

**CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2003**



**Auditor of State  
Betty Montgomery**



**CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

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CARDINAL LOCAL SCHOOL DISTRICT  
 GEAUGA COUNTY  
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2003

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$20,784	\$0	\$20,784
National School Lunch Program FY03	LL-P4-03	10.555	86,145	0	86,145	0
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>			<b>86,145</b>	<b>20,784</b>	<b>86,145</b>	<b>20,784</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Title 6-B - FY02	6B-SF-02P	84.027	1,440	0	1,440	0
Title 6-B - FY02 Autism Demonstration Project	6B-SX-02P	84.027	35,000	0	49,805	0
Title 6-B - FY03	6B-SF-03P	84.027	144,850	0	132,771	0
Total Special Education Cluster			181,290	0	184,016	0
Grants to Local Educational Agencies						
Title I FY02	C1-S1-02	84.010	114,218	0	158,293	0
Title I FY03	C1-S1-03	84.010	421,161	0	400,820	0
Total Title I			535,379	0	559,113	0
Drug-Free Schools Grant						
Drug-Free Schools Grant FY02	DR-S1-02	84.186	0	0	747	0
Drug-Free Schools Grant FY03	DR-S1-03	84.186	10,091	0	11,660	0
Total Drug-Free Schools Grant			10,091	0	12,407	0
Eisenhower Math and Science						
Eisenhower Math and Science FY01	MS-S1-01C	84.281	0	0	165	0
Eisenhower Math and Science FY02	MS-S1-02	84.281	(3,558)	0	6,220	0
Total Eisenhower Math and Science			(3,558)	0	6,385	0
Title 6 (Innovative Ed)						
Title 6 (Innovative Ed) FY01	C2-S1-01	84.298	0	0	137	0
Title 6 (Innovative Ed) FY02	C2-S1-02	84.298	554	0	4,397	0
Title 6 (Innovative Ed) FY03	C2-S1-03	84.298	7,179	0	5,986	0
Total Title 6 (Innovative Ed)			7,733	0	10,520	0
Assistance Technology Grant						
Assistance Technology Grant FY02	AT-S2-02	84.318	10,554	0	2,095	0
Technology 11-D FY03	TJ-S1-03	84.318	13,846	0	7,219	0
Total Assistance Technology Grant/Grant Technology 11-D			24,400	0	9,314	0
Class Size Reduction						
Class Size Reduction FY01	CR-S1-01	84.340	(6,478)	0	28,790	0
Class Size Reduction FY02	CR-S1-02	84.340	118,921	0	115,296	0
Total Class Size Reduction			112,443	0	144,086	0
Improving Teacher Quality						
Improving Teacher Quality FY03	TR-S1-03	84.367	5,061	0	5,011	0
Total Improving Teacher Quality			5,061	0	5,011	0
<b>Total Department of Education</b>			<b>872,839</b>	<b>0</b>	<b>930,852</b>	<b>0</b>
<b>Total Federal Assistance</b>			<b>\$958,984</b>	<b>\$20,784</b>	<b>\$1,016,997</b>	<b>\$20,784</b>

See accompanying notes to the Schedule of Federal Awards Expenditures

**CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B—CHILD NUTRITION CLUSTER**

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

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

**NOTE C – NEGATIVE RECEIPTS**

The negative receipts for the Eisenhower Math and Science CFDA# 84.281 for \$3,558 and the Class Size Reduction CFDA# 84.340 for \$6,478 represent amounts that were transferred or refunded to the State due to expiration of period of availability.

CFDA – Catalog of Federal Domestic Assistance

N/A – Not Applicable



## Auditor of State Betty Montgomery

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

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

We have audited the financial statements of the Cardinal Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated December 15, 2003, wherein we noted, the District adjusted the beginning fund balance for the library bond retirement and the library construction funds. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

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

Cardinal Local School District  
Geauga County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

December 15, 2003





## Auditor of State Betty Montgomery

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

Cardinal Local School District  
Geauga County  
16000 East High Street, P.O. Box 188  
Middlefield, Ohio 44062-0188

#### Compliance

We have audited the compliance of the Cardinal Local School District, Geauga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

#### Internal Control Over Compliance

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

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

#### **Schedule of Federal Awards Expenditures**

We have audited the basic financial statements of the District as of and for the year ended June 30, 2003, and have issued our report thereon dated December 15, 2003, wherein we noted, the District adjusted the beginning fund balances for the library bond retirement and library construction funds. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

December 15, 2003

**CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY  
JUNE 30, 2003**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

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

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

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

None

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

None



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

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

Prepared by

Treasurer's Office  
Dianne Kellogg  
Treasurer



**Cardinal Local School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2003*  
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# *Cardinal School District*

16000 EAST HIGH STREET  
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December 15, 2003

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, 2003. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the Cardinal Local School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Geauga County Public Library, major taxpayers, financial rating services and other interested parties.

