	27,254	12,267
Materials and Supplies	5,000	3,500	2,978	522
Capital Outlay - New	1,000	403	215	188
Capital Outlay - Replacement	1,000	1,295	1,295	0
Other	186,627	212,300	204,911	7,389
<b>Total Fiscal</b>	<b>473,378</b>	<b>494,122</b>	<b>466,017</b>	<b>28,105</b>
<b>Business:</b>				
Salaries and Wages	55,273	55,273	29,227	26,046
Fringe Benefits	21,687	21,687	14,487	7,200
Purchased Services	9,163	1,163	375	788
<b>Total Business</b>	<b>\$86,123</b>	<b>\$78,123</b>	<b>\$44,089</b>	<b>\$34,034</b>

(continued)

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Operation and Maintenance of Plant:</b>				
Salaries and Wages	\$371,358	\$498,434	\$498,434	\$0
Fringe Benefits	261,648	196,821	196,821	0
Purchased Services	741,224	692,796	692,796	0
Materials and Supplies	210,467	107,501	106,047	1,454
Capital Outlay - New	5,265	265	0	265
Capital Outlay - Replacement	111,195	7,707	7,707	0
Other	9,803	1,803	1,619	184
<b>Total Operation and Maintenance of Plant</b>	<b>1,710,960</b>	<b>1,505,327</b>	<b>1,503,424</b>	<b>1,903</b>
<b>Pupil Transportation:</b>				
Salaries and Wages	535,507	513,223	470,874	42,349
Fringe Benefits	279,698	247,685	247,685	0
Purchased Services	97,687	66,508	48,448	18,060
Materials and Supplies	210,205	133,505	121,615	11,890
Capital Outlay - Replacement	49,205	60,893	60,893	0
<b>Total Pupil Transportation</b>	<b>1,172,302</b>	<b>1,021,814</b>	<b>949,515</b>	<b>72,299</b>
<b>Central:</b>				
Salaries and Wages	127,193	129,980	129,980	0
Fringe Benefits	57,698	63,206	63,206	0
Purchased Services	42,981	90,445	85,619	4,826
Materials and Supplies	2,386	2,386	0	2,386
Capital Outlay - New	1,604	1,604	0	1,604
<b>Total Central</b>	<b>231,862</b>	<b>287,621</b>	<b>278,805</b>	<b>8,816</b>
<b>Total Support Services</b>	<b>5,816,332</b>	<b>5,481,459</b>	<b>5,277,462</b>	<b>203,997</b>
<b>Extracurricular Activities:</b>				
<b>Academic and Subject Oriented:</b>				
Salaries and Wages	49,482	49,482	34,545	14,937
Fringe Benefits	6,870	6,784	4,995	1,789
Purchased Services	0	86	86	0
<b>Total Academic and Subject Oriented</b>	<b>56,352</b>	<b>56,352</b>	<b>39,626</b>	<b>16,726</b>
<b>Occupational Oriented:</b>				
Salaries and Wages	1,146	1,146	597	549
Fringe Benefits	228	228	83	145
<b>Total Occupational Oriented</b>	<b>1,374</b>	<b>1,374</b>	<b>680</b>	<b>694</b>
<b>School and Public Service Co-Curricular:</b>				
Salaries and Wages	14,320	14,140	13,737	403
Fringe Benefits	1,776	1,956	1,956	0
<b>Total School and Public Service Co-Curricular</b>	<b>\$16,096</b>	<b>\$16,096</b>	<b>\$15,693</b>	<b>\$403</b>

(continued)

