

# **Cardinal Local School District**

\* \* \* \*

*Report Letters*

***June 30, 2005***





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Cardinal Local School District  
16000 East High Street  
Middlefield, Ohio 44062

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, 2004 through June 30, 2005. 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 black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

March 22, 2006

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**CARDINAL LOCAL SCHOOL DISTRICT**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

January 16, 2006

The Board of Education  
Cardinal Local School District  
16000 East High Street  
P.O. Box 188  
Middlefield, Ohio 44062

**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 Cardinal Local School District as of and for the year ended June 30, 2005, and have issued our report thereon dated January 16, 2006. 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 Cardinal Local School 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cardinal Local School 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*.

Cardinal Local School District  
Report on Compliance and Internal Control

This report is intended solely for the information and use of the Board of Education and Management 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 16, 2006

The Board of Education  
Cardinal Local School District  
16000 East High Street  
P.O. Box 188  
Middlefield, Ohio 44062

**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 Cardinal Local School 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, 2005. Cardinal Local School District's major federal programs are 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 Cardinal Local School District's management. Our responsibility is to express an opinion on Cardinal Local School 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 Circulars 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 Cardinal Local School 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 Cardinal Local School District's compliance with those requirements.

In our opinion, Cardinal Local School 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, 2005.



**Internal Control Over Compliance**

The management of Cardinal Local School 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 Cardinal Local School 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted an immaterial instance of non-compliance that we have reported to management of Cardinal Local School District in a separate letter dated January 16, 2006.

**Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cardinal Local School District, as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 16, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. 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 of Cardinal Local School District. 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 of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kea & Associates, Inc.*

CARDINAL LOCAL SCHOOL DISTRICT  
 GEAUGA COUNTY  
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2005

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 2004	\$ (84,664)		\$ 167,295	
		C1-S1 2005	<u>819,728</u>		<u>597,551</u>	
Total Title 1, Part A, ESEA			735,064		764,846	
IDEA-B Grant	84.027	6B-SF 2004	(35,838)		51,399	
		6B-SF 2005	<u>377,977</u>		<u>328,726</u>	
Total IDEA-B			342,139		380,125	
Innovative Education Program Strategies	84.298	C2-S1 2004	647		3,183	
		C2-S1 2005	<u>7,219</u>		<u>5,248</u>	
Total Innovative Education Program Strategies			7,866		8,431	
Technology Literacy Challenge Fund	84.318	TJ-S1 2004	(3,616)		10,781	
		TJ-S1 2005	<u>18,892</u>		<u>13,998</u>	
Total Technology Literacy Challenge Fund			15,276		24,779	
Title II-A	84.367	TR-S1 2004	(10,364)		35,142	
		TR-S1 2005	<u>171,694</u>		<u>158,774</u>	
Total Title II-A			161,330		193,916	
Improving Teacher Quality	84.340		0		1,126	
Safe, Drug-Free Schools & Communities Act Grant	84.186	DR-S1 2004	2,439		3,101	
		DR-S1 2005	<u>17,432</u>		<u>15,775</u>	
Total Safe, Drug-Free Schools & Communities Act Grant			19,871		18,876	
Total U. S. Department of Education			<u>1,281,546</u>		<u>1,392,099</u>	
U. S. DEPARTMENT OF AGRICULTURE (Passed through Ohio Department of Education) Nutrition Cluster:						
Food Distribution Program	10.550	FY05		\$ 30,960		\$ 30,960
National School Lunch Program	10.555	LL-P4 2004	28,462		28,462	
		LL-P4 2005	<u>75,679</u>		<u>75,679</u>	
Total National School Lunch Program			104,141		104,141	
Total US Department of Agriculture - Nutrition Cluster			<u>104,141</u>	<u>30,960</u>	<u>104,141</u>	<u>30,960</u>
Total Federal Financial Assistance			<u>\$ 1,385,687</u>	<u>\$ 30,960</u>	<u>\$ 1,496,240</u>	<u>\$ 30,960</u>

CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2005

**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 II-A 84.367 Special Ed. Cluster 84.027
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
JUNE 30, 2005

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**REPORTABLE CONDITIONS**

<b>NONE</b>	
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<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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<b>NONE</b>	
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<b>4. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</b>
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Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
<b>NONE</b>			

# **CARDINAL LOCAL SCHOOL DISTRICT**

Middlefield, Ohio

## **Comprehensive Annual Financial Report**



For the Fiscal Year Ended June 30, 2005



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

**Comprehensive Annual Financial Report**  
*For the Fiscal Year Ended June 30, 2005*

Prepared by

Treasurer's Office  
Dianne Kellogg  
Treasurer





Cardinal Local School District  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2005*  
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## **Introductory Section**



# Cardinal School District

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

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

January 16, 2006

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, 2005. This CAFR includes an opinion from the Independent Auditors 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 management of 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 school district operates under a locally-elected Board form of government. This Board manages the School District's 5 instructional/support facilities staffed by 79 non-certificated employees, 108 certificated full time teaching personnel and 7 administrative employees to provide services to 1,447 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 Myers Industries, Inc. Over 40 percent of Geauga County's industry is located within the School District contributing 23 percent of the real estate valuation and \$56,300,906 in tangible personal property tax valuation to the School District. The Village continues to encourage economic development through the use of tax incentives. Currently, 62 percent of the tax abatement area is developed while 38 percent remains available for future growth. There is continued interest in the abatement area and Village Council is looking at future programs. 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.

Near the west-end of town a new Wal-Mart opened in June 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.

Gold Key, a plastics product company, was started in Middlefield in 1998. Their 100,000 square foot facility now has an additional 40,000 square feet. With the addition of the new employees and the expansion, the company exceeded the \$1,000,000 in new payroll that gives the school district 50% of all



income tax paid over the payroll base of \$1,000,000. In 2005, the school district received \$81,000 for income tax paid to the Village in years 2002, 2003 and 2004.

KraftMaid Cabinetry is continuing to grow with the expansion of the world headquarters office in 2005.

Landowner and developer, Richard Bonner, is building affordable condominiums in his complex on State Route 528. New construction hit its targeted growth with the addition of \$8,727,950 in value for the 2006 collection 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 lower interest rates and increased costs in health care, bus fuel and utilities, the School District was forced to return to the ballot for additional operating revenues. The 5.95 mill operating levy to cover current expenses was defeated by the voters for the fourth time on November 8, 2005. The school district will assess the prudence of another attempt at the primary in 2006.

### **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" while both Parkman Elementary and Cardinal High School received "Excellent" ratings.

#### ***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***

The Middlefield Public Library building was completed early this fiscal year. The \$3,000,000 facility is much need improvement as the branch has the largest circulation in Geauga County and was unable to add

to the collection at the previous site. In May, 2005 the school district and Library Board modified the existing "triple net lease" agreement to allow for the exchange of deeds at the end of the bonded debt (a period of twenty years). At that time the school district will have ownership of the old library facility adjoining A.J. Jordak and the Middlefield Educational Center properties and the Geauga County Public Library will have ownership of the new facility. The school district intends to use the facility for Board of Education offices, a parent resource center and technology hub as soon as renovations are completed.

The school district has accepted open enrollment students since the programs, inception in 1993. 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 \$600,000 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.

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

**Government-wide financial statements** These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by 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 Auditor's Report in the financial section of this report. The Management's Discussion and Analysis provides an assessment of the School District's finances for fiscal year 2005. Because that discussion focuses on major funds, 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 \$24,178 at June 30, 2005, compared with \$73,173 in 2004 reflecting a net decrease of \$48,995. Effective July 1, 2005 the school district has gone to a fully insured program with United Healthcare. This is another attempt to contain costs in the school district's benefit programs. The claims run-out, as well as, the administration will be funded with the balance in the Internal Service Fund as of June 30, 2005.

## **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 \$60,819 for fiscal year 2005, all of which was credited to the general 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, Inc. was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2005. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all school 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, 2004. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

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

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

### **Acknowledgments**

The publication of this 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 Rea & Associates, Inc firm 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,



Dianne Kellogg  
Treasurer



Paul Yocum  
Superintendent

**Cardinal Local School District**  
*Principal Officials*  
*June 30, 2005*

***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

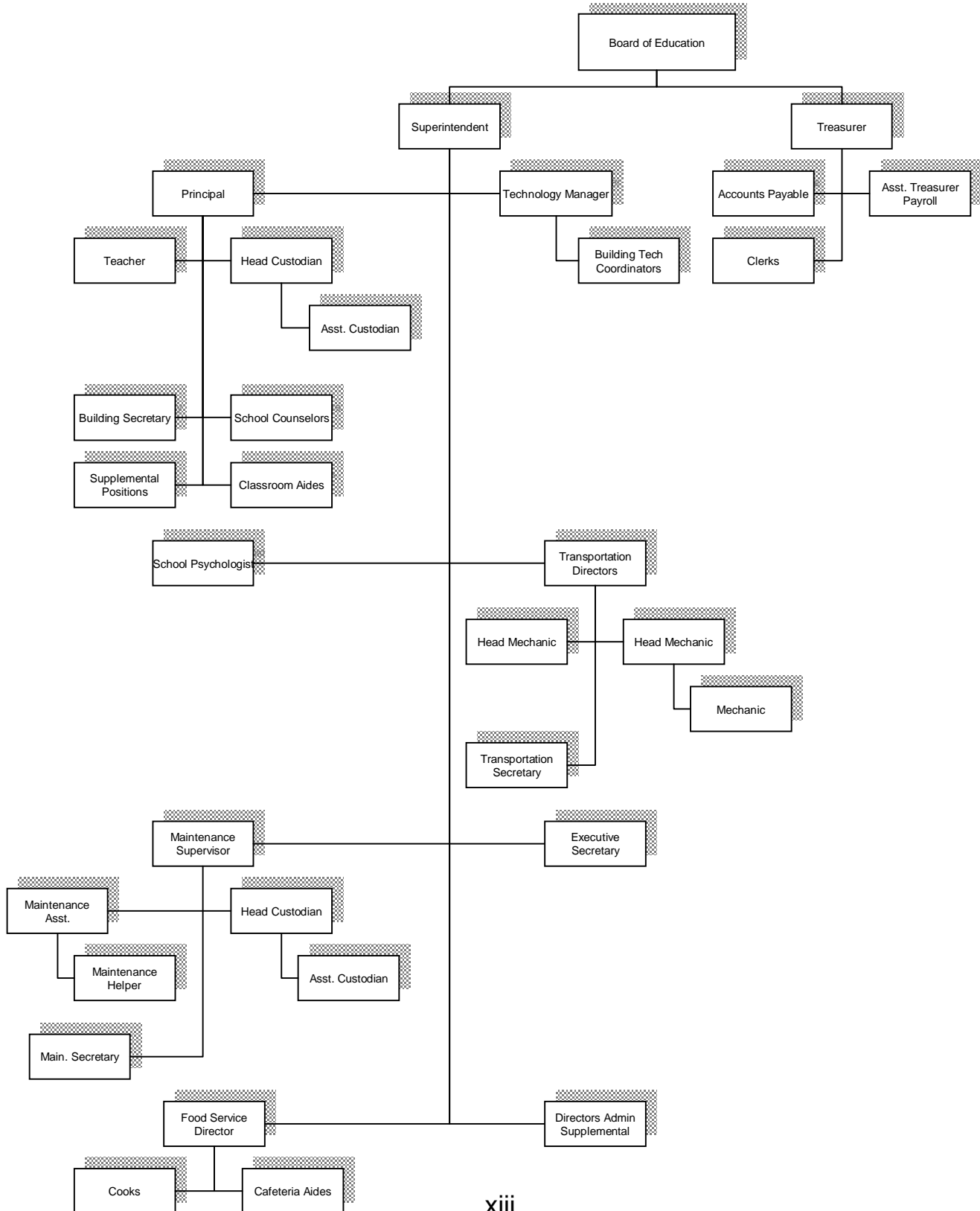
***Treasurer***

Mrs. Dianne Kellogg

***Superintendent***

Mr. Paul D. Yocum

# 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, 2004

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



*Nancy L. Zields*

President

*Jeffrey R. Emer*

Executive Director



## **Financial Section**



January 16, 2006

The Board of Education  
Cardinal Local School District  
Middlefield, Oh 44062

### **INDEPENDENT AUDITOR'S REPORT**

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cardinal Local School District as of June 30, 2005, and the respective changes in financial position and 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 16, 2006, on our consideration of Cardinal Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, combining nonmajor fund statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements of Cardinal Local School District. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to auditing procedures applied in the audit of basic financial statements, and accordingly, we express no opinion on them.

*Rea & Associates, Inc.*

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

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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, 2005. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2005 include:

- Completion and recognition 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 decreased by \$2,162,696, primarily due to the decrease in capital assets of \$2,295,250.
- Total revenues of \$16,812,501 were comprised of general revenues in the amount of \$13,943,363 or 82.9 percent and program specific revenues from charges for services, grants and contributions in the amount of \$2,869,138 or 17.1 percent.
- Total assets decreased by \$4,178,698. Capital assets, net of depreciation decreased by \$2,295,250 reflecting the completion of new Middlefield Public Library. Current and other assets decreased by \$1,883,448 with the decrease of \$1,806,348 in equity in pooled cash and cash equivalents.

**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 nonmajor 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, 2005*  
*Unaudited*

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## **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, and 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 operations.

## **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. The charge for a school lunch cannot keep pace with the ever-increasing wage and

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

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 2005 compared to 2004:

(Table 1)  
Net Assets

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>Restated 2004</u>
<b>Assets</b>		
Current and Other Assets	\$11,758,307	\$13,641,755
Capital Assets, Net	<u>12,967,390</u>	<u>15,262,640</u>
<i>Total Assets</i>	<u>24,725,697</u>	<u>28,904,395</u>
<b>Liabilities</b>		
Current and Other Liabilities	8,602,643	10,201,265
Long-Term Liabilities:		
Due Within One Year	374,935	859,428
Due in More than One Year	<u>12,964,249</u>	<u>12,897,135</u>
<i>Total Liabilities</i>	<u>21,941,827</u>	<u>23,957,828</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	3,928,114	4,393,869
Restricted:		
Capital Projects	281,224	196,021
Debt Service	951,862	338,873
Set Asides	127,341	127,341
Other Purposes	209,748	147,899
Unrestricted (Deficit)	<u>(2,714,419)</u>	<u>(257,437)</u>
<i>Total Net Assets</i>	<u>\$2,783,870</u>	<u>\$4,946,566</u>

Total assets decreased \$4,178,698, primarily with a decrease in capital assets of \$2,295,250. The primary factor contributing to the decrease in capital assets (and net assets) was the recognition of a "special item" on the Statement of Activities. This special item was recorded from the recognition of the exchange of buildings with the Geauga County Public Library ("Library").

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

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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. 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 the later of 20 years or upon the retirement of outstanding obligations related to its construction. At that time, the School District will deed the building to the Library. The building formally used as the library building will be given to the School District in 2022.

During the construction phase of the project, the School District capitalized the costs of this construction for a total amount of \$3,104,855. This project was completed and the Library began operations in the newly constructed building during fiscal year 2005. Also during the year, the School District received occupancy use of the land and building in which the Library previously operated from. The appraised value of this land and building was \$422,900 at the date the School District gained occupancy possession.

As part of the cooperative agreement and base lease (the "Agreement") between the School District and the Library, the title of the newly constructed library will be titled to the Library, and the old library will be titled to the School District at the later of January 14, 2022 or on the date on which all of the obligations related to the construction of the new library building have been retired. Based on this binding contract, the capitalized construction expenses that have been reported on the School District's financial statements have been removed, in essence, contributed to the Library. Also, the assessed value of the old library has been capitalized (contributions from) by the School District. The net amount of these transactions of (\$2,681,955) has been reported as a "special item" on the Statement of Activities.

Current liabilities within governmental activities decreased by \$1,598,622, as compared to the prior fiscal year. Unearned revenue had a decrease of \$1,525,978 from the prior year comprising the largest portion of the current liabilities decrease. There were no significant changes in taxes receivable from the prior year; however more property tax collections were available as an advance from the County. This amount is recognized as revenue in the basic financial statements.