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

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

## **The School District**

The Cardinal Local School District is located in eastern Geauga County including all of Huntsburg, Middlefield and Parkman Townships and Middlefield Village. A small portion of the School District is in western Trumbull County in Mesopotamia Township. The District operates under a locally-elected Board form of government. This Board manages the School District's 5 instructional/support facilities staffed by 82 non-certificated employees, 109 certificated full time teaching personnel and 7 administrative employees to provide services to 1,428 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 and Section 119.01 of the Ohio Revised Code, to provide services authorized by charter and further mandated by State and/or 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 Special Education Center, the East Shore Transportation System, the Ohio Schools Council insurance and energy consortiums and the Ohio School Boards Association, Worker's Compensation Group Rating Consortium. These organizations are presented in Notes 10, 16 and 17 to the basic financial statements.

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

## **Economic Condition and Outlook**

Agriculture is a main component of Cardinal 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 employees include Duramax, Inc., Carlisle Engineered Products, Mercury Plastics and Dillen Products, Inc. Over 40 percent of Geauga County's industry is located within the District contributing 23 percent of the real estate valuation and \$50,313,160 in tangible personal property tax valuation to the School District. The Village continues to encourage economic development through the use of tax incentives. Currently, 58 percent of the tax abatement area is developed while 42 percent remains available for future growth. All of this property is not available for abatement for all purposes due to environmental limitations. The Community Re-investment Area created to allow for tax exemptions is not likely to be expanded. If the area is expanded the Village of Middlefield will be required to follow newer law that makes the tax exemption process more cumbersome. The effects of this limitation to the Re-investment Area can be seen with the recent construction of a new industrial park road in an area that is not abated. A second example is the plan for a Wal-Mart Supercenter to also be located in a non-abated area.

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. The annual collection of the municipal income tax has grown. The Village expends approximately \$1.4 million per year for operations and holds a reserve of nearly \$4.0 million. This allows funds to be set aside for major projects without bond indebtedness. Village officials aggressively pursue grant funds to assist in major projects.

The Village of Middlefield has constructed a two-mile bypass road Northwest of the Village. The road will open to traffic in December 2003. A top coat of pavement and landscaping will be completed in the spring of 2004. The road by-passes the main intersection at State Routes 87 and 608. Much of the property for the road was donated by a landowner. The landowner sees the opportunity to gain access for development. No driveways will be allowed on this road but a developer can install adjoining roads.

The Village of Middlefield completed a street-widening project in the Fall of 2003. In the commercial area of State Route 87 three lanes exist with a turn lane in the middle. This reduces congestion. The two lane road was widened over 1000 feet to the East to reach an intersection of Lake Street where traffic has increased. This was also done to improve traffic should the Wal-Mart project move forward. Wal-Mart patrons will have access to the site from Route 87 and Lake Street.

A preliminary site plan has been approved for the construction of a Wal-Mart Supercenter on a 17 acre site in Middlefield Village. The project will include the construction of a 2600-foot roadway with access to two main roads. Construction is planned for 2004 and 2005.

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

A site plan was approved for an additional industrial park at the east end of the Village at State Route 528. The landowner and developer, Richard Bonner, has installed the first phase of the road and prepared two parcels for construction in the spring of 2004. A total of 18 parcels are planned.

New housing starts continue to proceed at a level higher than the past decade. Throughout the District there are eight rural subdivisions available for home construction. These subdivisions include building lots of 2 to 5 acres. There is currently construction of more than one new home in each subdivision. In the Village of Middlefield there are three subdivisions with construction taking place. Each subdivision has constructed another phase in the past year and is experiencing over 30 new homes per year. A condominium community with 48 units has started construction in Middlefield Village.

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 District through the next five-year period beginning in 2003. With recent legislation, such as House Bill 95, and cuts in state funding the District will need to return to the ballot in 2005 or 2006. The School Board will move 1.5 mills of inside millage from permanent improvement to the general fund. It is likely that the District will seek an operating levy to be soon followed by a permanent improvement levy.