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

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Sports Oriented:				
Salaries and Wages	\$176,054	\$178,497	\$178,497	\$0
Fringe Benefits	45,845	43,402	30,179	13,223
Purchased Services	25,226	30,753	30,386	367
Materials and Supplies	8,402	4,402	2,925	1,477
Capital Outlay - New	5,814	814	0	814
Capital Outlay - Replacement	4,659	3,095	1,994	1,101
<b>Total Sports Oriented</b>	<b>266,000</b>	<b>260,963</b>	<b>243,981</b>	<b>16,982</b>
<b>Total Extracurricular Activities</b>	<b>339,822</b>	<b>334,785</b>	<b>299,980</b>	<b>34,805</b>
Operation of Non-Instructional Services:				
Food Service Operations:				
Salaries and Wages	69,723	69,723	31,528	38,195
Fringe Benefits	50,644	50,644	24,739	25,905
<b>Total Operation of Non-Instructional Services</b>	<b>120,367</b>	<b>120,367</b>	<b>56,267</b>	<b>64,100</b>
<b>Total Expenditures</b>	<b>13,451,734</b>	<b>13,158,885</b>	<b>12,466,326</b>	<b>692,559</b>
<b>Excess of Revenues Under Expenditures</b>	<b>(2,116,494)</b>	<b>(1,493,930)</b>	<b>(342,598)</b>	<b>1,151,332</b>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	128,602	128,602	0
Advances Out	0	(29,000)	(28,613)	387
Transfers In	0	36,875	0	(36,875)
Transfers Out	(10,000)	(6,000)	(5,080)	920
<b>Total Other Financing Sources (Uses)</b>	<b>(10,000)</b>	<b>130,477</b>	<b>94,909</b>	<b>(35,568)</b>
<b>Net Change in Fund Balance</b>	<b>(2,126,494)</b>	<b>(1,363,453)</b>	<b>(247,689)</b>	<b>1,115,764</b>
<b>Fund Balance Beginning of Year</b>	<b>1,628,474</b>	<b>1,628,474</b>	<b>1,628,474</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>486,963</b>	<b>486,963</b>	<b>486,963</b>	<b>0</b>
<b>Fund Balance (Deficit) End of Year</b>	<b>(\$11,057)</b>	<b>\$751,984</b>	<b>\$1,867,748</b>	<b>\$1,115,764</b>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$726,553	\$711,361	\$773,321	\$61,960
Intergovernmental	78,107	83,514	86,248	2,734
<i>Total Revenues</i>	<u>804,660</u>	<u>794,875</u>	<u>859,569</u>	<u>64,694</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	8,000	18,948	18,948	0
Debt Service:				
Principal Retirement	345,000	340,000	340,000	0
Interest and Fiscal Charges	476,873	479,651	479,651	0
Total Debt Service	<u>821,873</u>	<u>819,651</u>	<u>819,651</u>	<u>0</u>
<i>Total Expenditures</i>	<u>829,873</u>	<u>838,599</u>	<u>838,599</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(25,213)	(43,724)	20,970	64,694
<b>Other Financing Uses</b>				
Transfers Out	0	(25,849)	0	25,849
<i>Net Change in Fund Balance</i>	(25,213)	(69,573)	20,970	90,543
<i>Fund Balance Beginning of Year</i>	<u>377,669</u>	<u>377,669</u>	<u>377,669</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$352,456</u></u>	<u><u>\$308,096</u></u>	<u><u>\$398,639</u></u>	<u><u>\$90,543</u></u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Library Bond Retirement Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$230,350	\$237,390	\$245,639	\$8,249
Intergovernmental	24,750	23,000	26,392	3,392
<i>Total Revenues</i>	<u>255,100</u>	<u>260,390</u>	<u>272,031</u>	<u>11,641</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	4,500	4,500	6,117	(1,617)
Debt Service:				
Principal Retirement	120,000	120,000	120,000	0
Interest and Fiscal Charges	110,927	111,785	111,785	0
Total Debt Service	<u>230,927</u>	<u>231,785</u>	<u>231,785</u>	<u>0</u>
<i>Total Expenditures</i>	<u>235,427</u>	<u>236,285</u>	<u>237,902</u>	<u>(1,617)</u>
<i>Net Change in Fund Balance</i>	19,673	24,105	34,129	10,024
<i>Fund Balance Beginning of Year</i>	<u>85,710</u>	<u>85,710</u>	<u>85,710</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$105,383</u>	<u>\$109,815</u>	<u>\$119,839</u>	<u>\$10,024</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Capital Outlay - New	0	7,660	7,660	0
Operation and Maintenance of Plant:				
Purchased Services	0	13,752	13,746	6
Capital Outlay - Replacement	22,409	22,571	22,623	(52)
Total Operation and Maintenance of Plant	22,409	36,323	36,369	(46)
Central:				
Capital Outlay - New	0	8	8	0
Total Support Services	22,409	43,991	44,037	(46)
Capital Outlay:				
Architecture and Engineering Services:				
Purchased Services	23,337	8,550	8,550	0
Building Acquisition and Construction Services:				
Capital Outlay - New	24,892	18,097	18,097	0
Total Capital Outlay	48,229	26,647	26,647	0
<i>Total Expenditures</i>	70,638	70,638	70,684	(46)
<i>Net Change in Fund Balance</i>	(70,638)	(70,638)	(70,684)	(46)
<i>Fund Balance Beginning of Year</i>	29,284	29,284	29,284	0
Prior Year Encumbrances Appropriated	42,146	42,146	42,146	0
<i>Fund Balance End of Year</i>	\$792	\$792	\$746	(\$46)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$41,000	\$24,000	\$30,366	\$6,366
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Community Services				
Capital Outlay - New	0	162,872	139,970	22,902
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - New	0	84,175	83,968	207
Architecture and Engineering Services:				
Purchased Services	177,869	508,402	506,072	2,330
Building Acquisition and Construction Services:				
Capital Outlay - New	2,759,000	2,155,778	2,118,778	37,000
Total Capital Outlay	2,936,869	2,748,355	2,708,818	39,537
<i>Total Expenditures</i>	2,936,869	2,911,227	2,848,788	62,439
<i>Net Change in Fund Balance</i>	(2,895,869)	(2,887,227)	(2,818,422)	68,805
<i>Fund Balance Beginning of Year</i>	818,118	818,118	818,118	0
Prior Year Encumbrances Appropriated	2,093,227	2,093,227	2,093,227	0
<i>Fund Balance End of Year</i>	<u>\$15,476</u>	<u>\$24,118</u>	<u>\$92,923</u>	<u>\$68,805</u>



**Cardinal 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, 2004*

	<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	\$107,743	\$94,000	\$105,816	\$11,816
Charges for Services	235,815	235,500	231,598	(3,902)
Miscellaneous	442	1,000	434	(566)
<i>Total Revenues</i>	<u>344,000</u>	<u>330,500</u>	<u>337,848</u>	<u>7,348</u>
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations:				
Salaries and Wages	20,000	185,428	163,411	22,017
Fringe Benefits	74,400	97,515	97,515	0
Purchased Services	10,950	12,544	12,544	0
Materials and Supplies	318,825	138,575	118,871	19,704
Other	1,250	1,250	640	610
<i>Total Expenditures</i>	<u>425,425</u>	<u>435,312</u>	<u>392,981</u>	<u>42,331</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(81,425)</u>	<u>(104,812)</u>	<u>(55,133)</u>	<u>49,679</u>
<b>Other Financing Sources</b>				
Transfers In	35,000	35,000	0	(35,000)
Advances In	21,000	21,000	21,000	0
<i>Total Other Financing Sources</i>	<u>56,000</u>	<u>56,000</u>	<u>21,000</u>	<u>(35,000)</u>
<i>Net Change in Fund Balance</i>	<u>(25,425)</u>	<u>(48,812)</u>	<u>(34,133)</u>	<u>14,679</u>
<i>Fund Balance Beginning of Year</i>	51,102	51,102	51,102	0
Prior Year Encumbrances Appropriated	<u>75</u>	<u>75</u>	<u>75</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$25,752</u></u>	<u><u>\$2,365</u></u>	<u><u>\$17,044</u></u>	<u><u>\$14,679</u></u>

**Cardinal 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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Tuition and Fees	\$37,500	\$76,300	\$57,508	(\$18,792)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	6,498	14,998	4,707	10,291
Materials and Supplies	34,992	59,667	45,939	13,728
Total Instruction	41,490	74,665	50,646	24,019
Support Services:				
Operation and Maintenance of Plant:				
Purchased Services	2,275	2,000	1,410	590
<i>Total Expenditures</i>	43,765	76,665	52,056	24,609
<i>Excess of Revenues Over (Under) Expenditures</i>	(6,265)	(365)	5,452	5,817
<b>Other Financing Sources</b>				
Transfers In	0	0	3,473	3,473
<i>Net Change in Fund Balance</i>	(6,265)	(365)	8,925	9,290
<i>Fund Balance Beginning of Year</i>	43,063	43,063	43,063	0
Prior Year Encumbrances Appropriated	1,140	1,140	1,140	0
<i>Fund Balance End of Year</i>	\$37,938	\$43,838	\$53,128	\$9,290