**Cardinal Local School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

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

**(Table 2)**  
**Governmental Activities**

	2005	Restated 2004
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,269,578	\$ 1,282,942
Operating Grants and Contributions	1,590,425	1,223,638
Capital Grants	9,135	14,816
<i>Total Program Revenue</i>	<u>2,869,138</u>	<u>2,521,396</u>
<i>General Revenue:</i>		
Property Taxes	10,320,703	8,870,142
Grants and Entitlements	3,411,745	3,695,629
Miscellaneous and Investment Earnings	210,915	401,237
Special Items	(2,681,955)	0
Total General Revenues and Special Items	<u>11,261,408</u>	<u>12,967,008</u>
<i>Total Revenues</i>	<u>14,130,546</u>	<u>15,488,404</u>
<b>Program Expenses</b>		
Instruction	8,606,747	8,408,927
<i>Support Services:</i>		
Pupil and Instructional Staff	1,899,690	1,375,233
Board of Education, Administration, Fiscal and Business	1,537,214	1,410,116
Operation and Maintenance	1,428,796	1,132,852
Pupil Transportation	958,004	896,446
Central	275,932	284,577
Extracurricular Activities	411,279	421,052
Operation of Food Services	488,984	461,058
Other Non-Instructional Services	0	25,009
Interest and Fiscal Charges	686,596	697,067
<i>Total Expenses</i>	<u>16,293,242</u>	<u>15,112,337</u>
Increase (Decrease) in Net Assets	(2,162,696)	376,067
<i>Net Assets Beginning of Year</i>	4,946,566	4,570,499
<i>Net Assets End of Year</i>	<u>\$ 2,783,870</u>	<u>\$ 4,946,566</u>

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 \$5,428 per pupil under Ohio's open enrollment plan. The 1.04 percent decrease in the revenues from *charges for services and sales* is derived from decline in open enrollment students. The School District operates special education units with excess costs charged back to the students' district of residence.

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

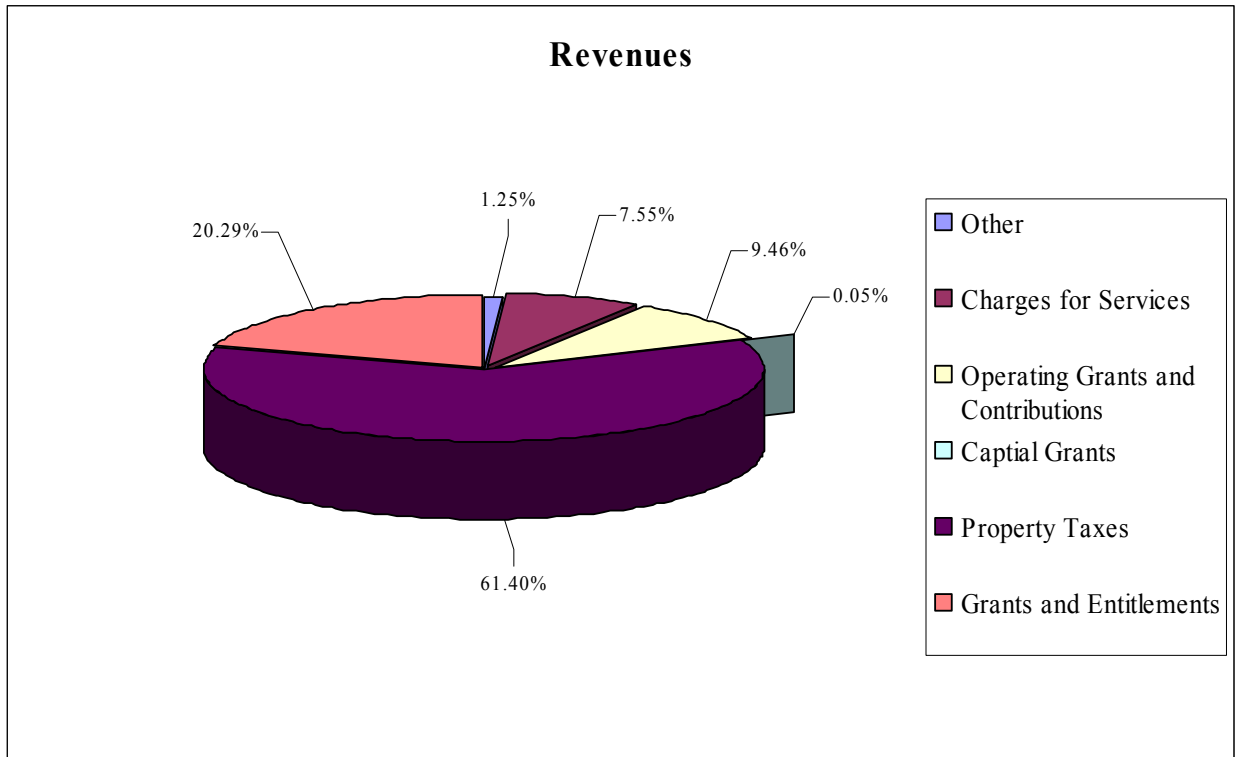
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The 29.98 percent increase in *operating grants and contributions* stems from increases in all existing federal entitlementments.

The net decrease in net assets of \$2,162,696 was primarily caused by the recognition of a special item during the period, as previously discussed.

Property taxes made up 61.40 percent of total revenues for governmental activities for Cardinal Local School District in fiscal year 2005. Program Revenues comprised of *charges for services and sales, operating grants and contributions and capital grants and contributions*, provided 17.06 percent of total revenues. 82.93 percent of all governmental activities are supported through property taxes, grants and entitlementments, and other general revenues. The 20.29 percent provided by the grants and entitlementments portion of general revenues includes monies received from the Ohio Department of Education, State Foundation Program and property tax relief such as the homestead exemptions and rollbacks provided by HB 920. The community, through its willingness to provide property tax revenues, is by far the primary support for Cardinal Local School District students.

(Graph 1)  
Revenue Distribution - Governmental Activities

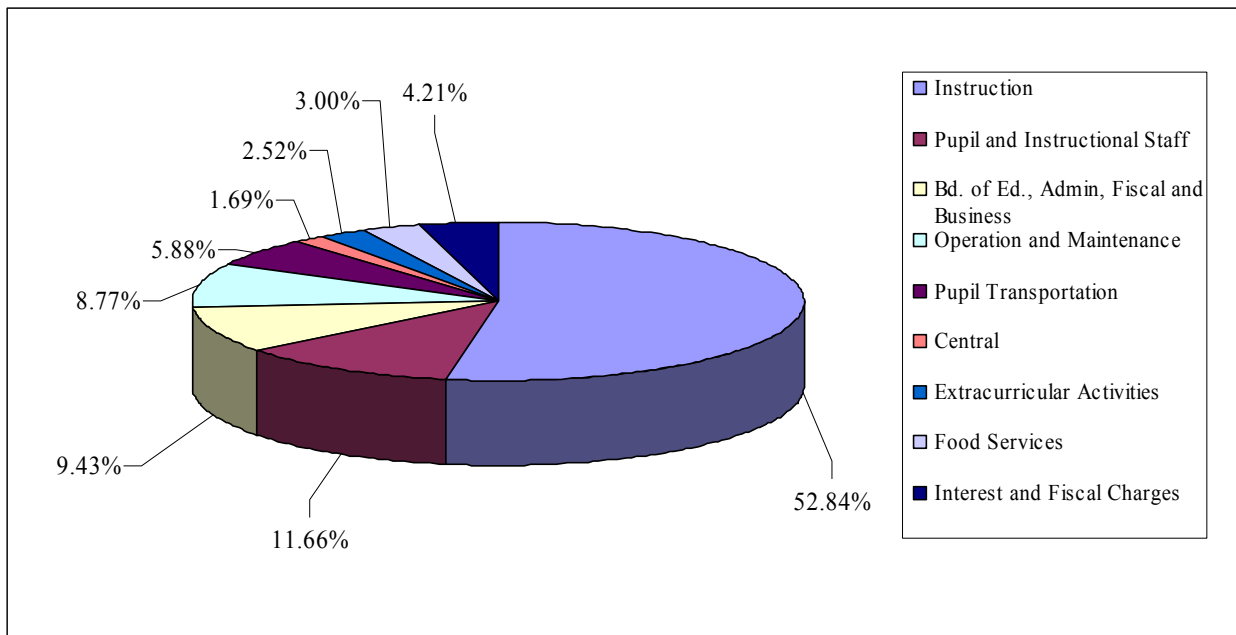


**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*Unaudited*

Instruction comprised 52.84 percent of governmental program expenses or 2.35 percent increase from fiscal 2004. Support services in the area of pupil and instructional staff increased by 38.14 percent.

The expenses for food service operations in 2005 increased \$27,926 or 6.06 percent. Uniform school supplies expense is reflected in instruction. In fiscal year 2005, operation and maintenance of plant expenses increased by \$295,944, primarily energy and transportation costs. The School District completely tightened its belt in this area plus it benefited from the extensive preventive maintenance work performed in previous years.

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 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 expense. This issue was approved by the Board of Education to appear on the November 2005 general election ballot. However, on November 8, 2005, the voters defeated this issue. Additional spending cuts are being proposed to offset the forecasted loss.

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

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 (\$13,424,104) *Net Cost of Services 2005* 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 2005	Restated Total Cost of Services 2004	Net Cost of Services 2005	Restated Net Cost of Services 2004
Instruction	\$8,606,747	\$8,523,651	(\$6,940,703)	(\$6,943,705)
Support Services:				
Pupil and Instructional Staff	1,899,690	1,445,133	(1,394,242)	(1,138,078)
Board of Education, Administration, Fiscal and Business	1,537,214	1,435,650	(1,493,285)	(1,375,613)
Operation and Maintenance of Plant	1,428,796	1,184,735	(1,353,000)	(1,108,055)
Pupil Transportation	958,004	955,971	(926,102)	(941,155)
Central	275,932	270,224	(252,932)	(270,224)
Extracurricular Activities	411,279	421,052	(256,107)	(302,005)
Operation of Non-Instructional Services:				
Food Service Operations	488,984	457,508	(121,137)	(93,693)
Other Non-Instructional Services	0	35,499	0	(35,499)
Interest and Fiscal Charges	686,596	697,067	(686,596)	(697,067)
<i>Total Expenses</i>	<u>\$16,293,242</u>	<u>\$15,426,490</u>	<u>(\$13,424,104)</u>	<u>(\$12,905,094)</u>

**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 \$16,806,060 and expenditures of \$17,187,821.

The net change in fund balance for the year was most significant in the library construction fund. In fiscal 2005, the net change in fund balance in the library construction fund was (\$885,147) reflecting the construction project drawing to a close. The net change in fund balance in the general fund was \$222,010. Additionally, total revenues experienced an increase of \$1,152,131 with a large portion, \$1,389,708, coming from taxes, which was offset by a \$237,577 decrease from other revenue. There were no significant changes in taxes receivable from the prior year; however more property tax collections were available as an advance from the County. This amount is recognized as revenue in the basic financial statements.

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

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***General Fund Budgeting Highlights***

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

During the course of fiscal 2005, the School District amended its general fund budget numerous times. Many of the amendments are due to changes in expenditure priorities at the building levels. For the general fund, the final budget basis revenue estimate was \$11,756,429 representing a \$159,859 increase from the original budget estimates of \$11,596,570. Most of this difference was due to conservative tax estimates in the area of real estate and tangible personal property tax. The School District's general unencumbered fund balance at end of year was \$1,005,803 reflecting additional funds budgeted but not expended or encumbered.

The School District revises its appropriations throughout the fiscal year. During fiscal year 2005, no significant fluctuations between original and final budget were noted. Final expenditures plus outstanding encumbrances fell below the final appropriated amounts by \$584,781. There were no individually significant events that caused this variance. The School District has adopted a fund level of budgeting.

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 2005, this amounted to \$225,977 for each set aside for Cardinal Local School District.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2005 the School District had \$12,967,390 invested in land, land improvements buildings and improvements, furniture and equipment, vehicles and textbooks. Table 4 shows fiscal 2005 balances compared to fiscal year 2004. 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, 2005*  
*Unaudited*

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

	Governmental Activities	
	2005	2004
Land	\$ 584,819	\$ 904,478
Land Improvements	1,547,573	1,245,578
Buildings and Improvements	9,540,317	9,594,778
Furniture and Equipment	866,301	983,947
Vehicles	387,260	473,252
Textbooks	41,120	54,105
Construction in Progress	0	2,006,502
	\$12,967,390	\$ 15,262,640

The primary factors that caused the overall decrease in net capital assets of \$2,295,250 have previously been discussed. Other than the accounting methods used to recognize the agreement with the Library, there were no significant changes to capital assets, other than the recognition of \$713,055 in depreciation expense.

***Debt***

At June 30, 2005 the School District had \$11,776,649 in bonds outstanding, \$302,937 due within one year. Table 5 summarizes general obligation bonds 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	
	2005	2004
Energy Conservation Bonds	\$ 0	\$ 70,000
Various School Improvement Serial Bonds	8,100,000	8,385,000
Various School Improvement Capital Appreciation Bonds	579,930	579,930
Middlefield Public Library Serial Bonds	2,395,000	2,525,000
Middlefield Public Library Capital Appreciation Bonds	220,000	220,000
Totals	\$ 11,294,930	\$ 11,779,930

At June 30, 2005, the School District's overall legal debt margin was \$14,490,067 with an unvoted debt margin of \$276,245. On May 2, 2002, Moody's Investors Service upgraded the School District's outstanding general obligation debt from A3 to A2.

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

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## **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.

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, 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 \$269.9 million in 2004 to \$276.2 million in 2005 an increase of 2.3 percent. General fund operations receive 48.39 percent of its revenue from real estate taxes on residential, commercial, and industrial properties. Another 19.05 percent is received from tangible personal property taxpayers and 25.0 percent being received from various forms of State aid including homestead and rollback exclusions on property taxes. The remaining 7.56 percent is received from open enrollment fees, billed back special education charges and interest earnings.

In June of 2005 the State of Ohio adopted its biennium budget, HB66, and created sweeping changes in state taxation. The budget provides for the complete elimination of tangible personal property taxes by the year 2018. In the interim, a schedule of reductions is in effect freezing the base year at 2004 levels and providing for a percentage make up by the state from the proceeds of the new Commercial Activity Tax. Since the School District currently receives 20 percent of its revenue from this source, the calculated loss over the next 13 years is estimated by the County Auditor to be \$13,940,970. In the period of the current 5-year Forecast, the School District estimates a loss of \$2.4 million.

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. 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.

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

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**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 Dianne Kellogg, Treasurer at Cardinal Local School District, 16000 East High Street, P.O. Box 188, Middlefield, Ohio 44062, [ca\\_kellogg@lgca.org](mailto:ca_kellogg@lgca.org).



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# CARDINAL LOCAL SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,708,133
Receivables:	
Taxes	8,696,461
Intergovernmental	173,115
Materials and Supplies Inventory	49,241
Inventory Held for Resale	2,642
Deferred Charges	128,715
Nondepreciable Capital Assets	584,819
Depreciable Capital Assets (Net)	<u>12,382,571</u>
<i>Total Assets</i>	<u>24,725,697</u>
<b>Liabilities</b>	
Accounts Payable	194,775
Contracts Payable	87,560
Accrued Wages and Benefits	1,562,554
Intergovernmental Payable	398,371
Accrued Vacation Payable	25,260
Matured Compensated Absences Payable	184,071
Unearned Revenue	6,134,677
Claims Payable	15,375
Long Term Liabilities:	
Due Within One Year	374,935
Due Within More Than One Year	<u>12,964,249</u>
<i>Total Liabilities</i>	<u>21,941,827</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	3,928,114
Restricted for:	
Debt Service	951,862
Capital Projects	281,224
Set Asides	127,341
Other Purposes	209,748
Unrestricted	<u>(2,714,419)</u>
<i>Total Net Assets</i>	<u>\$ 2,783,870</u>

See accompanying notes to basic financial statements.