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

Dillen Products, a major manufacturer of injection molded products, has several buildings eligible for tax abatement. They were eligible for a ten-year abatement dated back to the year 2000. The company did not apply for the abatement. They recently applied for abatement that will be limited to the remaining seven years. Beginning in the 2004 tax year, the School District will lose over \$126,000 annually due to this unanticipated abatement.

Some area property owners appealed their tax valuation during 2003. The losses to the School District will total approximately \$15,000 per year. Some of the properties were commercial.

Spending has been halted in some areas of operation and limited in all others. Some students will be re-assigned in the Fall of 2004. With the retirement of a minimum of six teachers in each of the next two years it is expected that the size of the teacher staff can be reduced. The goal is to provide quality and a strong program while striving to make the operating levy request as modest as possible.

## **Major Initiatives**

### ***Continuous Improvement Planning***

The School District completes an annual continuous improvement plan. This is a form of strategic planning guiding the District in all phases of operation. The involvement of the general public and employees has broadened support for 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. Five of the goals have been met and the other two are ongoing.

The Ohio Report Card is issued in August of each school year. The report uses data from the previous school year to inform the public of District success or failure in 22 indicators. On the 2003 report card the School District met, or exceeded the Ohio standard in 17 of 22 indicators. The District maintained a rating in the category titled, "Effective." It is the goal of the District to exceed the state standards in 21 or more indicators. The Cardinal Local School District was commended by the Ohio Department of Education for far exceeding state benchmarks for improvement.

The 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 District continues to apply for all federal funds for which the District is eligible. This includes the Class-Size Reduction Grant under Title VI 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.

The national "No Child Left Behind" initiative has affected every school district. Cardinal was proud to find that 101 of 109 teachers met the national criteria for classification as "highly qualified" teachers. The eight teachers without this designation are working toward meeting the standards before the federal requirement is in effect in 2006.

The graduation rate at Cardinal was increased from 83 percent in 1996 to over 93 percent in 2003. The High School has implemented many strategies to keep students in school and focused on achieving a diploma. Over 50 percent of Cardinal students attend college after high school. Nearly 40 percent attend four year colleges with others attending area Community Colleges.

Elementary Schools have a strong "Reading Recovery" program in 1<sup>st</sup> grade. An after school program provides additional intervention for students. Each building has a program titled "Children And Books". The C.A.B. program requires parents or significant others to read with the children weekly. Books are available at several reading levels. Students are excited to dig through the books and find something of interest. Participation in the program is greater than 90 percent.

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

The old Cardinal Middle School has been given a new name, "Middlefield Educational Center." The Middlefield Village Recreation program is using the gym and two classrooms for recreational programs and adult education. In addition, there are lease agreements for the use of five classrooms and offices. The tenants are the Lake-Geauga Head Start and a Geauga County Autism program (S.T.A.R.S.). The lease agreements provide enough funds to provide for building utilities and custodial services. The community benefits from the presence of these programs.

The School District accepts open enrollment students. The School District receives the full Ohio Basic Aid amount for each of these students. With over 100 open enrollment students from other districts the School District receives over \$550,000 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.

Jordak Elementary School houses over 400 students. The site is shared with the Middlefield Educational Center. There was a single access drive to the site. A drive was installed from the back of the site to Pierce Lane. This has improved safety and access.

The School District completes an annual continuous improvement plan as required by the State of Ohio. The plan is reviewed and revised each year in May. A team of over 30 planners includes teachers, Board of Education members, administrators, non-teaching employees, students, parents and other community members. The Cardinal Continuous Improvement Plan is a form of strategic planning with seven primary goals and strategies. For the 2000-2003 planning period there are fourteen (14) action plans aimed at meeting the goals of the current plan.

## **Financial Information**

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

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

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

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

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

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

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

Site-based financial management is directed by the Principal at each building. 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 the Cardinal Local Schools are fully described in Note 2 of the basic financial statements.

**Financial Condition** This is the fourth year the School District has prepared financial statements following GASB Statement 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 creates 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 Discussion and Analysis of the School District. This discussion follows the Report of Independent Accountants, providing an assessment of the School District finances for 2003 and a comparison, where available, to performance in 2002 and analysis of resources available for the future. 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 \$59,695 at June 30, 2003, compared with \$106,197 in 2002 reflecting a net decrease of \$46,502.