**Cardinal 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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Extracurricular Activities	\$29,630	\$20,900	\$15,956	(\$4,944)
Contributions and Donations	2,288	2,300	1,232	(1,068)
Miscellaneous	82	1,000	44	(956)
<i>Total Revenues</i>	32,000	24,200	17,232	(6,968)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	1,250	1,250	0	1,250
Capital Outlay - New	1,500	2,500	2,181	319
Total Instruction	2,750	3,750	2,181	1,569
Support Services:				
Instructional Staff:				
Materials and Supplies	1,874	1,274	50	1,224
Administration:				
Salaries	9,626	0	0	0
Purchased Services	8,200	5,625	3,583	2,042
Materials and Supplies	9,672	18,895	10,816	8,079
Other	1,500	2,501	2,501	0
Total Administration	28,998	27,021	16,900	10,121
Operation and Maintenance of Plant:				
Capital Outlay - Replacement	2,800	1,800	1,358	442
Total Support Services	33,672	30,095	18,308	11,787
Extracurricular Activities:				
School and Public Service Co-Curricular Activities:				
Materials and Supplies	500	1,104	1,104	0
<i>Total Expenditures</i>	36,922	34,949	21,593	13,356
<i>Excess of Revenues Under Expenditures</i>	(4,922)	(10,749)	(4,361)	6,388
<b>Other Financing Uses</b>				
Transfers Out	0	(3,473)	(3,473)	0
<i>Net Change in Fund Balance</i>	(4,922)	(14,222)	(7,834)	6,388
<i>Fund Balance Beginning of Year</i>	16,733	16,733	16,733	0
Prior Year Encumbrances Appropriated	297	297	297	0
<i>Fund Balance End of Year</i>	\$12,108	\$2,808	\$9,196	\$6,388

**Cardinal 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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$250	\$250	\$250	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils				
Purchased Services	250	250	0	250
<i>Net Change in Fund Balance</i>	0	0	250	250
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$250	\$250

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$100,000	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	100,000	100,000	98,296	1,704
Support Services:				
Instructional Staff:				
Salaries and Wages	0	3,076	3,076	0
Administration:				
Salaries and Wages	35,000	35,000	34,278	722
Fiscal:				
Salaries and Wages	35,000	31,924	30,130	1,794
Total Support Services	70,000	70,000	67,484	2,516
<i>Total Expenditures</i>	170,000	170,000	165,780	4,220
<i>Net Change in Fund Balance</i>	(70,000)	(170,000)	(165,780)	4,220
<i>Fund Balance Beginning of Year</i>	170,560	170,560	170,560	0
<i>Fund Balance End of Year</i>	\$100,560	\$560	\$4,780	\$4,220

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$200	\$270	\$0	(\$270)
Tuition and Fees	0	0	2,658	2,658
Extracurricular Activities	106,800	118,779	99,709	(19,070)
Contributions and Donations	13,000	16,500	16,384	(116)
<i>Total Revenues</i>	120,000	135,549	118,751	(16,798)
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Purchased Services	8,075	17,610	17,610	0
Materials and Supplies	3,500	15,773	15,773	0
Capital Outlay - New	1,000	900	0	900
Capital Outlay - Replacement	5,500	5,500	0	5,500
Other	18,700	9,492	6,373	3,119
Total Academic and Subject Oriented Activities	36,775	49,275	39,756	9,519
Sports Oriented Activities:				
Salaries and Wages	2,000	2,400	2,400	0
Purchased Services	4,907	33,175	23,800	9,375
Materials and Supplies	0	75,994	41,401	34,593
Capital Outlay - New	1,000	1,000	575	425
Capital Outlay - Replacement	3,500	3,500	773	2,727
Other	7,435	7,435	5,670	1,765
Total Sports Oriented Activities	18,842	123,504	74,619	48,885
<i>Total Expenditures</i>	55,617	172,779	114,375	58,404
<i>Net Change in Fund Balance</i>	64,383	(37,230)	4,376	41,606
<i>Fund Balance Beginning of Year</i>	35,113	35,113	35,113	0
Prior Year Encumbrances Appropriated	2,117	2,117	2,117	0
<i>Fund Balance End of Year</i>	\$101,613	\$0	\$41,606	\$41,606

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

	<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	\$14,000	\$17,356	\$18,485	\$1,129
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	15,526	13,424	14,632	(1,208)
Capital Outlay - New	3,209	3,209	3,209	0
Total Instruction	18,735	16,633	17,841	(1,208)
Support Services:				
Pupils:				
Purchased Services	0	5,974	5,886	88
Fiscal:				
Purchased Services	0	612	612	0
Total Support Services	0	6,586	6,498	88
<i>Total Expenditures</i>	18,735	23,219	24,339	(1,120)
<i>Net Change in Fund Balance</i>	(4,735)	(5,863)	(5,854)	9
<i>Fund Balance Beginning of Year</i>	1,128	1,128	1,128	0
Prior Year Encumbrances Appropriated	4,735	4,735	4,735	0
<i>Fund Balance End of Year</i>	\$1,128	\$0	\$9	\$9

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$5,000	\$5,000	\$5,457	\$457
<b>Expenditures</b>				
Current:				
Support Services:				
Central:				
Purchased Services	11,937	11,937	1,099	10,838
<i>Net Change in Fund Balance</i>	(6,937)	(6,937)	4,358	11,295
<i>Fund Balance Beginning of Year</i>	6,777	6,777	6,777	0
Prior Year Encumbrances Appropriated	160	160	160	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$11,295</u>	<u>\$11,295</u>



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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$15,000	\$18,000	\$18,000	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Central:				
Purchased Services	<u>3,750</u>	<u>20,100</u>	<u>18,000</u>	<u>2,100</u>
<i>Net Change in Fund Balance</i>	11,250	(2,100)	0	2,100
<i>Fund Balance Beginning of Year</i>	<u>2,108</u>	<u>2,108</u>	<u>2,108</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$13,358</u></u>	<u><u>\$8</u></u>	<u><u>\$2,108</u></u>	<u><u>\$2,100</u></u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$3,000	\$3,000	\$2,925	(\$75)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Fringe Benefits	0	10	6	4
Support Services:				
Instructional Staff:				
Purchased Services	1,850	4,990	2,824	2,166
<i>Total Expenditures</i>	<u>1,850</u>	<u>5,000</u>	<u>2,830</u>	<u>2,170</u>
<i>Net Change in Fund Balance</i>	1,150	(2,000)	95	2,095
<i>Fund Balance Beginning of Year</i>	1,385	1,385	1,385	0
Prior Year Encumbrances Appropriated	<u>615</u>	<u>615</u>	<u>615</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,150</u></u>	<u><u>\$0</u></u>	<u><u>\$2,095</u></u>	<u><u>\$2,095</u></u>