**CARDINAL LOCAL SCHOOL DISTRICT**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2005*

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Current:					
Instruction:					
Regular	\$ 6,607,043	\$ 709,403	\$ 244,039	\$ 9,135	\$ (5,644,466)
Special	1,910,585	22,920	664,857	0	(1,222,808)
Vocational	89,119	15,690	0	0	(73,429)
Support Services:					
Pupils	1,067,213	0	249,532	0	(817,681)
Instructional Staff	832,477	0	255,916	0	(576,561)
Board of Education	48,665	0	0	0	(48,665)
Administration	954,634	19,231	24,698	0	(910,705)
Fiscal	486,221	0	0	0	(486,221)
Business	47,694	0	0	0	(47,694)
Operation and Maintenance of Plant	1,428,796	75,796	0	0	(1,353,000)
Pupil Transportation	958,004	31,902	0	0	(926,102)
Central	275,932	0	23,000	0	(252,932)
Food Service Operations	488,984	239,464	128,383	0	(121,137)
Extracurricular Activities	411,279	155,172	0	0	(256,107)
Interest and Fiscal Charges	686,596	0	0	0	(686,596)
<b>Total Governmental Activities</b>	<b>\$ 16,293,242</b>	<b>\$ 1,269,578</b>	<b>\$ 1,590,425</b>	<b>\$ 9,135</b>	<b>(13,424,104)</b>
<b>General revenues:</b>					
Property Taxes Levied for:					
General Purposes					8,839,149
Debt Service					1,294,355
Capital Outlay					187,199
Grants and Entitlements not Restricted to Specific Programs					3,411,745
Investment Earnings					60,819
Miscellaneous					150,096
Special Item					(2,681,955)
<b>Total General Revenues and Special Items</b>					<b>11,261,408</b>
<b>Change in Net Assets</b>					<b>(2,162,696)</b>
<b>Net Assets Beginning of Year, Restated (See Note 3)</b>					<b>4,946,566</b>
<b>Net Assets End of Year</b>					<b>\$ 2,783,870</b>

See accompanying notes to basic financial statements.

**CARDINAL LOCAL SCHOOL DISTRICT**

*Balance Sheet  
Governmental Funds  
June 30, 2005*

	General	Bond Retirement	Library Bond Retirement	Building	Library Construction
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,125,548	\$ 451,303	\$ 154,521	\$ 0	\$ 82,863
Restricted Cash and Cash Equivalents	127,341	0	0	0	0
Materials and Supplies Inventory	48,675	0	0	0	0
Inventory Held for Resale	0	0	0	0	0
Interfund Receivable	8,281	0	0	0	0
Receivables:					
Taxes	7,788,786	690,351	217,324	0	0
Intergovernmental	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 9,098,631</u>	<u>\$ 1,141,654</u>	<u>\$ 371,845</u>	<u>\$ 0</u>	<u>\$ 82,863</u>
<b>Liabilities and Fund Balances</b>					
Accounts Payable	\$ 134,252	\$ 0	\$ 0	\$ 0	\$ 38,000
Accrued Wages and Benefits	1,328,994	0	0	0	0
Contracts Payable	0	0	0	0	87,560
Interfund Payable	0	0	0	0	0
Intergovernmental Payable	357,874	0	0	0	0
Matured Compensated Absences Payable	112,073	0	0	0	0
Deferred Revenue	5,820,093	449,516	141,008	0	0
<i>Total Liabilities</i>	7,753,286	449,516	141,008	0	125,560
<b>Fund Balances</b>					
Reserved for Encumbrances	122,909	0	0	0	26,008
Reserved for Property Taxes	1,968,693	240,835	76,316	0	0
Reserved for Budget Stabilization	127,341	0	0	0	0
Unreserved:					
Undesignated, Unreserved Reported in:					
General Fund	(873,598)	0	0	0	0
Special Revenue Funds	0	0	0	0	0
Debt Service Funds	0	451,303	154,521	0	0
Capital Projects Funds	0	0	0	0	(68,705)
<i>Total Fund Balances</i>	<u>1,345,345</u>	<u>692,138</u>	<u>230,837</u>	<u>0</u>	<u>(42,697)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 9,098,631</u>	<u>\$ 1,141,654</u>	<u>\$ 371,845</u>	<u>\$ 0</u>	<u>\$ 82,863</u>

See accompanying notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 727,004	\$ 2,541,239
0	127,341
566	49,241
2,642	2,642
0	8,281
0	8,696,461
<u>173,115</u>	<u>173,115</u>
<u>\$ 903,327</u>	<u>\$ 11,598,320</u>
\$ 22,523	\$ 194,775
233,560	1,562,554
0	87,560
8,281	8,281
40,497	398,371
71,998	184,071
<u>155,436</u>	<u>6,566,053</u>
532,295	9,001,665
67,689	216,606
0	2,285,844
0	127,341
0	(873,598)
46,739	46,739
0	605,824
<u>256,604</u>	<u>187,899</u>
<u>371,032</u>	<u>2,596,655</u>
<u>\$ 903,327</u>	<u>\$ 11,598,320</u>

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**CARDINAL LOCAL SCHOOL DISTRICT**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets Governmental Activities  
 June 30, 2005*

Total Governmental Fund Balances	\$	2,596,655
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		12,967,390
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 155,436	
Delinquent Property Taxes	275,940	
Total		431,376
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.		128,715
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.		24,178
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
General Obligation Bonds	\$ (10,495,000)	
Capital Appreciation Bonds	(799,930)	
Unamortized Premium	(268,061)	
Bond Accretion	(481,719)	
Total		(12,044,710)
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	\$ (1,294,474)	
Vacation Benefits Payable	(25,260)	
Total		(1,319,734)
<i>Net Assets of Governmental Activities</i>	<u>\$</u>	<u>2,783,870</u>

See accompanying notes to basic financial statements.

**CARDINAL LOCAL SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2005*

	General	Bond Retirement	Library Bond Retirement	Building	Library Construction
<b>Revenues:</b>					
Taxes	\$ 8,783,900	\$ 976,302	\$ 310,230	\$ 0	\$ 0
Intergovernmental	3,416,882	87,047	24,062	0	0
Investment Income	60,819	0	0	0	0
Tuition and Fees	769,123	0	0	0	0
Rentals	75,796	0	0	0	0
Extracurricular Activities	21,813	0	0	0	0
Charges for Services	0	0	0	0	0
Gifts and Donations	3,000	0	0	0	10,780
Miscellaneous	123,680	0	0	0	21,000
<i>Total Revenues</i>	13,255,013	1,063,349	334,292	0	31,780
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	5,542,498	0	0	0	0
Special	1,228,370	0	0	0	0
Vocational	78,870	0	0	0	0
Support Services:					
Pupils	819,842	0	0	0	0
Instructional Staff	450,705	0	0	0	0
Board of Education	49,611	0	0	0	0
Administration	874,467	0	0	0	0
Fiscal	477,710	16,026	5,015	0	0
Business	46,875	0	0	0	0
Operation and Maintenance of Plant	1,526,257	0	0	1,620	0
Pupil Transportation	906,463	0	0	0	0
Central	243,575	0	0	0	0
Operation of Non-Instructional Services:					
Food Service Operations	35,277	0	0	0	0
Community Services	6,879	0	0	0	156,611
Extracurricular Activities	266,757	0	0	0	0
Capital Outlay	3,605	0	0	747	783,379
Debt Service:					
Principal Retirement	0	355,000	130,000	0	0
Interest and Fiscal Charges	0	462,259	108,458	0	0
<i>Total Expenditures</i>	12,557,761	833,285	243,473	2,367	939,990
<i>Excess of Revenues Over (Under) Expenditures</i>	697,252	230,064	90,819	(2,367)	(908,210)
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Capital Assets	0	0	0	0	23,063
Transfers In	4,858	0	0	0	0
Transfers Out	(480,100)	0	0	0	0
<i>Total Financing Sources and (Uses)</i>	(475,242)	0	0	0	23,063
<i>Net Change in Fund Balance</i>	222,010	230,064	90,819	(2,367)	(885,147)
<i>Fund Balance (Deficit) at Beginning of Year</i>	1,123,335	462,074	140,018	2,367	842,450
<i>Fund Balance (Deficit) at End of Year</i>	\$ 1,345,345	\$ 692,138	\$ 230,837	\$ 0	\$ (42,697)

See accompanying notes to basic financial statements.



Other Governmental Funds	Total Governmental Funds
\$ 194,868	\$ 10,265,300
1,458,494	4,986,485
0	60,819
80,416	849,539
0	75,796
101,051	122,864
239,168	239,168
45,261	59,041
2,368	147,048
<hr/>	<hr/>
2,121,626	16,806,060
652,441	6,194,939
634,547	1,862,917
126	78,996
242,872	1,062,714
342,255	792,960
0	49,611
71,883	946,350
4,645	503,396
2,096	48,971
29,236	1,557,113
0	906,463
36,907	280,482
444,811	480,088
9,474	172,964
134,425	401,182
5,227	792,958
0	485,000
0	570,717
<hr/>	<hr/>
2,610,945	17,187,821
(489,319)	(381,761)
0	23,063
480,100	484,958
(4,858)	(484,958)
<hr/>	<hr/>
475,242	23,063
(14,077)	(358,698)
<hr/>	<hr/>
385,109	2,955,353
<u>\$ 371,032</u>	<u>\$ 2,596,655</u>

**CARDINAL LOCAL SCHOOL DISTRICT**  
*Reconciliation of the Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2005*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(358,698)
 <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. The amount by which depreciation exceeded capital asset additions in the current period.		
Capital Asset Additions	\$ 3,252	
Current Year Depreciation	(713,055)	
Total		(709,803)
Net effect of transactions involving sale of capital assets are not reflected in the funds.		
		(1,845)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	\$ 14,037	
Tuition and Fees	(63,000)	
Delinquent Property Taxes	55,404	
Total		6,441
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities		
		(48,995)
In statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
Decrease in Accrued Interest Payable	\$ 1,890	
Current Year Bond Premium Amortization	14,332	
Current Year Bond Issuance Costs Deferred	(7,087)	
Current Year Bond Accretion	(125,014)	
Total		(115,879)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond Principal		485,000
During the fiscal year, the School District recognized a net "negative" special item. Special items are not recognized in the funds, but are recognized as an expense/revenue transaction within the government-wide financial statements. Following are the amounts recognized in the current year government-wide statements that effected governmental activities, however did not effect the fund financial statements:		
Building contributed to the School District	\$ 422,900	
* Construction costs previously capitalized as construction in progress	(2,006,502)	
		(1,583,602)
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Decrease in compensated absences	\$ 43,061	
Increase in vacation benefits payable	(25,260)	
Decrease in pension obligation	146,884	
Total		164,685
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b>(2,162,696)</b>

\*See Note 2.S. for the special items discussion.

See accompanying notes to basic financial statements.

**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, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 7,206,760	\$ 7,366,619	\$ 7,423,187	\$ 56,568
Intergovernmental	3,544,950	3,544,950	3,450,204	(94,746)
Investment Income	41,860	41,860	60,819	18,959
Tuition and Fees	715,000	715,000	769,123	54,123
Rent	52,000	52,000	75,796	23,796
Extracurricular Activities	0	0	21,813	21,813
Gifts and Donations	2,000	2,000	3,000	1,000
Miscellaneous	34,000	34,000	123,731	89,731
<i>Total Revenues</i>	<u>11,596,570</u>	<u>11,756,429</u>	<u>11,927,673</u>	<u>171,244</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction:				
Regular	5,641,845	5,519,008	5,723,719	(204,711)
Special	1,154,462	1,169,307	1,230,762	(61,455)
Vocational	190,080	150,080	101,710	48,370
Support Services:				
Pupils	850,983	943,427	823,382	120,045
Instructional Staff	509,075	508,380	450,315	58,065
Board of Education	68,190	68,819	36,377	32,442
Administration	985,005	968,331	871,172	97,159
Fiscal	514,759	549,759	485,596	64,163
Business	74,405	74,405	45,026	29,379
Operation and Maintenance of Plant	1,541,876	1,499,008	1,430,862	68,146
Pupil Transportation	954,190	990,192	927,150	63,042
Central	349,392	337,392	237,973	99,419
Operation of Non- Instructional Services:				
Food Service Operation	131,760	60,760	26,839	33,921
Extracurricular Activities	404,921	404,921	270,198	134,723
Capital Outlay	475	8,000	7,210	790
<i>Total Expenditures</i>	<u>13,371,418</u>	<u>13,251,789</u>	<u>12,668,291</u>	<u>583,498</u>
Excess of Revenues Over (Under) Expenditures	(1,774,848)	(1,495,360)	(740,618)	754,742
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	4,858	4,858
Advances In	0	0	28,614	28,614
Transfers Out	(257,000)	(467,999)	(480,100)	(12,101)
Advances Out	(28,000)	(8,000)	(8,281)	(281)
Other Financing Uses	(80,030)	(13,665)	0	13,665
Total Other Financing Sources (Uses)	<u>(365,030)</u>	<u>(489,664)</u>	<u>(454,909)</u>	<u>34,755</u>
Total Net Changes in Fund Balance	(2,139,878)	(1,985,024)	(1,195,527)	789,497
Fund Balance (Deficit) at Beginning of Year	1,867,743	1,867,743	1,867,743	0
Prior Year Encumbrances Appropriated	<u>333,587</u>	<u>333,587</u>	<u>333,587</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 61,452</u>	<u>\$ 216,306</u>	<u>\$ 1,005,803</u>	<u>\$ 789,497</u>

See accompanying notes to basic financial statements.

**CARDINAL LOCAL SCHOOL DISTRICT**

*Statement of Net Assets*

*Internal Service Fund*

*June 30, 2005*

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	Governmental Activities - Internal Service Fund
	<hr/>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 39,553
	<hr/>
<b>Liabilities</b>	
Claims Payable	15,375
	<hr/>
<b>Net Assets</b>	
Unrestricted	\$ 24,178
	<hr/> <hr/>

See accompanying notes to basic financial statements.

**CARDINAL LOCAL SCHOOL DISTRICT**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Funds*  
*For the Fiscal Year Ended June 30, 2005*

	Governmental Activities Internal Service Fund
<b>Operating Revenues:</b>	
Charges for Services	\$ 426,450
<b>Operating Expenses:</b>	
Purchased Services	2,413
Claims	473,032
<i>Total Operating Expenses</i>	475,445
<i>Change in Net Assets</i>	(48,995)
<i>Net Assets (Deficit) Beginning of Year</i>	73,173
<i>Net Assets (Deficit) End of Year</i>	\$ 24,178

See accompanying notes to basic financial statements.

# CARDINAL LOCAL SCHOOL DISTRICT

*Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2005*

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	Governmental Activities Internal Service Fund
<b>Cash Flows From Operating Activities:</b>	
Cash Received for Charges for Services	\$ 426,450
Cash Paid for Services	(2,551)
Cash Paid for Claims	(472,391)
	<hr/>
<i>Net Cash Provided By (Used For) Operating Activities</i>	(48,492)
	<hr/>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(48,492)
	<hr/>
<i>Cash and Cash Equivalents at Beginning of Year</i>	88,045
	<hr/>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 39,553</u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided By (Used For) Operating Activities:**

Operating Income (Loss)	\$ (48,995)
Adjustments:	
Increase (Decrease) in Liabilities	
Accounts Payable	(138)
Claims Payable	641
	<hr/>
<i>Total Adjustments</i>	503
	<hr/>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (48,492)</u>

See accompanying notes to basic financial statements.

**CARDINAL LOCAL SCHOOL DISTRICT**

*Statement of Fiduciary Assets and Liabilities*

*Fiduciary Funds*

*June 30, 2005*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 410,535</u>
<b>Liabilities</b>	
Due to Students	27,501
Undistributed Monies	<u>383,034</u>
<i>Total Liabilities</i>	<u>\$ 410,535</u>

See accompanying notes to basic financial statements.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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**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 76 non-certificated employees, 107 certificated full time teaching personnel and 7 administrative employees to provide services to 1,504 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 and financial principles. The School District also applies Financial Accounting Standards Board (FASB)



**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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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. For the year ended June 30, 2005, the School District has implemented GASB Statement No. 40 "*Deposit and Investment Risk Disclosures.*" The School District also implemented GASB Technical Bulletin 2004-2 "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers". There was no effect on fund balance as a result of this implementation. 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.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

**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 a 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 funds are agency funds which report resources that belong to the student bodies of the various schools, and to account for tangible tax proceeds held until proper refunding procedures have been filed and approved with the County.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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**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 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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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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.

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

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

***Expenses/Expenditures*** On the the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations.

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 set 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.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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***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".

During fiscal year 2005, 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, 2005.

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 2005 amounted to \$60,819, which includes \$30,973 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, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***H. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are 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 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.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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***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 bonds using the straight-line method on the government-wide statements since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable.

***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 capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land 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	15-35 years
Buildings and Improvements	10-50 years
Furniture and Equipment	5-10 years
Vehicles	5-10 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.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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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.