### **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 \$179,892 for fiscal year 2003, of which \$93,011 was credited to the general fund, \$19,227 to the library bond retirement fund, \$3,580 to the building fund, \$62,686 to the library construction fund and \$1,388 to other special revenue funds. Information regarding School District investments is found in Note 6.

### **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 for future contracts.

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% and 18% as a result of its participation in the group. The School District contracts independently with the Harcum-Hyde 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 and Coregis Agency are 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.

### **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 Betty Montgomery, Auditor of State, was selected to render an opinion on the School District’s financial statements as of and for the year ended June 30, 2003. 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 governments 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, 2002. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

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

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


### **Acknowledgments**

The publication of this Comprehensive Annual Financial Report according to the new financial reporting model is another significant step toward elevating the professional standards for Cardinal Local School District's financial reporting. We believe it enhances the School District's accountability to the residents and provides all interested parties with a broad historical perspective of the Cardinal Local School District's financial and demographic information. Assistance from the County Auditor's staff and outside agencies made possible the fair presentation of statistical data.

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

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

Respectfully submitted,



Dianne Kellogg  
Treasurer



Clinton L. Keener  
Superintendent

Superintendent

**Cardinal Local School District**

*Principal Officials*

*June 30, 2003*

***Board of Education***

Mr. Richard A. Moss .....President  
Dr. I. Jack Youshak..... Vice-President  
Mr. Claire Zurbuch ..... Member  
Mr. Kenneth J. Klima..... Member  
Mr. Daniel S. Mihalik ..... Member