**Cardinal 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, 2004*

	<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	\$6,000	\$6,000	\$6,000	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Fringe Benefits	0	15	13	2
Support Services:				
Instructional Staff:				
Salaries and Wages	1,500	1,500	1,500	0
<i>Total Expenditures</i>	<u>1,500</u>	<u>1,515</u>	<u>1,513</u>	<u>2</u>
<i>Net Change in Fund Balance</i>	4,500	4,485	4,487	2
<i>Fund Balance Beginning of Year</i>	<u>1,755</u>	<u>1,755</u>	<u>1,755</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,255</u></u>	<u><u>\$6,240</u></u>	<u><u>\$6,242</u></u>	<u><u>\$2</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$23,900	\$19,132	\$4,302	(\$14,830)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	23,900	23,900	9,070	14,830
<i>Excess of Revenues Under Expenditures</i>	0	(4,768)	(4,768)	0
<b>Other Financing Sources</b>				
Transfers In	0	4,768	4,768	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP) and Actual  
 Eisenhower Math and Science Fund  
 For the Fiscal Year Ended June 30, 2004*

	<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	\$1,503	\$0	\$0	\$0
<b>Expenditures</b>				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,503	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>17</u>	<u>17</u>	<u>17</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,520</u></u>	<u><u>\$17</u></u>	<u><u>\$17</u></u>	<u><u>\$0</u></u>

**Cardinal 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, 2004*

	<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	\$198,994	\$195,512	\$168,397	(\$27,115)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Fringe Benefits	0	100	60	40
Support Services:				
Pupils:				
Purchased Services	0	63,000	63,000	0
Instructional Staff:				
Salaries and Wages	11,554	92,208	73,816	18,392
Fringe Benefits	526	52,765	46,887	5,878
Purchased Services	198,993	2,999	195	2,804
Total Instructional Staff	211,073	147,972	120,898	27,074
Total Support Services	211,073	210,972	183,898	27,074
<i>Total Expenditures</i>	211,073	211,072	183,958	27,114
<i>Excess of Revenues Under Expenditures</i>	(12,079)	(15,560)	(15,561)	(1)
<b>Other Financing Sources</b>				
Advances In	0	3,482	3,482	0
<i>Net Change in Fund Balance</i>	(12,079)	(12,078)	(12,079)	(1)
<i>Fund Balance Beginning of Year</i>	20	20	20	0
Prior Year Encumbrances Appropriated	12,079	12,079	12,079	0
<i>Fund Balance End of Year</i>	\$20	\$21	\$20	(\$1)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$6,622	\$6,622	\$5,034	(\$1,588)
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	6,934	6,934	5,346	1,588
<i>Excess of Revenues Under Expenditures</i>	(312)	(312)	(312)	0
<b>Other Financing Sources</b>				
Transfers In	312	312	312	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**Cardinal 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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$1,018,675	\$987,903	\$845,046	(\$142,857)
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	850,780	473,379	381,544	91,835
Fringe Benefits	16,866	140,433	128,916	11,517
Purchased Services	1,868	2,217	2,217	0
Materials and Supplies	227	25,957	25,856	101
Capital Outlay - New	0	8,100	2,992	5,108
Total Instruction	869,741	650,086	541,525	108,561
Support Services:				
Pupils:				
Salaries and Wages	3,613	44,771	44,771	0
Fringe Benefits	2,168	24,561	19,708	4,853
Purchased Services	984	250	146	104
Total Pupils	6,765	69,582	64,625	4,957
Instructional Staff:				
Salaries and Wages	0	21,856	21,856	0
Fringe Benefits	0	14,282	14,282	0
Purchased Services	9,843	34,593	33,602	991
Total Instructional Staff	9,843	70,731	69,740	991
Administration:				
Salaries and Wages	3,512	17,245	15,021	2,224
Fringe Benefits	8	6,885	5,800	1,085
Purchased Services	613	273	210	63
Total Administration	4,133	24,403	21,031	3,372
Fiscal:				
Other	832	4,000	1,009	2,991
Total Support Services	\$21,573	\$168,716	\$156,405	\$12,311

(continued)



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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	\$0	\$3,000	\$2,629	\$371
Materials and Supplies	0	2,167	954	1,213
Other	0	2,002	45	1,957
Total Operation of Non-Instructional Services	<u>0</u>	<u>7,169</u>	<u>3,628</u>	<u>3,541</u>
<i>Total Expenditures</i>	<u>891,314</u>	<u>825,971</u>	<u>701,558</u>	<u>124,413</u>
<i>Excess of Revenues Over Expenditures</i>	127,361	161,932	143,488	(18,444)
<b>Other Financing Uses</b>				
Advances Out	<u>(96,000)</u>	<u>(96,000)</u>	<u>(96,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	31,361	65,932	47,488	(18,444)
<i>Fund Balance Beginning of Year</i>	29,147	29,147	29,147	0
Prior Year Encumbrances Appropriated	<u>87,196</u>	<u>87,196</u>	<u>87,196</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$147,704</u></u>	<u><u>\$182,275</u></u>	<u><u>\$163,831</u></u>	<u><u>(\$18,444)</u></u>

**Cardinal 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, 2004*

	<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	\$9,433	\$8,565	\$5,099	(\$3,466)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	7,863	1,813	0	1,813
Capital Outlay - New	0	5,617	4,274	1,343
Total Instruction	7,863	7,430	4,274	3,156
Support Services:				
Instructional Staff:				
Purchased Services	0	2,000	2,000	0
Operation of Non-Instructional Services:				
Community Services				
Materials and Supplies	255	1,191	649	542
<i>Total Expenditures</i>	8,118	10,621	6,923	3,698
<i>Excess of Revenues Over (Under) Expenditures</i>	1,315	(2,056)	(1,824)	232
<b>Other Financing Sources</b>				
Advances In	0	1,568	1,568	0
<i>Net Change in Fund Balance</i>	1,315	(488)	(256)	232
<i>Fund Balance Beginning of Year</i>	1,285	1,285	1,285	0
Prior Year Encumbrances Appropriated	255	255	255	0
<i>Fund Balance End of Year</i>	<u>\$2,855</u>	<u>\$1,052</u>	<u>\$1,284</u>	<u>\$232</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$21,356	\$20,793	\$16,691	(\$4,102)
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	15,128	11,500	16,514	(5,014)
Fringe Benefits	0	1,572	13	1,559
Purchased Services	2,053	0	0	0
Materials and Supplies	500	1,241	541	700
Total Support Services	17,681	14,313	17,068	(2,755)
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	106	1,266	617	649
Total Expenditures	17,787	15,579	17,685	(2,106)
Excess of Revenues Over (Under) Expenditures	3,569	5,214	(994)	(6,208)
<b>Other Financing Sources (Uses)</b>				
Advances In	0	2,563	2,563	0
Advances Out	(2,000)	(2,000)	(2,000)	0
Total Other Financing Sources (Uses)	(2,000)	563	563	0
Net Change in Fund Balance	1,569	5,777	(431)	(6,208)
Fund Balance Beginning of Year	329	329	329	0
Prior Year Encumbrances Appropriated	102	102	102	0
Fund Balance End of Year	\$2,000	\$6,208	\$0	(\$6,208)