***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 primarily 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.

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.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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***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.

***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. The School District reported a special item for the current fiscal year. See Note 9 for a detailed explanation of this event.

***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 – Restatement of Net Assets**

For the period ending June 30, 2004 compensated absences were overstated in error. The following is summary of the effect on the net asset amount reported in the basic financial statements for the period ending June 30, 2004:

	<u>Governmental Activities</u>
Net Assets, June 30, 2004	\$ 4,632,413
Overstated Compensated Absences	<u>314,153</u>
Restated Net Assets June 30, 2004	<u><u>\$ 4,946,566</u></u>



**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

**Note 4 – Fund Deficits**

Fund balances and net assets at June 30, 2005 included the following individual fund deficits:

	Deficit	
	Fund Balance	Net Assets
Library Construction	\$ 42,697	\$ 40,807
Nonmajor Governmental Funds:		
Food Service	28,131	40,489
Ohio Reads Grant	7,605	30,473
Special Education	35,862	42,481
Improving Teacher Quality	33,738	40,160

The deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in this fund and provides 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).
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.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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Net Change in Fund Balance

Gaap Basis	\$ 222,010
Net Adjustments for Revenue Accruals	(1,327,342)
Advances In	28,614
Net Adjustments for Expenditures Accruals	136,556
Advances Out	(8,281)
Adjustment for Encumbrances	(247,084)
Budget Basis	<u>\$ (1,195,527)</u>

**Note 6 - Deposits and Investments**

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

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

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

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

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

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;
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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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.

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$2,454,316 and the bank balance was \$3,250,634. Of the bank balance:

1. \$300,000 of the bank balance was covered by depository insurance; and
2. \$2,950,634 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.

**Investments** Investments are reported at fair value. As of June 30, 2005, the School District had the following investments:

	Fair Value	Investment Maturities (in months) 0 - 6
STAROhio	<u>\$ 664,352</u>	<u>\$ 664,352</u>

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*Notes to the Basic Financial Statements*  
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**Interest Rate Risk:** The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. It is the School District's policy to evaluate market conditions, interest rate forecasts, and cash flow requirements to consider the term of an investment, with the goal being to buy where relative value exists along the maturity spectrum.

**Credit Risk:** The School District's only investments during June 30, 2005 is STAROhio. Its investment in STAROhio is rated AAAM by Standard and Poor's.

**Concentration of Credit Risk:** The School District will diversify its investments by security, type and institution. With the exception of direct obligations of the U.S Treasury and STAROhio, no more than 50% of the School District's total investment portfolio will be invested in a single security type or with a single financial institution.

**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 year 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 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, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2005 was \$1,968,693 in the general fund, \$240,835 in the bond retirement debt service fund and \$76,316 in the library bond retirement debt service fund.

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

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

	2004 Second		2005 First	
	Half Collections		Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$209,675,890	78.05 %	\$213,134,120	77.15 %
Public Utility	6,943,780	2.66	7,309,910	2.65
Tangible Personal Property	53,316,420	19.29	55,800,660	20.20
	<u>\$269,936,090</u>	<u>100.00 %</u>	<u>\$276,244,690</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$56.25		\$56.25	

**Note 8 - Receivables**

Receivables at June 30, 2005, consisted of taxes, 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:

	Amounts
Title I	\$ 143,552
Innovative Programs Title V	2,548
Drug Free Schools	372
Technology II-D	8,964
Food Service	17,679
Total All Funds	<u>\$ 173,115</u>

**Cardinal Local School District**  
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**Note 9 - Capital Assets**

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

	Balance 6/30/04	Additions	Deletions	Balance 6/30/05
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$904,478	\$55,500	(\$375,159)	\$584,819
Construction in Progress	2,006,502	1,098,353	(3,104,855)	0
<i>Total Capital Assets, not being depreciated</i>	<u>2,910,980</u>	<u>1,153,853</u>	<u>(3,480,014)</u>	<u>584,819</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,637,148	375,159	0	2,012,307
Buildings and Improvements	13,756,912	367,400	0	14,124,312
Furniture and Equipment	1,776,745	3,252	(104,816)	1,675,181
Vehicles	967,120	0	0	967,120
Textbooks	77,911	0	0	77,911
<i>Total Capital Assets, being depreciated</i>	<u>18,215,836</u>	<u>745,811</u>	<u>(104,816)</u>	<u>18,856,831</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(391,570)	(73,164)	0	(464,734)
Buildings and Improvements	(4,162,134)	(421,861)	0	(4,583,995)
Furniture and Equipment	(792,798)	(119,053)	102,971	(808,880)
Vehicles	(493,868)	(85,992)	0	(579,860)
Textbooks	(23,806)	(12,985)	0	(36,791)
<i>Total Accumulated Depreciation</i>	<u>(5,864,176)</u>	<u>(713,055)</u>	<u>102,971</u>	<u>(6,474,260)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>12,351,660</u>	<u>32,756</u>	<u>(1,845)</u>	<u>12,382,571</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$15,262,640</u>	<u>\$1,186,609</u>	<u>(\$3,481,859)</u>	<u>\$12,967,390</u>

On May 2, 2002, Cardinal Local School District issued bonds to fund the construction of the new Middlefield Public Library. The School District managed these funds to construct the facility. During the construction phase of the project, the School District capitalized the costs of this construction for a total amount of \$3,104,855. This project was completed and the Library began operations in the newly constructed building during fiscal year 2005. Also during the year, the School District received occupancy use of the land and building in which the Library previously operated from. The appraised value of this land and building was \$55,500 and \$367,400, respectively, at the date the School District took occupancy possession.

As part of the cooperative agreement and base lease (the "Agreement") between the School District and the Library, the title of the newly constructed library will be titled to the Library, and the old library will be titled to the School District at the later of January 14, 2022 or on the date on which all of the obligations related to the construction of the new library building have been retired. Based on this binding contract, the capitalized construction expenses that have been reported on the School District's financial statements have been removed, in essence, contributed to the Library. Also, the assessed value of the old library has been capitalized (contributions from) by the School District. The net amount of these transactions of (\$2,681,955) has been reported as a "special item" on the Statement of Activities.

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$395,102
Special	33,594
Vocational	8,628
Support Services:	
Pupils	2,811
Instructional Staff	51,380
Administration	16,137
Fiscal	1,124
Operation and Maintenance of Plant	93,833
Pupil Transportation	71,138
Central	1,529
Extracurricular Activities	11,096
Food Service Operations	26,683
Total Depreciation Expense	\$713,055

**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.

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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 their 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, 2005, was estimated by the third party administrator to be \$15,375. 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 2004 and 2005 were:



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	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
2004	\$12,969	\$237,363	\$235,598	\$14,734
2005	14,734	473,032	472,391	15,375

**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 68.78 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. Service Retirement Bonus***

The School District Board of Education offers employees participation in a Service Retirement 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.

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*Notes to the Basic Financial Statements*  
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Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$214,981, \$177,377, and \$157,645 respectively; 46.57 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

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

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

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

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

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon 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.

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The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$812,752, \$789,195, and \$775,947, respectively; 80.08 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$16,678 made by the School District and \$22,967 made by the plan members. \$161,908 represents the unpaid contribution for fiscal year 2005, and is recorded as a liability within the respective funds.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

**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.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$62,519 for fiscal year 2005.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established as \$27,400. 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. For the School District, the amount to fund health care benefits, including surcharge, during the 2005 fiscal year equaled \$136,534.

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Net health care costs for the year ending June 30, 2005 were \$178,221,113. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168% of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. The number of participants eligible to receive benefits is 58,123.

**Note 14 - Long-Term Obligations**

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

	Principal Outstanding 6/30/04	Additions	Reductions	Principal Outstanding 6/30/05	Amounts Due in One Year
<i>General Obligation Bonds:</i>					
1994 5.78% %460,000					
Energy Conservation Bonds	\$ 70,000	\$ 0	\$ 70,000	\$ 0	\$ 0
2000 \$9,749,930 Various					
School Improvement Serial Bonds	8,385,000	0	285,000	8,100,000	135,000
Capital Appreciation Bonds 10/51%	579,930	0	0	579,930	0
Accretion on Capital Appreciation Bonds	316,537	96,404	0	412,941	0
Unamortized Premium	203,387	0	9,685	193,702	0
2002 Middlefield Public Library Bonds					
Serial Bonds 5%	2,525,000	0	130,000	2,395,000	167,937
Capital Appreciation Bonds 10.71%	220,000	0	0	220,000	0
Accretion on Capital Appreciation Bonds	40,168	28,610	0	68,778	0
Unamortized Premium	79,006	0	4,647	74,359	0
<i>Total General Obligation Bonds Payable</i>	<u>12,419,028</u>	<u>125,014</u>	<u>499,332</u>	<u>12,044,710</u>	<u>302,937</u>
Compensated Absences - Restated	<u>1,337,535</u>	<u>17,213</u>	<u>60,274</u>	<u>1,294,474</u>	<u>71,998</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 13,756,563</u>	<u>\$ 142,227</u>	<u>\$ 559,606</u>	<u>\$ 13,339,184</u>	<u>\$ 374,935</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

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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 2022. 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, 2005 is \$1,200,000 and \$390,000, respectively. The accretion recorded for 2005 was \$96,404 and \$28,610, respectively, for a total outstanding bond liability of \$992,871 and \$288,778, 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 \$14,490,067 with an unvoted debt margin of \$276,245 at June 30, 2005. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2005 are as follows:

	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 135,000	\$ 558,322	\$ 167,937	\$ 132,063	\$ 302,937	\$ 690,385
2007	0	556,432	232,702	197,298	232,702	753,730
2008	0	556,432	209,922	220,078	209,922	776,510
2009	0	556,432	189,369	240,632	189,369	797,064
2010	435,000	546,142	0	0	435,000	546,142
2011 - 2015	2,525,000	2,381,813	0	0	2,525,000	2,381,813
2016 - 2020	3,230,000	1,646,395	0	0	3,230,000	1,646,395
2021 - 2025	3,455,000	686,665	0	0	3,455,000	686,665
2026	715,000	20,735	0	0	715,000	20,735
<b>Total</b>	<b>\$10,495,000</b>	<b>\$7,509,368</b>	<b>\$799,930</b>	<b>\$790,071</b>	<b>\$11,294,930</b>	<b>\$8,299,439</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 2005, 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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. During fiscal year 2005, the School District paid \$94,970 to the Association. Financial information can be obtained from Lake Geauga Computer Association, 8221 Auburn Road, Painesville, Ohio 44077.

***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 2005, the School District paid \$22,568 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 2005, the School District paid \$38,487 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 2005, 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.

**Cardinal Local School District**  
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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.

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of 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, 2005.

**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, 2005, only the unspent portion of certain workers' compensation refunds continues to be set-aside.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

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.

	Budget <u>Stabilization</u>	Textbooks	Capital <u>Improvements</u>
Set Aside Reserve Balance as of June 30, 2004	\$127,341	\$0	\$0
Current Year Set-Aside Requirement	0	225,977	225,977
Balance Carried over from Prior Year	0	(257,674)	0
Qualifying Disbursements	0	(227,073)	(1,255,329)
<b>Totals</b>	<b><u>\$127,341</u></b>	<b><u>(\$258,770)</u></b>	<b><u>(\$1,029,352)</u></b>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$127,341</u>	<u>(\$258,770)</u>	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2005	<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, 2005, consist of the following individual fund receivables and payables:

	<u>Interfund Payable</u>	<u>Interfund Receivable</u>
General	\$ 0	\$ 8,281
Food Service	8,281	0



**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2005*

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2005, all interfund payables outstanding are anticipated to be repaid in fiscal year 2006.

***B. Interfund Transfers***

	Transfer In	Transfer Out
General Fund	\$ 4,858	\$ 480,100
Other Governmental Funds:		
Food Service	70,000	0
Termination Benefits	410,100	0
Summer Intervention	0	4,858
Total	\$ 484,958	\$ 484,958

Transfers are primarily to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the fiscal year, funds were determined to be available in the summer intervention fund to repay a transfer received from the general fund in the prior year in the amount of \$4,858.

**Note 21 – Contractual Commitments**

As of June 30, 2005, the School District had the following major contractual commitments outstanding:

Projects	Contract Amount	Amount Paid as of June 30, 2005	Amount Remaining on Contract
Middlefield Library	\$ 2,539,040	\$ 2,451,480	\$ 87,560

**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.

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

*SchoolNet 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.

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

(continued)

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

*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.

*IDEA Part B – Special Education Fund* - Grants to assist states in providing an appropriate public education to all children with disabilities.

*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.

*Improving Teacher Quality 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.

*School Net Fund* - A fund provided to account for wiring to all classrooms in the State and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

**Cardinal Local School District**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2005*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 435,590	\$ 291,414	\$ 727,004
Inventory Held for Resale	2,642	0	2,642
Materials and Supplies Inventory	566	0	566
Intergovernmental Receivable	173,115	0	173,115
<i>Total Assets</i>	<u>\$ 611,913</u>	<u>\$ 291,414</u>	<u>\$ 903,327</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 12,333	\$ 10,190	\$ 22,523
Accrued Wages and Benefits	233,560	0	233,560
Interfund Payable	8,281	0	8,281
Intergovernmental Payable	40,497	0	40,497
Matured Compensated Absences	71,998	0	71,998
Deferred Revenue	155,436	0	155,436
<i>Total Liabilities</i>	<u>522,105</u>	<u>10,190</u>	<u>532,295</u>
<b>Fund Balances (Deficit)</b>			
Reserved for Encumbrances	43,069	24,620	67,689
Unreserved:			
Special Revenue Funds	46,739	0	46,739
Capital Projects Funds	0	256,604	256,604
<i>Total Fund Balances (Deficit)</i>	<u>89,808</u>	<u>281,224</u>	<u>371,032</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 611,913</u>	<u>\$ 291,414</u>	<u>\$ 903,327</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, 2005*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 0	\$ 194,868	\$ 194,868
Intergovernmental	1,427,886	30,608	1,458,494
Tuition and Fees	80,416	0	80,416
Extracurricular Activities	101,051	0	101,051
Gifts and Donations	45,261	0	45,261
Charges for Services	239,168	0	239,168
Miscellaneous	2,368	0	2,368
<i>Total Revenues</i>	<u>1,896,150</u>	<u>225,476</u>	<u>2,121,626</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	620,828	31,613	652,441
Special	634,547	0	634,547
Vocational	126	0	126
Support Services:			
Pupils	242,872	0	242,872
Instructional Staff	342,255	0	342,255
Administration	71,883	0	71,883
Fiscal	563	4,082	4,645
Business	0	2,096	2,096
Operation and Maintenance	11,269	20,127	31,396
Central	36,907	0	36,907
Operation of Non-Instructional Services:			
Food Service Operations	444,811	0	444,811
Community Services	9,474	0	9,474
Extracurricular Activities	132,265	0	132,265
Capital Outlay	0	5,227	5,227
<i>Total Expenditures</i>	<u>2,547,800</u>	<u>63,145</u>	<u>2,610,945</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(651,650)	162,331	(489,319)
<b>Other Financing Sources (Uses):</b>			
Transfers In	480,100	0	480,100
Transfers Out	(4,858)	0	(4,858)
<i>Total Other Financing Sources and (Uses)</i>	<u>475,242</u>	<u>0</u>	<u>475,242</u>
<i>Net Change in Fund Balance</i>	(176,408)	162,331	(14,077)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>266,216</u>	<u>118,893</u>	<u>385,109</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 89,808</u>	<u>\$ 281,224</u>	<u>\$ 371,032</u>