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Classroom Size Reduction Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$196,876	\$226,875	\$196,808	(\$30,067)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	187,101	120,276	119,160	1,116
Fringe Benefits	11,134	44,186	44,186	0
Purchased Services	2,105	85	85	0
Total Instruction	200,340	164,547	163,431	1,116
Support Services:				
Instructional Staff:				
Purchased Services	0	907	872	35
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	0	1,760	1,760	0
Materials and Supplies	0	501	501	0
Total Operation of Non-Instructional Services	0	2,261	2,261	0
<i>Total Expenditures</i>	200,340	167,715	166,564	1,151
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,464)	59,160	30,244	(28,916)
<b>Other Financing Uses</b>				
Advances Out	0	(30,000)	(30,000)	0
<i>Net Change in Fund Balance</i>	(3,464)	29,160	244	(28,916)
<i>Fund Balance Beginning of Year</i>	10,626	10,626	10,626	0
Prior Year Encumbrances Appropriated	23,048	23,048	23,048	0
<i>Fund Balance End of Year</i>	\$30,210	\$62,834	\$33,918	(\$28,916)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$17,559	\$21,183	\$19,677	(\$1,506)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	22,052	21,458	14,025	7,433
Special:				
Capital Outlay - New	8,459	8,514	8,459	55
Total Instruction	30,511	29,972	22,484	7,488
Support Services:				
Instructional Staff:				
Purchased Services	470	4,554	641	3,913
Capital Outlay - New	1,068	908	908	0
Total Support Services	1,538	5,462	1,549	3,913
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	0	232	77	155
<i>Total Expenditures</i>	32,049	35,666	24,110	11,556
<i>Excess of Revenues Under Expenditures</i>	(14,490)	(14,483)	(4,433)	10,050
<b>Other Financing Uses</b>				
Advances Out	0	(602)	(602)	0
<i>Net Change in Fund Balance</i>	(14,490)	(15,085)	(5,035)	10,050
<i>Fund Balance Beginning of Year</i>	64	64	64	0
Prior Year Encumbrances Appropriated	15,624	15,624	15,624	0
<i>Fund Balance End of Year</i>	\$1,198	\$603	\$10,653	\$10,050

**Cardinal 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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$350,978	\$371,104	\$368,358	(\$2,746)
Intergovernmental	37,641	30,250	39,505	9,255
<i>Total Revenues</i>	<u>388,619</u>	<u>401,354</u>	<u>407,863</u>	<u>6,509</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular Instruction:				
Materials and Supplies	50,000	32,683	31,982	701
Support Services:				
Fiscal:				
Other	4,000	16,261	9,114	7,147
Operation and Maintenance of Plant:				
Capital Outlay - Replacement	518,752	482,452	453,282	29,170
Pupil Transportation:				
Capital Outlay - Replacement	0	37,000	0	37,000
Total Support Services	<u>522,752</u>	<u>535,713</u>	<u>462,396</u>	<u>73,317</u>
Extracurricular Activities				
Sport Oriented Activities:				
Capital Outlay - Replacement	3,100	6,900	6,460	440
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - Replacement	1,961	15,290	12,385	2,905
Building Improvement Services:				
Purchased Services	14,819	14,998	8,179	6,819
Total Capital Outlay	<u>16,780</u>	<u>30,288</u>	<u>20,564</u>	<u>9,724</u>
<i>Total Expenditures</i>	<u>592,632</u>	<u>605,584</u>	<u>521,402</u>	<u>84,182</u>
<i>Net Change in Fund Balance</i>	(204,013)	(204,230)	(113,539)	90,691
<i>Fund Balance Beginning of Year</i>	60,467	60,467	60,467	0
Prior Year Encumbrances Appropriated	<u>143,813</u>	<u>143,813</u>	<u>143,813</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$267</u>	<u>\$50</u>	<u>\$90,741</u>	<u>\$90,691</u>

**Cardinal 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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$450,000	\$377,500	\$252,818	(\$124,682)
<b>Expenses</b>				
Purchased Services	4,032	4,032	2,205	1,827
Claims	430,598	430,598	274,799	155,799
Total Expenses	434,630	434,630	277,004	157,626
<i>Net Change in Fund Equity</i>	15,370	(57,130)	(24,186)	32,944
<i>Fund Equity Beginning of Year</i>	50,401	50,401	50,401	0
Prior Year Encumbrances Appropriated	22,628	22,628	22,628	0
<i>Fund Equity End of Year</i>	<u>\$88,399</u>	<u>\$15,899</u>	<u>\$48,843</u>	<u>\$32,944</u>

*(This Page Intentionally Left Blank)*



**Cardinal Local School District**  
*Governmental Activities Revenues by Source  
and Expenses by Function  
Last Five Fiscal Years*

	2004	2003	2002	2001	2000
<b>Program Revenues</b>					
Charges for Services and Sales	\$1,282,942	\$1,175,897	\$1,246,799	\$1,073,835	\$829,113
Operating Grants and Contributions	1,223,638	1,330,186	940,338	800,811	666,435
Capital Grants and Contributions	14,816	73,141	39,640	102,292	21,569
<b>General Revenues</b>					
Taxes	8,870,142	8,290,658	7,666,861	7,561,469	6,431,768
Intergovernmental	3,695,629	3,553,129	3,305,179	3,221,848	3,368,610
Contributions and Donations	0	3,500	0	0	0
Interest	102,886	179,892	949,742	962,597	700,727
Miscellaneous	298,351	2,001	291,496	15,418	28,591
<b>Total</b>	<b>\$15,488,404</b>	<b>\$14,608,404</b>	<b>\$14,440,055</b>	<b>\$13,738,270</b>	<b>\$12,046,813</b>
<b>Expenses</b>					
Current:					
Instruction:					
Regular	\$6,700,477	\$6,885,667	\$5,339,683	\$5,518,845	\$5,141,226
Special	1,677,655	1,953,428	1,341,464	1,233,556	1,318,006
Vocational	145,519	201,001	118,448	104,018	168,832
Support Services:					
Pupils	733,067	871,685	798,170	582,454	507,626
Instructional Staff	712,066	814,915	692,911	475,239	401,176
Board of Education	27,021	34,831	47,125	16,313	23,328
Administration	910,070	844,084	756,284	782,822	683,203
Fiscal	453,006	477,098	375,315	359,270	321,406
Business	45,553	50,711	45,080	48,487	59,220
Operation and Maintenance of Plant	1,184,735	1,387,312	1,128,307	1,056,124	897,041
Pupil Transportation	955,971	1,097,773	811,498	664,822	688,411
Central	270,224	241,170	206,313	184,936	172,079
Extracurricular Activities	421,052	408,672	353,431	327,796	331,264
Operation of Non-Instructional Services:					
Food Service Operations	457,508	367,376	380,650	300,626	310,665
Other Non-Instructional Services	35,499	215,053	71,153	81,410	67,521
Interest and Fiscal Charges	697,067	661,232	531,713	640,668	886,000
<b>Total</b>	<b>\$15,426,490</b>	<b>\$16,512,008</b>	<b>\$12,997,545</b>	<b>\$12,377,386</b>	<b>\$11,977,004</b>

Source: School District Financial Records

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

	2004	2003	2002	2001	2000
<b>Revenues</b>					
Taxes	\$8,875,592	\$8,272,725	\$7,610,341	\$7,522,004	\$5,920,054
Intergovernmental	5,157,158	4,550,158	4,265,296	4,193,709	3,084,141
Interest	102,886	179,892	950,156	962,252	194,097
Charges for Services	231,794	243,467	310,398	284,445	0
Tuition and Fees	777,582	777,872	815,067	663,084	655,173
Extracurricular Activities	115,302	105,257	117,980	108,594	0
Rentals	75,448	49,301	3,354	2,985	4,127
Contributions and Donations	19,816	54,799	19,447	14,727	0
Miscellaneous	298,351	2,001	291,496	12,215	33,984
<b>Total</b>	<b>\$15,653,929</b>	<b>\$14,235,472</b>	<b>\$14,383,535</b>	<b>\$13,764,015</b>	<b>\$9,891,576</b>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	\$6,118,373	\$5,996,850	\$5,524,317	\$5,059,446	\$4,722,211
Special	1,646,952	1,728,565	1,348,861	1,246,973	800,468
Vocational	152,655	116,549	119,058	119,824	171,121
Support Services:					
Pupils	727,765	819,596	794,276	587,965	447,870
Instructional Staff	670,677	630,426	698,042	460,253	306,104
Board of Education	26,075	34,831	47,125	16,313	24,446
Administration	905,596	789,716	787,357	747,858	667,600
Fiscal	470,403	432,916	370,556	348,564	308,950
Business	42,203	51,034	45,769	49,226	57,881
Operation and Maintenance of Plant	1,380,779	1,258,452	1,052,605	983,080	885,844
Pupil Transportation	916,987	915,585	796,926	829,342	684,116
Central	273,729	231,586	189,252	187,016	165,438
Extracurricular Activities	403,310	277,857	369,125	333,703	226,819
Operation of Non-Instructional Services:					
Food Service Operations	421,174	374,679	464,370	359,222	0
Other Non-Instructional Operations	39,245	297,467	0	79,763	62,682
Capital Outlay	2,551,860	2,074,561	6,162,464	3,800,658	35,329
Debt Service	1,051,436	1,169,365	989,989	782,501	0
<b>Total</b>	<b>\$17,799,219</b>	<b>\$17,200,035</b>	<b>\$19,760,092</b>	<b>\$15,991,707</b>	<b>\$9,566,879</b>

Source: School District Financial Records

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

(2) 1995 reported on a cash basis, all other years on a Modified Accrual Basis.

1999	1998	1997	1996	1995 (2)
\$5,939,096	\$5,544,430	\$5,296,756	\$4,543,157	\$4,616,543
3,389,696	3,233,588	3,105,802	3,065,402	2,915,504
140,853	109,452	88,669	70,857	49,050
0	0	0	0	0
151,925	132,548	138,932	125,914	122,585
0	0	0	0	0
2,758	2,104	3,139	3,804	5,343
0	0	345	6,825	495
5,949	65,101	0	920	846
<u>\$9,630,277</u>	<u>\$9,087,223</u>	<u>\$8,633,643</u>	<u>\$7,816,879</u>	<u>\$7,710,366</u>
\$4,214,024	\$4,076,228	\$3,999,704	\$3,728,955	\$3,663,910
711,020	508,714	455,100	489,916	403,397
170,192	160,770	154,972	152,644	157,373
451,004	391,116	421,947	402,261	357,940
274,548	234,214	203,775	196,579	201,677
19,497	19,643	23,278	19,139	19,259
657,306	632,230	655,597	667,961	636,190
280,535	272,453	291,628	278,952	274,460
56,105	48,223	44,418	44,222	43,324
923,486	842,115	864,957	875,722	740,759
722,151	695,202	701,000	584,067	607,242
192,743	178,344	187,308	184,533	170,378
188,028	180,654	178,185	164,484	163,727
0	0	0	0	0
64,518	60,180	63,066	57,869	58,128
0	0	0	8,000	28,714
0	24,015	18,615	13,215	0
<u>\$8,925,157</u>	<u>\$8,324,101</u>	<u>\$8,263,550</u>	<u>\$7,868,519</u>	<u>\$7,526,478</u>

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

Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Total Tax Levy	Delinquent Tax Collections	Total Tax Collections
2003	\$9,727,424	\$9,048,653	93.0%	\$251,122	\$9,299,775
2002	8,914,432	8,231,692	92.3	224,421	8,456,113
2001	8,301,429	7,806,730	94.0	169,835	7,976,565
2000	8,167,546	7,681,629	94.1	144,881	7,826,510
1999	7,061,165	6,594,575	93.4	144,881	6,739,456
1998	6,518,460	6,402,632	98.2	213,730	6,616,362
1997	5,944,364	5,772,668	97.1	153,832	5,926,500
1996	5,708,577	5,545,982	97.2	159,449	5,705,431
1995	5,333,025	5,177,712	97.1	220,945	5,398,657
1994	5,220,818	5,048,487	96.7	213,513	5,262,000

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as intergovernmental revenue.
- (2) Represents collection year. 2004 information cannot be presented because all collections have not been made by June 30.