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

	Food Service	Uniform Supplies	Public School Support	Martha Holden Jennings Grant	Termination Benefits Fund	District Managed Activities
<b>Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 581	\$ 59,143	\$ 13,765	\$ 3,929	\$ 128,262	\$ 53,727
Inventory Held for Resale	1,561	1,081	0	0	0	0
Materials and Supplies Inventory	566	0	0	0	0	0
Intergovernmental Receivable	17,679	0	0	0	0	0
<i>Total Assets</i>	<u>20,387</u>	<u>60,224</u>	<u>13,765</u>	<u>3,929</u>	<u>128,262</u>	<u>53,727</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 0	\$ 126	\$ 2,954	\$ 0	\$ 0	\$ 4,557
Accrued Wages and Benefits	31,180	0	0	0	0	0
Interfund Payable	8,281	0	0	0	0	0
Intergovernmental Payable	9,056	0	0	0	0	0
Matured Compensated Absences	0	0	0	0	71,998	0
Deferred Revenue	0	0	0	0	0	0
<i>Total Liabilities</i>	<u>48,517</u>	<u>126</u>	<u>2,954</u>	<u>0</u>	<u>71,998</u>	<u>4,557</u>
<b>Fund Balances (Deficit)</b>						
Reserved for Encumbrances	0	1,055	14	0	0	5,275
Unreserved, Undesignated, Reported in Special Revenue Funds	(28,131)	59,043	10,797	3,929	56,264	43,895
<i>Total Fund Balances (Deficit)</i>	<u>(28,131)</u>	<u>60,098</u>	<u>10,811</u>	<u>3,929</u>	<u>56,264</u>	<u>49,170</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 20,386</u>	<u>\$ 60,224</u>	<u>\$ 13,765</u>	<u>\$ 3,929</u>	<u>\$ 128,262</u>	<u>\$ 53,727</u>

Auxiliary Services	Management Information Systems	OneNet Fund	SchoolNet Professional Development Fund	Ohio Reads Grant	Summer Intervention	Eisenhower Math and Science Grant
\$ 5,827	\$ 152	\$ 0	\$ 0	\$ 4,789	\$ 8,526	\$ 17
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>5,827</u>	<u>152</u>	<u>0</u>	<u>0</u>	<u>4,789</u>	<u>8,526</u>	<u>17</u>
\$ 1,300	\$ 135	\$ 0	\$ 0	\$ 0	\$ 707	\$ 0
0	0	0	0	12,394	0	0
0	0	0	0	0	0	0
0	0	0	0	0	809	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>1,300</u>	<u>135</u>	<u>0</u>	<u>0</u>	<u>12,394</u>	<u>1,516</u>	<u>0</u>
4,221	0	0	0	0	7,599	0
306	17	0	0	(7,605)	(589)	17
<u>4,527</u>	<u>17</u>	<u>0</u>	<u>0</u>	<u>(7,605)</u>	<u>7,010</u>	<u>17</u>
<u>\$ 5,827</u>	<u>\$ 152</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,789</u>	<u>\$ 8,526</u>	<u>\$ 17</u>

(continued)

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

	IDEA-B Special Education	Title I	Title V	Drug Free Schools	Improving Teacher Quality	Technology II- D Grant	Total Nonmajor Special Revenue Funds
<b>Assets:</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 13,411	\$ 137,516	\$ 609	\$ 1,429	\$ 2,419	\$ 1,488	\$ 435,590
Inventory Held for Resale	0	0	0	0	0	0	2,642
Materials and Supplies Inventory	0	0	0	0	0	0	566
Intergovernmental Receivable	0	143,552	2,548	372	0	8,964	173,115
<i>Total Assets</i>	<u>13,411</u>	<u>281,068</u>	<u>3,157</u>	<u>1,801</u>	<u>2,419</u>	<u>10,452</u>	<u>611,913</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts Payable	\$ 726	\$ 1,101	\$ 0	\$ 438	\$ 289	\$ 0	\$ 12,333
Accrued Wages and Benefits	38,973	119,259	0	0	31,754	0	233,560
Interfund Payable	0	0	0	0	0	0	8,281
Intergovernmental Payable	9,574	16,944	0	0	4,114	0	40,497
Matured Compensated Absences	0	0	0	0	0	0	71,998
Deferred Revenue	0	143,552	2,548	372	0	8,964	155,436
<i>Total Liabilities</i>	<u>49,273</u>	<u>280,856</u>	<u>2,548</u>	<u>810</u>	<u>36,157</u>	<u>8,964</u>	<u>522,105</u>
<b>Fund Balances (Deficit)</b>							
Reserved for Encumbrances	6,060	16,866	90	8	1,881	0	43,069
Unreserved, Undesignated, Reported in Special Revenue Funds	(41,922)	(16,654)	519	984	(35,619)	1,488	46,739
<i>Total Fund Balances (Deficit)</i>	<u>(35,862)</u>	<u>212</u>	<u>609</u>	<u>992</u>	<u>(33,738)</u>	<u>1,488</u>	<u>89,808</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 13,411</u>	<u>\$ 281,068</u>	<u>\$ 3,157</u>	<u>\$ 1,802</u>	<u>\$ 2,419</u>	<u>\$ 10,452</u>	<u>\$ 611,913</u>



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**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, 2005*

	Food Service	Uniform Supplies	Public School Support	Martha Holden Jennings Grant	Termination Benefits Fund	District Managed Activities
<b>Revenues:</b>						
Intergovernmental	\$ 128,383	\$ 0	\$ 0	\$ 3,679	\$ 0	\$ 0
Tuition and Fees	0	74,063	0	0	0	6,353
Extracurricular Activities	0	0	17,216	0	0	83,835
Gifts and Donations	0	0	2,016	0	0	43,245
Charges for Services	239,168	0	0	0	0	0
Miscellaneous	0	0	2,368	0	0	0
<b>Total Revenues</b>	<b>367,551</b>	<b>74,063</b>	<b>21,600</b>	<b>3,679</b>	<b>0</b>	<b>133,433</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	0	70,676	2,604	0	302,191	0
Special	0	0	0	0	0	0
Vocational	0	126	0	0	0	0
Support Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	38	0	10,630	0
Administration	0	0	16,168	0	32,962	0
Fiscal	0	0	0	0	0	0
Operation and Maintenance	0	1,071	672	0	9,526	0
Central	0	0	0	0	0	0
Operation of Non-Instructional Services:						
Food Service Operations	444,750	0	0	0	0	0
Community Services	0	0	0	0	2,398	0
Extracurricular Activities	0	0	1,701	0	0	130,564
<b>Total Expenditures</b>	<b>444,750</b>	<b>71,873</b>	<b>21,183</b>	<b>0</b>	<b>357,707</b>	<b>130,564</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(77,199)</i>	<i>2,190</i>	<i>417</i>	<i>3,679</i>	<i>(357,707)</i>	<i>2,869</i>
<b>Other Financing Sources (Uses):</b>						
Transfers In	70,000	0	0	0	410,100	0
Transfers Out	0	0	0	0	0	0
<i>Total Other Financing Sources and (Uses)</i>	<i>70,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>410,100</i>	<i>0</i>
<i>Net Change in Fund Balance</i>	<i>(7,199)</i>	<i>2,190</i>	<i>417</i>	<i>3,679</i>	<i>52,393</i>	<i>2,869</i>
<i>Fund Balance (Deficit) at Beginning of Year</i>	<i>(21,228)</i>	<i>58,006</i>	<i>10,519</i>	<i>250</i>	<i>3,871</i>	<i>46,374</i>
<i>Fund Balance (Deficit) at End of Year</i>	<i>\$ (28,427)</i>	<i>\$ 60,196</i>	<i>\$ 10,936</i>	<i>\$ 3,929</i>	<i>\$ 56,264</i>	<i>\$ 49,243</i>

Auxiliary Services	Management Information Systems	OneNet Fund	SchoolNet Professional Development	Ohio Reads Grant	Summer Intervention	Eisenhower Math and Science Grant
\$ 19,122	\$ 5,000	\$ 18,000	\$ 2,925	\$ 6,000	\$ 19,189	\$ 0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
19,122	5,000	18,000	2,925	6,000	19,189	0
17,228	0	0	7	16	6,458	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
2,765	0	0	0	0	0	0
0	0	0	5,013	19,831	809	0
0	0	0	0	0	0	0
563	0	0	0	0	0	0
0	0	0	0	0	0	0
0	16,278	20,108	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
20,556	16,278	20,108	5,020	19,847	7,267	0
(1,434)	(11,278)	(2,108)	(2,095)	(13,847)	11,922	0
0	0	0	0	0	0	0
0	0	0	0	0	(4,858)	0
0	0	0	0	0	(4,858)	0
(1,434)	(11,278)	(2,108)	(2,095)	(13,847)	7,064	0
5,961	11,295	2,108	2,095	6,242	(54)	17
\$ 4,527	\$ 17	\$ 0	\$ 0	\$ (7,605)	\$ 7,010	\$ 17

(continued)

**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, 2005*

	IDEA-B Special Education	Title I	Title V	Drug Free	Improving Teacher Quality	Technology II- D Grant	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>							
Intergovernmental	\$ 342,139	\$ 682,808	\$ 6,830	\$ 17,205	\$ 161,330	\$ 15,276	\$ 1,427,886
Tuition and Fees	0	0	0	0	0	0	80,416
Extracurricular Activities	0	0	0	0	0	0	101,051
Gifts and Donations	0	0	0	0	0	0	45,261
Charges for Services	0	0	0	0	0	0	239,168
Miscellaneous	0	0	0	0	0	0	2,368
<b>Total Revenues</b>	<b>342,139</b>	<b>682,808</b>	<b>6,830</b>	<b>17,205</b>	<b>161,330</b>	<b>15,276</b>	<b>1,896,150</b>
<b>Expenditures:</b>							
Current:							
Instruction:							
Regular	73	0	5,867	0	196,993	18,715	620,828
Special	75,103	559,444	0	0	0	0	634,547
Vocational	0	0	0	0	0	0	126
Support Services:							
Pupils	123,032	101,928	0	15,147	0	0	242,872
Instructional Staff	210,606	88,324	1,018	0	535	5,451	342,255
Administration	0	22,753	0	0	0	0	71,883
Fiscal	0	0	0	0	0	0	563
Operation and Maintenance	0	0	0	0	0	0	11,269
Central	0	232	0	0	289	0	36,907
Operation of Non-Instructional Services:							
Food Service Operations	0	61	0	0	0	0	444,811
Community Services	0	2,383	327	1,531	2,203	632	9,474
Extracurricular Activities	0	0	0	0	0	0	132,265
<b>Total Expenditures</b>	<b>408,814</b>	<b>775,125</b>	<b>7,212</b>	<b>16,678</b>	<b>200,020</b>	<b>24,798</b>	<b>2,547,800</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(66,675)</i>	<i>(92,317)</i>	<i>(382)</i>	<i>527</i>	<i>(38,690)</i>	<i>(9,522)</i>	<i>(651,650)</i>
<b>Other Financing Sources (Uses):</b>							
Transfers In	0	0	0	0	0	0	480,100
Transfers Out	0	0	0	0	0	0	(4,858)
<i>Total Other Financing Sources and (Uses)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>475,242</i>
<i>Net Change in Fund Balance</i>	<i>(66,675)</i>	<i>(92,317)</i>	<i>(382)</i>	<i>527</i>	<i>(38,690)</i>	<i>(9,522)</i>	<i>(176,408)</i>
<i>Fund Balance (Deficit) at Beginning of Year</i>	<i>30,813</i>	<i>92,529</i>	<i>991</i>	<i>465</i>	<i>4,952</i>	<i>11,010</i>	<i>266,216</i>
<i>Fund Balance (Deficit) at End of Year</i>	<i>\$ (35,862)</i>	<i>\$ 212</i>	<i>\$ 609</i>	<i>\$ 992</i>	<i>\$ (33,738)</i>	<i>\$ 1,488</i>	<i>\$ 89,808</i>

**Cardinal Local School District**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*June 30, 2005*

	Permanent Improvement Fund	School Net Fund	Total Nonmajor Capital Projects Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 291,401	\$ 13	\$ 291,414
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 10,190	\$ 0	\$ 10,190
<b>Fund Balances (Deficit)</b>			
Reserved for Encumbrances	24,620	0	24,620
Unreserved:			
Capital Projects Funds	256,591	13	256,604
<i>Total Fund Balances (Deficit)</i>	281,211	13	281,224
<i>Total Liabilities and Fund Balances (Deficit)</i>	\$ 291,401	\$ 13	\$ 291,414

**Cardinal Local School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Fiscal Year Ended June 30, 2005*

	Permanent Improvement Fund	School Net Fund	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>			
Taxes	\$ 194,868	\$ 0	\$ 194,868
Intergovernmental	21473	9,135	30,608
<i>Total Revenues</i>	\$ 216,341	\$ 9,135	\$ 225,476
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	22,491	9,122	31,613
Support Services:			
Fiscal	4,082	0	4,082
Business	2,096	0	2,096
Operation and Maintenance	20,127	0	20,127
Capital Outlay	5,227	0	5,227
<i>Total Expenditures</i>	54,023	9,122	63,145
<i>Net Change in Fund Balance</i>	162,318	13	162,331
<i>Fund Balance (Deficit) at Beginning of Year</i>	118,893	0	118,893
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 281,211</u>	<u>\$ 13</u>	<u>\$ 281,224</u>

**Individual Fund Schedules of Revenues, Expenditures  
and Changes in Fund Balances/Fund  
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, 2005*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 7,366,619	\$ 7,423,187	\$ 56,568
Intergovernmental	3,544,950	3,450,204	(94,746)
Interest	41,860	60,819	18,959
Tuition and Fees	715,000	769,123	54,123
Rentals	52,000	75,796	23,796
Extracurricular Activities	0	21,813	21,813
Contributions and Donations	2,000	3,000	1,000
Miscellaneous	34,000	123,731	89,731
<b>Total Revenues</b>	<b>11,756,429</b>	<b>11,927,673</b>	<b>171,244</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	3,986,600	4,058,978	(72,378)
Fringe Benefits	1,207,897	1,342,789	(134,892)
Purchased Services	247,477	259,718	(12,241)
Materials and Supplies	56,210	55,350	860
Capital Outlay - New	6,743	1,847	4,896
Capital Outlay - Replacement	14,081	5,037	9,044
<b>Total Regular</b>	<b>5,519,008</b>	<b>5,723,719</b>	<b>(204,711)</b>
Special:			
Salaries and Wages	510,667	544,714	(34,047)
Fringe Benefits	189,880	199,862	(9,982)
Purchased Services	461,448	483,482	(22,034)
Materials and Supplies	6,210	2,650	3,560
Capital Outlay - New	1,102	54	1,048
<b>Total Special</b>	<b>1,169,307</b>	<b>1,230,762</b>	<b>(61,455)</b>
Vocational:			
Salaries and Wages	111,950	74,851	37,099
Fringe Benefits	37,230	26,859	10,371
Purchased Services	900	0	900
<b>Total Vocational</b>	<b>150,080</b>	<b>101,710</b>	<b>48,370</b>
<b>Total Instruction</b>	<b>6,838,395</b>	<b>7,056,191</b>	<b>(217,796)</b>
Support Services:			
Pupils:			
Salaries and Wages	417,909	384,005	33,904
Fringe Benefits	206,756	146,263	60,493
Purchased Services	295,936	278,464	17,472
Materials and Supplies	16,420	11,778	4,642
Capital Outlay - New	4,530	401	4,129
Capital Outlay - Replacement	1,876	2,471	(595)
<b>Total Pupils</b>	<b>\$ 943,427</b>	<b>\$ 823,382</b>	<b>\$ 120,045</b>

(continued)



**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, 2005*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Instructional Staff:</b>			
Salaries and Wages	\$ 295,342	\$ 285,737	\$ 9,605
Fringe Benefits	177,192	137,566	39,626
Purchased Services	3,386	882	2,504
Materials and Supplies	15,354	11,785	3,569
Capital Outlay - New	653	362	291
Capital Outlay - Replacement	9,938	8,194	1,744
Other	6,515	5,789	726
<b>Total Instructional Staff</b>	<b>508,380</b>	<b>450,315</b>	<b>58,065</b>
<b>Board of Education:</b>			
Salaries and Wages	9,500	9,315	185
Fringe Benefits	9,550	(5,999)	15,549
Purchased Services	23,800	8,984	14,816
Materials and Supplies	1,120	620	500
Other	24,849	23,457	1,392
<b>Total Board of Education</b>	<b>68,819</b>	<b>36,377</b>	<b>32,442</b>
<b>Administration:</b>			
Salaries and Wages	543,414	550,549	(7,135)
Fringe Benefits	322,975	237,816	85,159
Purchased Services	26,970	18,883	8,087
Materials and Supplies	17,220	14,439	2,781
Capital Outlay - New	4,914	47,642	(42,728)
Capital Outlay - Replacement	1,565	1,809	(244)
Other	51,273	34	51,239
<b>Total Administration</b>	<b>968,331</b>	<b>871,172</b>	<b>97,159</b>
<b>Fiscal:</b>			
Salaries and Wages	175,135	156,396	18,739
Fringe Benefits	71,870	66,090	5,780
Purchased Services	74,974	65,494	9,480
Materials and Supplies	5,200	3,522	1,678
Capital Outlay - New	1,000	0	1,000
Capital Outlay - Replacement	1,200	0	1,200
Other	220,380	194,094	26,286
<b>Total Fiscal</b>	<b>549,759</b>	<b>485,596</b>	<b>64,163</b>
<b>Business:</b>			
Salaries and Wages	44,145	29,212	14,933
Fringe Benefits	29,260	15,814	13,446
Purchased Services	1,000	0	1,000
<b>Total Business</b>	<b>\$ 74,405</b>	<b>\$ 45,026</b>	<b>\$ 29,379</b>

(continued)

**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, 2005*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Operation and Maintenance of Plant:</b>			
Salaries and Wages	\$ 518,718	\$ 517,143	\$ 1,575
Fringe Benefits	256,143	228,930	27,213
Purchased Services	601,145	561,636	39,509
Materials and Supplies	109,527	115,477	(5,950)
Capital Outlay - New	500	1,035	(535)
Capital Outlay - Replacement	11,175	5,350	5,825
Other	1,800	1,291	509
<b>Total Operation and Maintenance of Plant</b>	<b>1,499,008</b>	<b>1,430,862</b>	<b>68,146</b>
<b>Pupil Transportation:</b>			
Salaries and Wages	489,356	477,415	11,941
Fringe Benefits	272,827	268,804	4,023
Purchased Services	31,519	40,007	(8,488)
Materials and Supplies	178,046	139,354	38,692
Capital Outlay - Replacement	18,444	1,570	16,874
<b>Total Business</b>	<b>990,192</b>	<b>927,150</b>	<b>63,042</b>
<b>Central:</b>			
Salaries and Wages	140,803	135,206	5,597
Fringe Benefits	89,335	71,116	18,219
Purchased Services	94,354	31,556	62,798
Materials and Supplies	2,300	95	2,205
Capital Outlay - New	10,600	0	10,600
<b>Total Central</b>	<b>337,392</b>	<b>237,973</b>	<b>99,419</b>
<b>Total Support Services</b>	<b>5,939,713</b>	<b>5,307,853</b>	<b>631,860</b>
<b>Extracurricular Activities:</b>			
<b>Academic and Subject Oriented:</b>			
Salaries and Wages	73,015	36,637	36,378
Fringe Benefits	10,590	6,076	4,514
Purchased Services	100	0	100
<b>Total Academic and Subject Oriented</b>	<b>83,705</b>	<b>42,713</b>	<b>40,992</b>
<b>Occupational Oriented:</b>			
Salaries and Wages	1,200	0	1,200
Fringe Benefits	200	2	198
<b>Total Occupational Oriented</b>	<b>1,400</b>	<b>2</b>	<b>1,398</b>
<b>School and Public Service Co-Curricular:</b>			
Salaries and Wages	16,225	14,217	2,008
Fringe Benefits	2,230	2,206	24
<b>Total School and Public Service Co-Curricular</b>	<b>18,455</b>	<b>16,423</b>	<b>2,032</b>
<b>Sports Oriented:</b>			
Salaries and Wages	233,457	169,812	63,645
Fringe Benefits	35,755	30,174	5,581
Purchased Services	20,227	10,008	10,219
Materials and Supplies	3,822	466	3,356
Capital Outlay - New	5,000	0	5,000
Capital Outlay - Replacement	3,100	600	2,500
<b>Total Sports Oriented</b>	<b>301,361</b>	<b>211,060</b>	<b>90,301</b>
<b>Total Extracurricular Activities</b>	<b>\$ 404,921</b>	<b>\$ 270,198</b>	<b>\$ 134,723</b>

(continued)

**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, 2005*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Operation of Non-Instructional Services:			
Food Service Operations:			
Salaries and Wages	\$ 27,740	\$ 16,415	\$ 11,325
Fringe Benefits	33,020	10,424	22,596
Total Operation of Non-Instructional Services	60,760	26,839	33,921
Capital Outlay:			
Building Improvement Services:			
Capital Outlay Replacement	8,000	7,210	790
<i>Total Expenditures</i>	13,251,789	12,668,291	583,498
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,495,360)	(740,618)	754,742
<b>Other Financing Uses:</b>			
Advances In	0	28,614	28,614
Advances Out	(8,000)	(8,281)	(281)
Transfers In	0	4,858	4,858
Transfers Out	(467,999)	(480,100)	(12,101)
Other Financing Uses	(13,665)	0	13,665
<i>Total Other Financing Sources (Uses)</i>	(489,664)	(454,909)	34,755
<i>Net Change in Fund Balance</i>	(1,985,024)	(1,195,527)	789,497
<i>Fund Balance Beginning of Year</i>	1,867,743	1,867,743	0
Prior Year Encumbrances Appropriated	333,587	333,587	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 216,306	\$ 1,005,803	\$ 789,497

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Bond Retirement Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 791,925	\$ 798,902	\$ 6,977
Intergovernmental	85,135	87,047	1,912
<i>Total Revenues</i>	<u>877,060</u>	<u>885,949</u>	<u>8,889</u>
<b>Expenditures:</b>			
Current:			
Support Services:			
Fiscal:			
Other	15,400	16,026	(626)
Total Support Services	<u>15,400</u>	<u>16,026</u>	<u>(626)</u>
Debt Service:			
Principal Retirement	355,000	355,000	0
Interest and Fiscal Charges	462,960	462,259	701
Total Debt Service	<u>817,960</u>	<u>817,259</u>	<u>701</u>
<i>Total Expenditures</i>	<u>833,360</u>	<u>833,285</u>	<u>75</u>
<i>Net Change in Fund Balance</i>	43,700	52,664	8,964
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>398,640</u>	<u>398,640</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 442,340</u>	<u>\$ 451,304</u>	<u>\$ 8,964</u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Library Bond Retirement Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 251,404	\$ 254,093	\$ 2,689
Intergovernmental	26,690	24,062	(2,628)
<i>Total Revenues</i>	<u>278,094</u>	<u>278,155</u>	<u>61</u>
<b>Expenditures:</b>			
Current:			
Support Services:			
Fiscal:			
Other	5,545	5,015	530
Total Support Services	<u>5,545</u>	<u>5,015</u>	<u>530</u>
Debt Service:			
Principal Retirement	126,200	130,000	(3,800)
Interest and Fiscal Charges	111,800	108,458	3,342
Total Debt Service	<u>238,000</u>	<u>238,458</u>	<u>(458)</u>
<i>Total Expenditures</i>	<u>243,545</u>	<u>243,473</u>	<u>72</u>
<i>Net Change in Fund Balance</i>	34,549	34,682	(133)
<i>Fund Balance Beginning of Year</i>	<u>119,839</u>	<u>119,839</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 154,388</u>	<u>\$ 154,521</u>	<u>\$ 133</u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Building Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	\$ 811	\$ 1,620	\$ (809)
Total Support Services	811	1,620	(809)
Capital Outlay:			
Building Acquisition and Construction Services			
Capital Outlay - New	1,556	747	809
Total Capital Outlay	1,556	747	809
<i>Total Expenditures</i>	2,367	2,367	0
<i>Net Change in Fund Balances</i>	(2,367)	(2,367)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	746	746	0
Prior Year Encumbrances Appropriated	1,621	1,621	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 0	\$ 0	\$ 0

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Library Construction Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Interest	\$ 0	\$ 0	\$ 0
Contributions and Donations	0	10,780	10,780
Miscellaneous	40,000	21,000	(19,000)
<i>Total Revenues</i>	40,000	31,780	(8,220)
<b>Expenditures:</b>			
Current:			
Operation of Non-Instructional Services:			
Community Services			
Capital Outlay - New	172,265	156,611	15,654
Capital Outlay:			
Site Improvement Services:			
Capital Outlay - New	83,968	10,882	73,086
Architecture and Engineering Services:			
Purchased Services	418,553	429,126	(10,573)
Building Acquisition and Construction Services:			
Capital Outlay - New	557,111	631,439	(74,328)
Total Capital Outlay	1,059,632	1,071,447	(11,815)
<i>Total Expenditures</i>	1,231,897	1,228,058	3,839
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,191,897)	(1,196,278)	(4,381)
<b>Other Financing Sources and Uses:</b>			
Proceeds from Sales of Capital Assets	0	23,063	(23,063)
<i>Total from Other Financing Sources and Uses</i>	0	23,063	(23,063)
<i>Net Change in Fund Balances</i>	(1,191,897)	(1,173,215)	18,682
<i>Fund Balance (Deficit) at Beginning of Year</i>	92,924	92,924	0
Prior Year Encumbrances Appropriated	1,099,145	1,099,145	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 172	\$ 18,854	\$ 18,682

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

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 107,200	\$ 108,668	\$ 1,468
Charges for Services	342,300	239,604	(102,696)
Miscellaneous	500	0	(500)
<i>Total Revenues</i>	<u>450,000</u>	<u>348,272</u>	<u>(101,728)</u>
<b>Expenditures:</b>			
Current:			
Operation of Non-Instructional Services:			
Food Service Operations:			
Salaries and Wages	183,575	179,464	4,111
Fringe Benefits	90,525	104,858	(14,333)
Purchased Services	8,200	12,582	(4,382)
Materials and Supplies	126,276	124,635	1,641
Other	600	655	(55)
<i>Total Expenditures</i>	<u>409,176</u>	<u>422,194</u>	<u>(13,018)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>40,824</u>	<u>(73,922)</u>	<u>114,746</u>
<b>Other Financing Sources:</b>			
Transfers In	0	70,000	70,000
Advances In	0	8,281	8,281
Advances Out	(35,000)	(21,000)	14,000
<i>Total Other Financing Sources</i>	<u>(35,000)</u>	<u>57,281</u>	<u>92,281</u>
<i>Net Change in Fund Balance</i>	5,824	(16,641)	(22,465)
<i>Fund Balance (Deficit) at Beginning of Year</i>	17,045	17,045	0
Prior Year Encumbrances Appropriated	176	176	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 23,045</u>	<u>\$ 580</u>	<u>\$ (22,465)</u>



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

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Tuition and Fees	\$ 38,922	\$ 74,063	\$ 35,141
<i>Total Revenues</i>	<u>38,922</u>	<u>74,063</u>	<u>35,141</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	16,100	15,587	513
Materials and Supplies	56,738	52,425	4,313
Total Instruction	<u>72,838</u>	<u>68,012</u>	<u>4,826</u>
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	1,500	1,771	(271)
<i>Total Expenditures</i>	<u>74,338</u>	<u>69,783</u>	<u>4,555</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(35,416)</u>	<u>4,280</u>	<u>(39,696)</u>
<i>Net Change in Fund Balance</i>	(35,416)	4,280	39,696
<i>Fund Balance (Deficit) at Beginning of Year</i>	49,658	49,658	0
Prior Year Encumbrances Appropriated	555	555	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 14,797</u>	<u>\$ 54,493</u>	<u>\$ 39,696</u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Extracurricular Activities	\$ 30,850	\$ 17,216	\$ (13,634)
Contributions and Donations	1,150	2,016	866
Miscellaneous	0	2,466	2,466
<i>Total Revenues</i>	<u>32,000</u>	<u>21,698</u>	<u>(10,302)</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	0	0	0
Capital Outlay - New	2,604	2,604	0
Total Instruction	<u>2,604</u>	<u>2,604</u>	<u>0</u>
Support Services:			
Instructional Staff:			
Materials and Supplies	500	38	462
Administration:			
Purchased Services	5,865	263	5,602
Materials and Supplies	15,387	15,572	(185)
Other	272	347	(75)
Total Administration	<u>21,524</u>	<u>16,182</u>	<u>5,342</u>
Operation and Maintenance of Plant:			
Capital Outlay - Replacement	672	672	0
Total Support Services	<u>22,696</u>	<u>16,892</u>	<u>5,804</u>
Extracurricular Activities:			
School and Public Service Co-Curricular Activities:			
Materials and Supplies	700	1,701	(1,001)
<i>Total Expenditures</i>	<u>26,000</u>	<u>21,197</u>	<u>4,803</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,000</u>	<u>501</u>	<u>5,499</u>
<b>Other Financing Uses:</b>			
Transfers Out	(3,000)	0	(3,000)
<i>Net Change in Fund Balance</i>	3,000	501	(2,499)
<i>Fund Balance Beginning of Year</i>	12,668	12,668	0
Prior Year Encumbrances Appropriated	1,100	1,100	0
<i>Fund Balance End of Year</i>	<u>\$ 16,768</u>	<u>\$ 14,269</u>	<u>\$ (2,499)</u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Martha Holden Jennings Grant Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 3,650	\$ 3,679	\$ 29
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular			
Capital Outlay	2,900	0	2,900
Support Services:			
Instructional Staff:			
Materials and Supplies	1,000	0	1,000
<i>Total Expenditures</i>	3,900	0	3,900
<i>Net Change in Fund Balance</i>	(250)	3,679	3,929
<i>Fund Balance (Deficit) at Beginning of Year</i>	250	250	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 0	\$ 3,929	\$ 3,929

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Termination Benefits Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Miscellaneous	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	354,000	258,825	95,175
Support Services:			
Instructional Staff:			
Salaries and Wages	0	11,085	(11,085)
Administration:			
Salaries and Wages	0	16,708	(16,708)
Operation and Maintenance of Plant:			
Salaries and Wages	35,000	0	35,000
Total Support Services	35,000	27,793	7,207
Operation of Non-Instructional Services:			
Food Service Operations	25,000	0	25,000
<i>Total Expenditures</i>	414,000	286,618	127,382
<i>Excess of Revenues Over (Under) Expenditures</i>	(414,000)	(286,618)	127,382
<b>Other Financing Uses:</b>			
Transfers In	414,000	410,000	(4,000)
<i>Net Change in Fund Balance</i>	0	123,382	123,382
<i>Fund Balance Beginning of Year</i>	4,780	4,780	0
<i>Fund Balance End of Year</i>	\$ 4,780	\$ 128,162	\$ 123,382

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 District Managed Activities Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Tuition and Fees	\$ 3,632	\$ 6,353	\$ 2,721
Extracurricular Activities	93,168	83,835	(9,333)
Contributions and Donations	38,200	43,245	5,045
<i>Total Revenues</i>	<u>135,000</u>	<u>133,433</u>	<u>(1,567)</u>
<b>Expenditures:</b>			
Current:			
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Purchased Services	14,707	21,638	(6,931)
Materials and Supplies	18,505	10,087	8,418
Capital Outlay - New	12,800	4,925	7,875
Capital Outlay - Replacement	900	0	900
Other	5,500	930	4,570
Total Academic and Subject Oriented Activities	<u>52,412</u>	<u>37,580</u>	<u>14,832</u>
Sports Oriented Activities:			
Salaries and Wages	3,700	570	3,130
Purchased Services	34,395	17,524	16,871
Materials and Supplies	71,542	73,680	(2,138)
Capital Outlay - New	500	0	500
Capital Outlay - Replacement	4,000	1,066	2,934
Other	8,880	5,631	3,249
Total Sports Oriented Activities	<u>123,017</u>	<u>98,471</u>	<u>24,546</u>
<i>Total Expenditures</i>	<u>175,429</u>	<u>136,051</u>	<u>39,378</u>
<i>Net Change in Fund Balance</i>	<u>(40,429)</u>	<u>(2,618)</u>	<u>37,811</u>
<i>Fund Balance (Deficit) at Beginning of Year</i>	41,609	41,609	0
Prior Year Encumbrances Appropriated	4,907	4,907	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 46,516</u>	<u>\$ 46,516</u>	<u>\$ 0</u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Auxiliary Services Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 19,122	\$ 19,122	\$ 0
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	23,173	22,950	223
Total Instruction	23,173	22,950	223
Support Services:			
Pupils:			
Purchased Services	3,775	3,360	415
Total Pupils	3,775	3,360	415
Fiscal:			
Purchased Services	0	562	(562)
Total Fiscal	0	562	(562)
Total Support Services	3,775	3,922	(147)
<i>Total Expenditures</i>	26,948	26,872	76
<i>Excess of Revenues Over (Under) Expenditures</i>	(7,826)	(7,750)	76
<i>Net Change in Fund Balance</i>	(7,826)	(7,750)	76
<i>Fund Balance (Deficit) at Beginning of Year</i>	9	9	0
Prior Year Encumbrances Appropriated	8,047	8,047	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 230	\$ 306	\$ 76