---



---

<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
95.6%	\$427,649	4.4%
94.9	462,118	5.2
96.1	385,418	4.6
95.8	347,486	4.3
95.4	343,754	4.9
101.5	191,860	2.9
99.7	255,461	4.3
99.9	187,319	3.3
101.2	180,046	3.4
100.8	212,235	4.1

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

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2004	\$209,675,890	\$599,073,971	\$6,943,780	\$7,890,659
2003	203,583,810	581,668,029	6,943,510	7,890,352
2002	180,996,580	511,759,371	7,392,290	8,377,148
2001	171,952,750	491,293,571	8,702,780	9,889,523
2000	166,528,650	475,796,143	8,917,030	10,132,989
1999	133,001,590	380,004,543	9,585,480	10,892,591
1998	128,355,050	366,728,714	9,491,840	10,786,182
1997	123,338,590	352,395,971	8,820,000	10,022,727
1996	112,063,340	320,180,971	8,669,150	9,851,307
1995	108,065,740	308,759,257	8,596,610	9,768,875

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

(1) This amount is calculated based on the following percentages:

Real estate is assessed at 35 percent of actual value.

Public utility personal is assessed at 88 percent of actual value.

Tangible personal property is assessed at 25 percent for capital assets and 23 percent for inventory .

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Ratio
\$53,316,420	\$213,265,680	\$269,936,090	\$820,230,311	33%
50,313,160	201,252,640	260,840,480	790,811,021	33
49,792,500	199,088,880	238,181,370	719,225,399	33
48,597,230	194,388,920	229,252,760	695,572,014	33
44,936,615	179,746,460	220,382,295	665,675,592	33
43,299,674	173,198,696	185,886,744	564,095,830	33
40,323,480	161,293,920	178,170,370	538,808,816	33
37,495,320	149,981,280	169,653,910	512,399,978	33
31,960,530	127,842,120	152,693,020	457,874,398	33
30,067,030	120,268,120	146,729,380	438,796,252	33

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

Year	School Levy	JVS	Special District (1)	Library	County Levy	Total Levy	Debt Service Included in Total Levy		
							School	County	Total
2004	\$56.25	\$1.50	\$4.05	\$1.00	\$15.10	\$77.90	\$4.15	\$0.30	\$4.45
2003	56.25	1.50	4.05	1.00	14.60	77.40	4.15	0.30	4.45
2002	56.60	1.50	2.80	1.00	14.40	76.30	5.00	0.30	5.30
2001	55.60	1.50	2.80	1.00	13.40	74.30	4.00	0.30	4.30
2000	55.60	1.50	2.80	1.00	12.65	73.55	4.00	0.30	4.30
1999	52.10	1.50	2.80	1.00	12.45	69.85	0.50	0.30	0.80
1998	52.60	1.50	2.80	1.00	12.45	70.35	2.00	0.30	2.30
1997	52.70	1.50	2.80	1.00	12.45	70.45	2.10	0.30	2.40
1996	53.00	1.50	2.80	1.00	12.45	70.75	0.90	0.30	1.20
1995	53.00	1.50	2.80	1.00	12.85	71.15	0.90	0.30	1.20

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

(1) Applies to Middlefield Village and Middlefield Township only.



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

Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2004	\$11,177,838	\$269,936,090	13,494	4.14	\$828.36
2003	11,701,186	260,840,480	13,494	4.49	867.14
2002	12,196,420	238,181,370	13,494	5.12	903.84
2001	9,464,224	229,252,760	13,494	4.13	701.37
2000	9,728,818	220,382,295	14,439	4.41	673.79
1999	278,854	185,886,744	14,115	0.15	19.76
1998	480,606	178,170,370	13,951	0.27	34.45
1997	753,997	169,653,910	13,938	0.44	54.10
1996	864,390	152,693,020	13,924	0.57	62.08
1995	1,010,272	146,729,380	13,910	0.69	72.63

Sources:

- (1) School District Financial Records
- (2) Geauga County Auditor
- (3) U.S. Census of Population (estimated), 2000 Federal Census  
Gauga County Planning Commission

**Cardinal Local School District**  
*Computation of Legal Debt Margin*  
 June 30, 2004

Assessed Valuation	\$269,936,090
Overall Debt Limit - 9% of Assessed Value (1)	\$24,294,248
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	8,964,930
Energy Conservation Bonds	70,000
Middlefield Public Library Bonds	2,745,000
Amount Available in Debt Service Fund	(602,092)
Total	11,177,838
Exemptions:	
Energy Conservation Bonds	(70,000)
Amount of Debt Subject to the Limit	11,107,838
Overall Debt Margin	\$13,186,410
Unvoted Debt Limit - .10% of Assessed Value (1)	\$269,936
Amount of Debt Applicable	0
Unvoted Debt Margin	\$269,936
Additional Limit for Unvoted Energy Conservation Bonds:	
Debt Limit - .10% of Assessed Valuation	\$269,936
Less: Energy Conservation Bonds	(70,000)
Energy Conservation Bond Debt Margin	\$199,936

Source: Geauga County Auditor and School District Financial Records

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

**Cardinal Local School District**  
*Computation of Direct and Overlapping General Obligation Bonded Debt*  
*December 31, 2003*

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
Direct:			
Cardinal Local School District	\$11,779,930	100.00%	\$11,779,930
Overlapping:			
Geauga County	860,000	9.86	<u>84,796</u>
Total			<u><u>\$11,864,726</u></u>

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2003 collection year.

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

Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (1)(2)	Ratio of Debt Service to General Governmental Expenditures (Percentage)
2004	\$460,000	\$591,436	\$1,051,436	\$17,799,219	6.02%
2003	515,000	654,365	1,169,365	17,200,035	6.80
2002	365,000	531,049	896,049	19,760,092	4.53
2001	110,000	659,033	769,033	15,991,707	4.81
2000	110,000	32,439	142,439	9,566,879	1.49
1999	105,000	42,455	147,455	8,925,157	1.65
1998	105,000	45,879	150,879	8,324,101	1.81
1997	165,000	54,066	219,066	8,263,550	2.65
1996	165,000	63,740	228,740	7,868,519	2.91
1995	120,000	74,765	194,765	7,526,478	2.59

Source: School District Financial Records

- (1) Includes General, Special Revenue, Capital Projects and Debt Service Funds.
- (2) 1995 on a cash basis. All other years on a modified accrual basis.