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 6,500	\$ 5,000	\$ (1,500)
<b>Expenditures:</b>			
Current:			
Support Services:			
Central:			
Salaries and Wages	3,434	3,315	119
Fringe Benefits	0	102	(102)
Purchased Services	12,861	12,080	781
Capital Outlay	0	781	(781)
Total Central	16,295	16,278	17
Total Support Services	16,295	16,278	17
Total Expenditures	16,295	16,278	17
Excess of Revenues Over (Under) Expenditures	(9,795)	(11,278)	(1,483)
Net Change in Fund Balance	(9,795)	(11,278)	(1,483)
Fund Balance (Deficit) at Beginning of Year	11,295	11,295	0
Fund Balance (Deficit) at End of Year	\$ 1,500	\$ 17	\$ (1,483)

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 OneNet Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 18,000	\$ 18,000	\$ 0
<b>Expenditures:</b>			
Current:			
Support Services:			
Central:			
Purchased Services	20,108	20,108	0
Total Central	20,108	20,108	0
Total Support Services	20,108	20,108	0
<i>Total Expenditures</i>	20,108	20,108	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,108)	(2,108)	0
<i>Net Change in Fund Balance</i>	(2,108)	(2,108)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	2,108	2,108	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 2,925	\$ 2,925	\$ 0
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Fringe Benefits	7	7	0
Total Instruction	7	7	0
Support Services:			
Instructional Staff:			
Purchased Services	5,013	5,013	0
Total Support Services	5,013	5,013	0
<i>Total Expenditures</i>	5,020	5,020	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,095)	(2,095)	0
<i>Net Change in Fund Balance</i>	(2,095)	(2,095)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	2,095	2,095	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 0	\$ 0	\$ 0

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 6,000	\$ 6,000	\$ 0
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Fringe Benefits	0	16	(16)
Total Instruction	0	16	(16)
Support Services:			
Instructional Staff:			
Salaries and Wages	12,226	7,437	4,789
Total Support Services	12,226	7,437	4,789
<i>Total Expenditures</i>	12,226	7,453	4,773
<i>Excess of Revenues Over (Under) Expenditures</i>	(6,226)	(1,453)	4,773
<i>Net Change in Fund Balance</i>	(6,226)	(1,453)	4,773
<i>Fund Balance (Deficit) at Beginning of Year</i>	6,242	6,242	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 16	\$ 4,789	\$ 4,773

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 19,200	\$ 19,189	\$ (11)
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	6,600	12,030	(5,430)
Fringe Benefits	2,100	1,154	946
Materials and Supplies	5,500	927	4,573
Total Regular	14,200	14,111	89
Total Support Services	14,200	14,111	89
Total Expenditures	14,200	14,111	89
Excess of Revenues Over (Under) Expenditures	5,000	5,078	78
<b>Other Financing Sources:</b>			
Transfers Out	(4,767)	(4,858)	(91)
Net Change in Fund Balance	233	220	(13)
Fund Balance (Deficit) at Beginning of Year	0	0	0
Fund Balance (Deficit) at End of Year	\$ 233	\$ 220	\$ (13)

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Eisenhower Math and Science Grant Fund  
 For the Fiscal Year Ended June 30, 2005*

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Total Expenditures	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance (Deficit) at Beginning of Year	0	0	0
Fund Balance (Deficit) at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 IDEA Part B- Special Education Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 385,000	\$ 362,038	\$ (22,962)
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Fringe Benefits	100	73	27
Total Regular	100	73	27
Special:			
Purchased Services	68,108	68,590	(482)
Materials and Supplies	5,000	4,831	169
Capital Outlay	14,977	7,242	7,735
Total Special	88,085	80,663	7,422
Total Instruction	88,185	80,736	7,449
Support Services:			
Pupils:			
Salaries and Wages	26,500	28,188	(1,688)
Fringe Benefits	3,600	13,932	(10,332)
Purchased Services	70,648	72,402	(1,754)
Total Pupils	100,748	114,522	(13,774)
Instructional Staff:			
Salaries and Wages	149,500	113,842	35,658
Fringe Benefits	58,300	68,904	(10,604)
Purchased Services	5,072	5,447	(375)
Total Instructional Staff	212,872	188,193	24,679
Total Support Services	313,620	302,715	10,905
<i>Total Expenditures</i>	401,805	383,451	18,354
<i>Excess of Revenues Over (Under) Expenditures</i>	(16,805)	(21,413)	(4,608)
<b>Other Financing Sources:</b>			
Advances Out	(3,482)	(3,482)	0
<i>Net Change in Fund Balance</i>	(20,287)	(24,895)	(4,608)
<i>Fund Balance (Deficit) at Beginning of Year</i>	21	21	0
Prior Year Encumbrances Appropriated	31,500	31,500	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 11,234	\$ 6,626	\$ (4,608)

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 735,064	\$ 735,064	\$ 0
<b>Expenditures:</b>			
Current:			
Instruction:			
Special:			
Salaries and Wages	507,398	398,447	108,951
Fringe Benefits	85,080	133,381	(48,301)
Purchased Services	1,094	4,269	(3,175)
Materials and Supplies	29,019	19,759	9,260
Capital Outlay	12,132	9,241	2,891
Total Special	634,723	565,097	69,626
Total Instruction	634,723	565,097	69,626
Support Services:			
Pupils:			
Salaries and Wages	57,602	67,272	(9,670)
Fringe Benefits	43,894	30,817	13,077
Purchased Services	250	0	250
Total Pupils	101,746	98,089	3,657
Instructional Staff:			
Salaries and Wages	29,752	31,476	(1,724)
Fringe Benefits	19,061	21,692	(2,631)
Purchased Services	75,978	34,773	41,205
Materials and Supplies	100	104	(4)
Total Instructional Staff	124,891	88,045	36,846
Administration:			
Salaries and Wages	18,086	16,257	1,829
Fringe Benefits	6,689	6,258	431
Purchased Services	250	123	127
Total Administration	25,025	22,638	2,387
Fiscal:			
Other	6,500	6,500	0
Total Fiscal	\$ 6,500	\$ 6,500	\$ 0

(continued)

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Central:			
Purchased Services	\$ 232	\$ 232	\$ 0
Total Central	232	232	0
Total Support Services	258,394	215,504	42,890
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	3,000	1,491	1,509
Materials and Supplies	1,082	953	129
Other	4,500	0	4,500
Total Community Services	8,582	2,444	6,138
Total Operation of Non-Instructional Services	8,582	2,444	6,138
<i>Total Expenditures</i>	901,699	783,045	118,654
<i>Excess of Revenues Over (Under) Expenditures</i>	(166,635)	(47,981)	118,654
<i>Net Change in Fund Balance</i>	(166,635)	(47,981)	118,654
<i>Fund Balance (Deficit) at Beginning of Year</i>	163,829	163,829	0
Prior Year Encumbrances Appropriated	3,698	3,698	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 892	\$ 119,546	\$ 118,654

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Innovative Programs - Title V  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 9,615	\$ 7,866	\$ (1,749)
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	500	0	500
Capital Outlay	5,713	5,867	(154)
Total Regular	6,213	5,867	346
Support Services:			
Instructional Staff:			
Purchased Services	1,186	1,018	168
Operation of Non-Instructional Services:			
Community Services:			
Materials and Supplies	327	417	(90)
<i>Total Expenditures</i>	7,726	7,302	424
<i>Excess of Revenues Over (Under) Expenditures</i>	1,889	564	(1,325)
<b>Other Financing Sources:</b>			
Advances Out	(1,568)	(1,568)	0
<i>Net Change in Fund Balance</i>	321	(1,004)	(1,325)
<i>Fund Balance (Deficit) at Beginning of Year</i>	1,513	1,513	0
Prior Year Encumbrances Appropriated	238	238	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 2,072	\$ 747	\$ (1,325)



**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Drug Free & Safe Schools Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 21,776	\$ 19,870	\$ (1,906)
<b>Expenditures:</b>			
Current:			
Support Services:			
Pupils:			
Salaries and Wages	14,689	14,340	349
Fringe Benefits	230	37	193
Materials and Supplies	700	841	(141)
Total Pupils	15,619	15,218	401
Total Support Services	15,619	15,218	401
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	400	633	(233)
Materials and Supplies	909	907	2
Total Community Services	1,309	1,540	2
Total Operation of Non-Instructional Services	1,309	1,540	(231)
<i>Total Expenditures</i>	16,928	16,758	170
<i>Excess of Revenues Over (Under) Expenditures</i>	4,848	3,112	(1,736)
<b>Other Financing Sources:</b>			
Advances Out	(2,564)	(2,564)	0
<i>Net Change in Fund Balance</i>	2,284	548	(1,736)
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	436	436	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 2,720	\$ 984	\$ (1,736)

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Improving Teacher Quality Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 161,329	\$ 161,330	\$ 1
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	158,342	140,576	17,766
Fringe Benefits	34,463	51,776	(17,313)
Total Regular	192,805	192,352	453
Total Instruction	192,805	192,352	453
Support Services:			
Instructional Staff:			
Purchased Services	1,049	49	1,000
Materials and Supplies	1,000	486	514
Total Instructional Staff	2,049	535	1,514
Total Support Services	2,049	535	1,514
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,906	3,975	(2,069)
Materials and Supplies	501	399	102
Total Community Services	2,407	4,374	(1,967)
Total Operation of Non-Instructional Services	2,407	4,374	(1,967)
<i>Total Expenditures</i>	197,261	197,261	-
<i>Excess of Revenues Over (Under) Expenditures</i>	(35,932)	(35,931)	1
<i>Net Change in Fund Balance</i>	(35,932)	(35,931)	1
<i>Fund Balance (Deficit) at Beginning of Year</i>	33,917	33,917	0
Prior Year Encumbrances Appropriated	2,261	2,261	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 246	\$ 247	\$ 1

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Technology II-D Grant Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 15,276	\$ 15,276	\$ 0
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	1,644	1,636	8
Capital Outlay	17,135	17,079	56
Total Regular	18,779	18,715	64
Total Instruction	18,779	18,715	64
Support Services:			
Instructional Staff:			
Salaries and Wages	3,463	3,090	373
Fringe Benefits	500	462	38
Purchased Services	2,580	2,549	31
Total Instructional Staff	6,543	6,101	442
Total Support Services	6,543	6,101	442
Operation of Non-Instructional Services:			
Community Services:			
Materials and Supplies	640	632	8
Total Community Services	640	632	8
Total Operation of Non-Instructional Services	640	632	8
<i>Total Expenditures</i>	25,962	25,448	514
<i>Excess of Revenues Over (Under) Expenditures</i>	(10,686)	(10,172)	514
<i>Net Change in Fund Balance</i>	(10,686)	(10,172)	514
<i>Fund Balance (Deficit) at Beginning of Year</i>	10,442	10,442	0
Prior Year Encumbrances Appropriated	357	357	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 113	\$ 627	\$ 514

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

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 211,370	\$ 212,319	\$ 949
Intergovernmental	23,456	21,473	(1,983)
<i>Total Revenues</i>	<u>234,826</u>	<u>233,792</u>	<u>(1,034)</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	36,108	17,297	18,811
Capital Outlay	0	5,194	(5,194)
Total Regular	<u>36,108</u>	<u>22,491</u>	<u>13,617</u>
Total Instruction	<u>36,108</u>	<u>22,491</u>	<u>13,617</u>
Support Services:			
Fiscal:			
Other	9,000	4,082	4,918
Total Fiscal	<u>9,000</u>	<u>4,082</u>	<u>4,918</u>
Business:			
Capital Outlay	10,000	2,096	7,904
Total Business	<u>10,000</u>	<u>2,096</u>	<u>7,904</u>
Operation and Maintenance of Plant			
Capital Outlay Replacement	48,060	17,967	30,093
Total Operation and Maintenance of Plant	<u>48,060</u>	<u>17,967</u>	<u>30,093</u>
Pupil Transportation			
Capital Outlay Replacement	37,000	0	37,000
Total Support Services	<u>104,060</u>	<u>24,145</u>	<u>79,915</u>
Extracurricular Activities:			
Sport Oriented Activities:			
Capital Outlay Replacement	9,060	2,160	6,900
Total Sport Oriented Activities	<u>9,060</u>	<u>2,160</u>	<u>6,900</u>
Total Extracurricular Activities	<u>\$ 9,060</u>	<u>\$ 2,160</u>	<u>\$ 6,900</u>

(continued)

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Capital Outlay:			
Site Improvement Services:			
Capital Outlay	\$ 10,372	\$ 412	\$ 9,960
Total Site Improvement Services	<u>10,372</u>	<u>412</u>	<u>9,960</u>
Building Improvement Services:			
Purchased Services	<u>35,228</u>	<u>29,435</u>	<u>5,793</u>
Total Building Improvement Services	<u>35,228</u>	<u>29,435</u>	<u>5,793</u>
Total Capital Outlay	<u>45,600</u>	<u>29,847</u>	<u>15,753</u>
<i>Total Expenditures</i>	<u>194,828</u>	<u>78,643</u>	<u>116,185</u>
<i>Net Change in Fund Balance</i>	39,998	155,149	115,151
<i>Fund Balance (Deficit) at Beginning of Year</i>	90,742	90,742	0
Prior Year Encumbrances Appropriated	<u>10,701</u>	<u>10,701</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 141,441</u>	<u>\$ 256,592</u>	<u>\$ 115,151</u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 SchoolNet Fund  
 For the Fiscal Year Ended June 30, 2005*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 9,135	\$ 9,135	\$ 0
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Capital Outlay	9,135	9,122	13
Total Regular	9,135	9,122	13
Total Instruction	9,135	9,122	13
<i>Total Expenditures</i>	9,135	9,122	13
<i>Excess of Revenues Over (Under) Expenditures</i>	0	13	13
<i>Net Change in Fund Balance</i>	0	13	13
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ 13</u>	<u>\$ 13</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:

*Escrow Tangible Personal Property (TPP) Tax Refund - Fund* - This fund is used to report undistributed tangible tax proceeds that are being held until the refunding process is complete.

*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**  
*Combining Statement of Assets and Liabilities*  
*Agency Funds*  
*For the Fiscal Year Ended June 30, 2005*

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	Escrow TPP Tax Refund	Student Managed Activities	Total Agency Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 383,034	\$ 27,501	\$ 410,535
<u>Liabilities:</u>			
Due to Students	\$ 0	\$ 27,501	\$ 27,501
Undistributed Monies	383,034	0	383,034
<i>Total Liabilities</i>	\$ 383,034	\$ 27,501	\$ 410,535



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

	Beginning Balance 7/1/04	Additions	Deductions	Ending Balance 6/30/05
<b>Escrow TPP Tax Refund</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 383,034	\$ 0	\$ 383,034
Liabilities:				
Undistributed Monies	\$ 0	\$ 383,034	\$ 0	\$ 383,034
<b>Student Managed Activities</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 33,269	\$ 46,233	\$ 52,001	\$ 27,501
Liabilities:				
Due to Students	\$ 33,269	\$ 46,233	\$ 52,001	\$ 27,501
<b>Total - All Agency Funds</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 33,269	\$ 429,267	\$ 52,001	\$ 410,535
Liabilities:				
Undistributed Monies	\$ 0	\$ 383,034	\$ 0	\$ 383,034
Due to Students	33,269	46,233	52,001	27,501
Total Liabilities	\$ 33,269	\$ 429,267	\$ 52,001	\$ 410,535

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## **Statistical Section**



**Cardinal Local School District**  
*Governmental Activities Revenues by Source  
and Expenses by Function (1)  
Last Five Fiscal Years*

	2005	2004	2003	2002	2001
<b>Program Revenues</b>					
Charges for Services	\$ 1,269,578	\$ 1,282,942	\$ 1,175,897	\$ 1,246,799	\$ 1,073,835
Operating Grants and Contributions	1,590,425	1,223,638	1,330,186	940,338	800,811
Capital Grants and Contributions	9,135	14,816	73,141	39,640	102,292
<b>General Revenues</b>					
Taxes	10,320,703	8,870,142	8,290,658	7,666,861	7,561,469
Intergovernmental	3,411,745	3,695,629	3,553,129	3,305,179	3,221,848
Contributions and Donations	0	0	3,500	0	0
Interest	60,819	102,886	179,892	949,742	962,597
Miscellaneous	150,096	298,351	2,001	291,496	15,418
Special Items	(2,681,955)	0	0	0	0
<b>Total Revenues</b>	<b>\$ 14,130,546</b>	<b>\$ 15,488,404</b>	<b>\$ 14,608,404</b>	<b>\$ 14,440,055</b>	<b>\$ 13,738,270</b>
<b>Expenses</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	\$ 6,607,043	\$ 6,700,477	\$ 6,885,667	\$ 5,339,683	\$ 5,518,845
Special	1,910,585	1,677,655	1,953,428	1,341,464	1,233,556
Vocational	89,119	145,519	201,001	118,448	104,018
<b>Support Services:</b>					
Pupils	1,067,213	733,067	871,685	798,170	582,454
Instructional Staff	832,477	712,066	814,915	692,911	475,239
Board of Education	48,665	27,021	34,831	47,125	16,313
Administration	954,634	910,070	844,084	756,284	782,822
Fiscal	486,221	453,006	477,098	375,315	359,270
Business	47,694	45,553	50,711	45,080	48,487
Operation and Maintenance of Plant	1,428,796	1,184,735	1,387,312	1,128,307	1,056,124
Pupil Transportation	958,004	955,971	1,097,773	811,498	664,822
Central	275,932	270,224	241,170	206,313	184,936
Extracurricular Activities	411,279	421,052	408,672	353,431	327,796
<b>Operation of Non-Instructional Services:</b>					
Food Service Operations	488,984	457,508	367,376	380,650	300,626
Other Non-Instructional Operations	0	35,499	215,053	71,153	81,410
Interest and Fiscal Charges	686,596	697,067	661,232	531,713	640,668
<b>Total Expenditures</b>	<b>\$ 16,293,242</b>	<b>\$ 15,426,490</b>	<b>\$ 16,512,008</b>	<b>\$ 12,997,545</b>	<b>\$ 12,377,386</b>

Source: School District Financial Records.

(1) Includes General, Special Revenue, Capital Projects, Debt Service and Permanent Funds.  
Ten years of information will be provided when available.

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

	2005	2004	2003	2002	2001
<b>General Revenues</b>					
Taxes	\$ 10,265,300	\$ 8,875,592	\$ 8,272,725	\$ 7,610,341	\$ 7,522,004
Intergovernmental	4,986,485	5,157,158	4,550,158	4,265,296	4,193,709
Interest	60,819	102,886	179,892	950,156	962,252
Charges for Services	849,539	231,794	243,467	310,398	284,445
Tuition and Fees	75,796	777,582	777,872	815,067	663,084
Extracurricular Activities	122,864	115,302	105,257	117,980	108,594
Rentals	59,041	75,448	49,301	3,354	2,985
Contributions and Donations	239,168	19,816	54,799	19,447	14,727
Miscellaneous	147,048	298,351	2,001	291,496	12,215
<b>Total Revenues</b>	<b>\$ 16,806,060</b>	<b>\$ 15,653,929</b>	<b>\$ 14,235,472</b>	<b>\$ 14,383,535</b>	<b>\$ 13,764,015</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	\$ 6,194,940	\$ 6,118,373	\$ 5,996,850	\$ 5,524,317	\$ 5,059,446
Special	1,862,917	1,646,952	1,728,565	1,348,861	1,246,973
Vocational	78,996	152,655	116,549	119,058	119,824
<b>Support Services:</b>					
Pupils	1,062,714	727,765	819,596	794,276	587,965
Instructional Staff	792,960	670,677	630,426	698,042	460,253
Board of Education	49,611	26,075	34,831	47,125	16,313
Administration	946,350	905,596	789,716	787,357	747,858
Fiscal	503,396	470,403	432,916	370,556	348,564
Business	48,971	42,203	51,034	45,769	49,226
Operation and Maintenance of Plant	1,557,113	1,380,779	1,258,452	1,052,605	983,080
Pupil Transportation	906,463	916,987	915,585	796,926	829,342
Central	280,482	273,729	231,586	189,252	187,016
Extracurricular Activities	401,182	403,310	277,857	369,125	333,703
<b>Operation of Non-Instructional Services:</b>					
Food Service Operations	480,088	421,174	374,679	464,370	359,222
Community Services	172,964	0	0	0	0
Other Non-Instructional Operations	0	39,245	297,467	0	79,763
Capital Outlay	792,957	2,551,860	2,074,561	6,162,464	3,800,658
Debt Service	1,055,717	1,051,436	1,169,365	989,989	782,501
<b>Total Expenditures</b>	<b>\$ 17,187,821</b>	<b>\$ 17,799,219</b>	<b>\$ 17,200,035</b>	<b>\$ 19,760,092</b>	<b>\$ 15,991,707</b>

Source: School District Financial Records.

(1) Includes General, Special Revenue, Capital Projects, Debt Service and Permanent Funds for fiscal years 2001-2005.  
Includes General, Special Revenue, Capital Projects, Debt Service and nonexpendable trust funds for fiscal years 1996-2005.

	2000	1999	1998	1997	1996
\$	5,920,054	\$ 5,939,096	\$ 5,544,430	\$ 5,296,756	\$ 4,543,157
	3,084,141	3,389,696	3,233,588	3,105,802	3,065,402
	194,097	140,853	109,452	88,669	70,857
	0	0	0	0	0
	655,173	151,925	132,548	138,932	125,914
	0	0	0	0	0
	4,127	2,758	2,104	3,139	3,804
	0	0	0	345	6,825
	33,984	5,949	65,101	0	920
	<u>9,891,576</u>	<u>9,630,277</u>	<u>9,087,223</u>	<u>8,633,643</u>	<u>7,816,879</u>

\$	4,722,211	\$ 4,214,024	\$ 4,076,228	\$ 3,999,704	\$ 3,728,955
	800,468	711,020	508,714	455,100	489,916
	171,121	170,192	160,770	154,972	152,644
	447,870	451,004	391,116	421,947	402,261
	306,104	274,548	234,214	203,775	196,579
	24,446	19,497	19,643	23,278	19,139
	667,600	657,306	632,230	655,597	667,961
	308,950	280,535	272,453	291,628	278,952
	57,881	56,105	48,223	44,418	44,222
	885,844	923,486	842,115	864,957	875,722
	684,116	722,151	695,202	701,000	584,067
	165,438	192,743	178,344	187,308	184,533
	226,819	188,028	180,654	178,185	164,484
	0	0	0	0	0
	0	0	0	0	0
	62,682	64,518	60,180	63,066	57,869
	35,329	0	0	0	8,000
	0	0	24,015	18,615	13,215
	<u>9,566,879</u>	<u>8,925,157</u>	<u>8,324,101</u>	<u>8,263,550</u>	<u>7,868,519</u>

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

Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Total Tax Levy	Delinquent Tax Collection	Total Tax Collection	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2004	\$ 10,121,279	\$ 9,406,615	92.9%	\$ 204,880	\$ 9,611,495	95.0%	\$ 509,784	5.0%
2003	9,727,424	9,048,653	93.0%	251,122	9,299,775	95.6%	427,649	4.4%
2002	8,914,432	8,231,692	92.3%	224,421	8,456,113	94.9%	462,118	5.2%
2001	8,301,429	7,806,730	94.0%	169,835	7,976,565	96.1%	385,418	4.6%
2000	8,167,546	7,681,629	94.1%	144,881	7,826,510	95.8%	347,486	4.3%
1999	7,061,165	6,594,575	93.4%	144,881	6,739,456	95.4%	343,754	4.9%
1998	6,518,460	6,402,632	98.2%	213,730	6,616,362	101.5%	191,860	2.9%
1997	5,944,364	5,772,668	97.1%	153,832	5,926,500	99.7%	255,461	4.3%
1996	5,708,577	5,545,982	97.2%	159,449	5,705,431	99.9%	187,319	3.3%
1995	5,333,025	5,177,712	97.1%	220,945	5,398,657	101.2%	180,046	3.4%

Source: Geauga County Auditors - 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. 2005 information cannot be presented because all collections have not been made by June 30.



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

Collection Year	Real Property		Public Utility		Tangible Personal Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2005	\$ 213,134,120	\$ 608,954,629	\$ 7,309,910	\$ 8,306,716	\$ 55,800,660	\$ 223,202,640
2004	209,675,890	599,073,971	6,943,780	7,890,659	53,316,420	213,265,680
2003	203,583,810	581,668,029	6,943,510	7,890,352	50,313,160	201,252,640
2002	180,996,580	511,759,371	7,392,290	8,377,148	49,792,500	199,088,880
2001	171,952,750	491,293,571	8,702,780	9,889,523	48,597,230	194,388,920
2000	166,528,650	475,796,143	8,917,030	10,132,989	44,936,615	179,746,460
1999	133,001,590	380,004,543	9,585,480	10,892,591	43,299,674	173,198,696
1998	128,355,050	366,728,714	9,491,840	10,786,182	40,323,480	161,293,920
1997	123,338,590	352,395,971	8,820,000	10,022,727	37,495,320	14,981,280
1996	112,063,340	320,180,971	8,669,150	9,851,307	31,960,530	127,842,120

Source: Geauga County Auditor - Data is presented on a calendar year basis as this is the manner in which 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.

<u>Total</u>		
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>
\$ 276,244,690	\$ 840,463,984	33%
269,936,090	820,230,310	33%
260,840,480	790,811,021	33%
238,181,370	719,225,399	33%
229,252,760	695,572,014	33%
220,382,295	665,675,592	33%
185,886,744	564,095,830	33%
178,170,370	538,808,816	33%
169,653,910	377,399,978	45%
152,693,020	457,874,398	33%

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

Collection Year	School Levy	JVS	Special District (1)	Library	County Levy	Total Levy	Debt Service Included in Total Levy		
							School	County	Total
2005	\$ 56.25	\$ 1.50	\$ 4.05	\$ 1.00	\$ 15.10	\$ 77.90	\$ 4.15	\$ 0.30	\$ 4.45
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

Source: Geauga County Auditors - 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 General Obligation Bonded Debt Per Capita  
Last Ten Years*

Collection Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2005	\$ 10,371,955	\$ 276,244,690	13,494	3.75%	\$ 768.63
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

Source:

- (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, 2005

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Assessed Valuation	\$	<u>276,244,690</u>
Overall Debt Limit Bonded - 9% of Assessed Value (1)	\$	24,862,022
Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds		8,679,930
Middlefield Public Library Bonds		2,615,000
Amount Available in Debt Service Funds		<u>(922,975)</u>
Amount of Debt Subject to Debt Limit:		<u>10,371,955</u>
Overall Debt Margin	\$	<u>14,490,067</u>
Unvoted Debt Limit - .1% of Assessed Value (1)	\$	276,245
Amount of Debt Applicable		<u>0</u>
Unvoted Debt Margin	\$	<u>276,245</u>
Additional Limit of Unvoted Energy Conservation Bonds:		
Debt Limit- .10% of Assessed Valuation	\$	276,245
Less: Energy Conservation Bonds		<u>0</u>
Energy Conservation Bond Debt Margin	\$	<u>276,245</u>

Source: Geauga County Auditor and School District Financial Records.

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

**Cardinal Local School District**  
*Computation of Direct & Overlapping General Obligation Bonded Debt*  
*December 31, 2004*

	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
<b>Direct:</b>			
Cardinal Local School District	\$ 11,294,930	100.00%	\$ 11,294,930
<b>Overlapping:</b>			
Geauga County	665,000	9.86%	65,569
Total			<u>\$ 11,360,499</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 2004 collection year.

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

Year	Principal	Interest	Total Debt Service	Total Governmental Fund Expenditures (1)	Ratio of Debt Service to Governmental Fund Expenditures (Percentage)
2005	\$ 485,000	\$ 570,717	\$ 1,055,717	\$ 17,187,821	6.14%
2004	460,000	591,436	1,051,436	17,799,219	5.91%
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%

Source: School District Financial Records.

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



**Cardinal Local School District**  
*Demographic Statistics*  
*Last Ten Years*

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Year	Geauga County Population (1)	Cardinal LSD Area Population (2)	School Enrollment (3)	Geauga County Unemployment Rate (4)
2005	94,602	13,494	1,504	4.5
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

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 Values, Financial Institution Deposits  
and Building Permits  
Last Ten Years*

Year	Property Value (1) (Real Estate Only)	Financial Institution Deposits Banks	Value of Permits Issued Geauga County	Value of Permits Issued Huntsburg Township
2004	\$ 209,675,890	\$ 168,080,500	\$ 207,297,622	\$ 3,810,411
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

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
\$ 2,099,320	\$ 21,247,864	\$ 4,060,740
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	3,673,502
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

**Cardinal Local School District**  
*Principal Taxpayers - Real Estate Tax*  
*December 31, 2004*

Name of Taxpayer	Assessed Value (1)	Percent of Real Assessed Value
Kraftmaid Cabinetry, Inc.	\$ 5,993,820	2.81%
Johnson Rubber	1,725,300	0.81%
Sajar Plastics	1,426,050	0.67%
Burdkidz, Limited	1,323,080	0.62%
Richard Bonner	1,178,180	0.55%
Dillen Properties, Limited	1,177,980	0.55%
Middlefield Square	1,135,500	0.53%
Middlefield Banking Company	1,074,390	0.50%
Marjoan Association	929,110	0.44%
Don R Hostetler	922,080	0.43%
Total	<u>\$ 16,885,490</u>	<u>7.91%</u>
<i>Total Real Assessed Value</i>	<u><u>\$ 213,134,120</u></u>	

Source: Geauga County Auditor.

(1) Assessed values are for the 2005 collection year.

**Cardinal Local School District**  
*Principal Taxpayers - Tangible Personal Property Tax*  
*December 31, 2004*

Name of Taxpayer	Assessed Value (1)	Percent of Real Assessed Value
Kraftmaid Cabinetry, Inc.	\$ 12,465,040	22.34%
General Electric Capital	6,971,940	12.49%
Myers Industries, Inc.	5,939,060	10.64%
Duramax, Inc.	5,650,360	10.13%
Hans Rothenbuhler & Sons	4,659,680	8.35%
Gold Key Processing, LTD	1,986,510	3.56%
Mercury Plastics, Inc.	1,307,450	2.34%
Neff Perkins Company	1,240,120	2.22%
Sajar Plastics	996,920	1.79%
Flambean Products Corp.	950,690	1.70%
Total	<u>\$ 42,167,770</u>	<u>75.56%</u>
<i>Total Real Assessed Value</i>	<u>\$ 55,800,660</u>	

Source: Geauga County Auditor.

(1) Assessed values are for the 2005 collection year.

**Cardinal Local School District**  
*Principal Taxpayers - Public Utilities Tax*  
*December 31, 2004*

Name of Taxpayer	Assessed Value (1)	Percent of Real Assessed Value
Cleveland Electric Illuminating Company	\$ 4,104,100	56.14%
Western Reserve Telephone Company	1,036,350	14.18%
Ohio Edison	760,850	10.41%
American Transmission	571,410	7.82%
East Ohio Gas Company	275,710	3.77%
Columbia Gas	96,300	1.32%
<b>Total</b>	<b>\$ 6,844,720</b>	<b>93.64%</b>
<i>Total Public Utilities Tax Assessed Value</i>	<i>\$ 7,309,910</i>	

Source: Geauga County Auditor.

(1) Assessed values are for the 2005 collection year.

**Cardinal Local School District**  
*Cost Per Pupil*  
*Last Ten Fiscal Years*

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Year	General Fund Expenditures (1)	Average Daily Student Enrollment	Cost Per Pupil
2005	\$ 12,967,537	1,504	\$ 8,622
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

Source: School District Financial Records.

(1) Includes Other Financing Uses.

**Cardinal Local School District**  
*Teacher Education and Experience*  
 June 30, 2005

<b>Degree</b>	<b>Number of Teachers</b>	<b>Percentage of Total</b>
Bachelor's Degree	14	13.10%
Bachelor + 15	11	10.28%
Bachelor + 30	12	11.21%
Master's Degree	29	27.10%
Master's + 15	16	14.95%
Master's + 30	25	23.36%
<b>Total</b>	<b>107</b>	<b>100.00%</b>

<b>Years of Experience</b>	<b>Number of Teachers</b>	<b>Percentage of Total</b>
0-5	20	18.69%
6-10	24	22.43%
11 and over	63	58.88%
	<b>107</b>	<b>100.00%</b>

Source: School District Personnel Records.





**Auditor of State  
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**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 30, 2006**