## Cardinal Local School District

### *Demographic Statistics*

#### *Last Ten Years*

---

---

<u>Year</u>	<u>Geauga County Population (1)</u>	<u>Cardinal LSD Area Population (2)</u>	<u>School Enrollment (3)</u>	<u>Geauga County Unemployment Rate (4)</u>
2004	93,649	15,500	1,446	5.3%
2003	92,722	13,804	1,428	4.4
2002	91,804	13,494	1,426	3.7
2001	90,895	13,494	1,480	2.9
2000	89,598	14,439	1,469	2.8
1999	87,913	14,115	1,523	3.0
1998	86,054	13,951	1,577	3.5
1997	86,054	13,938	1,549	3.6
1996	84,260	13,924	1,550	3.8
1995	83,400	13,910	1,532	3.8

Sources:

- (1) Estimated Figure from U.S. Census Bureau
- (2) U.S. Census of Population (estimated), 2000 Federal Census
- (3) School District Records
- (4) Ohio Bureau of Employment Services

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

Year	Property Value (Real Estate Only) (1)	Financial Institution Deposits Banks	Value of Permits Issued Geauga County	Value of Permits Issued Huntsburg Township
2003	\$203,583,810	\$365,826,000	\$150,229,559	\$3,204,651
2002	180,996,580	288,126,000	212,264,802	3,409,480
2001	171,952,750	220,100,693	212,264,802	3,409,480
2000	166,528,650	222,518,000	199,824,566	1,568,057
1999	133,001,590	249,478,000	185,757,149	3,675,675
1998	128,355,050	254,641,000	182,418,469	2,599,387
1997	123,338,590	222,202,000	167,879,981	2,075,000
1996	112,063,340	212,614,000	167,613,997	3,195,520
1995	108,065,740	194,409,000	133,225,836	3,480,700
1994	104,905,480	188,020,000	123,017,654	2,790,820

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

(1) Represents assessed value.

Value of Permits Issued Middlefield Township	Value of Permits Issued Middlefield Village	Value of Permits Issued Parkman Township
\$2,719,765	\$7,915,288	\$3,469,082
3,490,725	44,866,471	3,701,205
3,490,725	44,866,471	3,701,205
971,320	2,973,404	1,345,856
5,720,072	5,820,500	2,673,502
3,603,445	7,306,938	3,062,148
1,169,329	2,574,255	2,138,600
3,589,837	8,598,774	2,071,862
1,559,186	3,198,112	1,962,002
3,031,850	6,764,709	2,045,260

**Cardinal Local School District**

*Principal Taxpayers*

*Real Estate Tax*

*December 31, 2003*

---

---

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Real Estate Tax Assessed Value</u>
Kraftmaid Cabinetry	\$5,950,040	2.84 %
Johnson Rubber	1,780,620	0.85
Richard Bonner	1,545,350	0.74
Burdkidz, Limited	1,323,080	0.63
Sajar Plastics	1,195,920	0.57
Dillen Properties, Limited	1,177,980	0.56
Middlefield Square	1,114,570	0.53
Harrington Square	1,108,700	0.53
Middlefield Banking Company	1,074,390	0.51
Anna M. Rothenbuhler	996,200	0.48
Total	<u>\$17,266,850</u>	<u>8.24 %</u>
<i>Total Real Estate Tax Assessed Value</i>	<u>\$209,675,890</u>	

Source: Geauga County Auditor

(1) Assessed values are for the 2004 collection year.



**Cardinal Local School District**

*Principal Taxpayers*

*Tangible Personal Property Tax*

*December 31, 2003*

---

---

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Tangible Personal Property Tax Assessed Value</u>
Kraftmaid Cabinetry, Inc.	\$15,962,650	29.94 %
Myers Industries, Inc.	6,519,710	12.23
Duramax, Inc.	5,254,720	9.85
Gold Key Processing, LTD	1,539,320	2.89
Mercury Plastics, Inc.	1,444,950	2.71
Neff Perkins Company	1,249,310	2.34
Sajar Plastics	995,800	1.87
Xerox Corporation	942,780	1.77
Neo Beam Alliance Limited	926,890	1.74
Middlefield Mix, Inc.	748,060	1.40
Total	<u>\$35,584,190</u>	<u>66.74 %</u>
<i>Total Tangible Personal Property Tax Assessed Value</i>	<u><u>\$53,316,420</u></u>	

Source: Geauga County Auditor

(1) Assessed values are for the 2004 collection year.

**Cardinal Local School District**

*Principal Taxpayers*

*Public Utilities Tax*

*December 31, 2003*

---

---

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Public Utilities Tax Assessed Value</u>
Cleveland Electric Illuminating Company	\$3,872,080	55.76 %
Western Reserve Telephone Company	1,018,290	14.66
Ohio Edison	741,570	10.68
American Transmission	625,780	9.01
East Ohio Gas Company	<u>261,920</u>	<u>3.78</u>
Total	<u>\$6,519,640</u>	<u>93.89 %</u>
<i>Total Public Utilities Tax Assessed Value</i>	<u>\$6,943,780</u>	

Source: Geauga County Auditor

(1) Assessed values are for the 2004 collection year.

**Cardinal Local School District**

*Per Pupil Cost*

*Last Ten Fiscal Years*

---

---

<u>Year</u>	<u>General Fund Expenditures (1)(2)</u>	<u>Average Daily Student Enrollment</u>	<u>Per Cost Pupil</u>
2004	\$12,262,623	1,446	\$8,480
2003	12,142,413	1,428	8,503
2002	11,094,146	1,426	7,780
2001	10,375,256	1,480	7,010
2000	9,573,179	1,469	6,517
1999	8,925,157	1,523	5,860
1998	8,324,101	1,577	5,278
1997	8,263,550	1,549	5,335
1996	7,868,519	1,550	5,076
1995	7,661,194	1,532	5,001

Source: School District Financial Records.

(1) Includes Other Financing Uses.

(2) 1995 on cash basis. All other years on a modified accrual basis.

**Cardinal Local School District**

*Teacher Education and Experience*

*June 30, 2004*

---

---

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	20	18.18 %
Bachelor + 15	8	7.27
Bachelor + 30	15	13.64
Master's Degree	28	25.45
Master's + 15	18	16.36
Master's + 30	<u>21</u>	<u>19.10</u>
Total	<u>110</u>	<u>100.00 %</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	22	20.00 %
6 - 10	20	18.18
11 and Over	<u>68</u>	<u>61.82</u>
	<u>110</u>	<u>100.00 %</u>

Source: School District Personnel Records



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CARDINAL 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**

**MARCH 15, 2005**