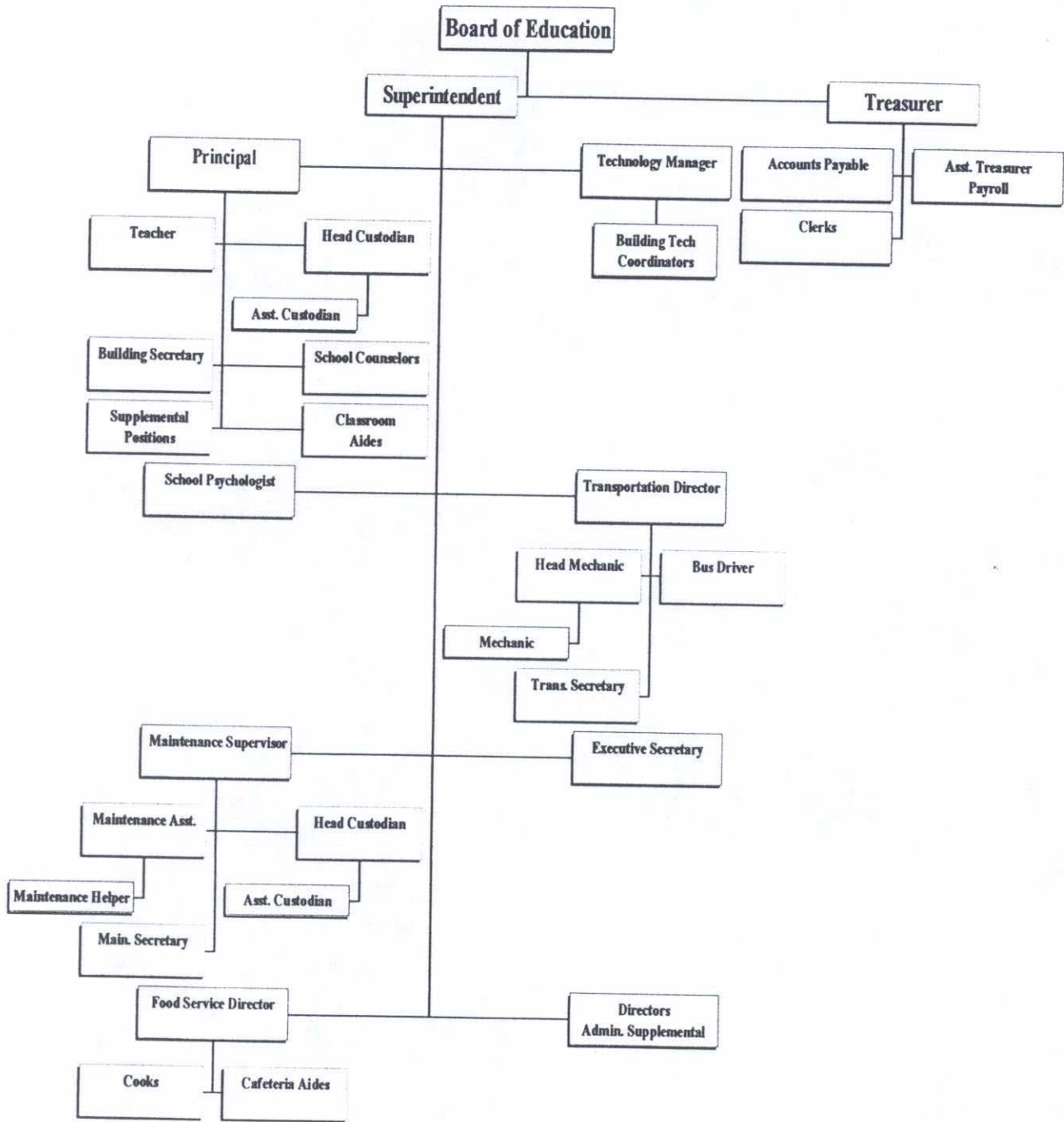
***Treasurer***

Mrs. Dianne Kellogg

***Administration***

Mr. Clinton L. Keener..... Superintendent

# Cardinal Local School District



Organizational Chart

# 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, 2002

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.



*William Patrick Barte*

President

*Jeffrey R. Emer*

Executive Director



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Cardinal Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Cardinal Local School District, Geauga County, Ohio, as of June 30, 2003, and the respective changes in financial position and the cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the District adjusted beginning fund balances for the library bond retirement and the library construction funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

**Betty Montgomery**  
Auditor of State

December 15, 2003



**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*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, 2003. 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 2003 include:

- The opening and full operation of the new Cardinal Middle School, a \$9,400,000 facility serving sixth, seventh and eighth grades district-wide.
- Groundbreaking for the new Middlefield Public Library.
- Re-assessing the long-term financial needs of the School District in the current economic climate in Ohio.

Total net assets decreased by \$1,898,040, primarily due to expenses exceeding revenues in fiscal year 2003.

Total revenues of \$14,617,879 were comprised of general revenues in the amount of \$12,029,180 or 82.3 percent and program specific revenues from charges for services, grants and contributions in the amount of \$2,588,699 or 17.7 percent.

Total assets decreased by \$3,904,627 as the major construction came to a close and the Bond Anticipation Notes for the construction of the new Middlefield Library were retired. The capital assets, net of depreciation increased by \$927,578 reflecting the completion of several projects funded by the 2000 construction fund. Current and other assets decreased by \$4,832,205 as the result of the decrease of \$5,845,256 in equity in pooled cash and cash equivalents and accrued interest receivable, partially offset by the increase of \$743,425 in taxes receivable. The passage of a 9.7 mill replacement levy resulted in a 9.26 percent increase in taxes receivable.

The decrease in the general fund balance from \$2,264,958 to \$1,081,046 is substantial. This report will analyze various factors contributing to the decrease.

### **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of two distinct series of financial statements: district-wide and fund.

The district wide reports are designed to show the School District as a sum of its significant fund activities. The *Statement of Net Assets* and *Statement of Activities* provide information about the governmental-type and business-type activities of the whole District, presenting both an aggregate view of School District finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term 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

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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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.

**Reporting the School District as a Whole (district wide)**

*Statement of Net Assets and the Statement of Activities*

The analysis of the School District as a whole begins on page 5. The view of the School District as a whole looks at all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "Why" or "Why not". The Statement of Net Assets and the Statement of Activities provide the basis for answering these questions. The statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting recognizes all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net assets* and any changes in those assets. The change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some strictly within the scope of the School District, some not. External factors include the School District's property tax base, community demographics, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

Effective with this fiscal year, the Statement of Net Assets and the Statement of Activities is represented in one type of activity; Governmental Activities. The School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities as well as food services, formerly reported as Business-Type Activities.

**Reporting the School District's Most Significant Funds (fund financials)**

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*.



**Cardinal Local School District**  
*Management's Discussion and Analysis*  
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**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 reports the enterprise funds as *special revenue funds*. The lack of profitability in the food service fund in the last three fiscal years lead to the decision to no longer report it as an enterprise fund last year. The charge for a school lunch cannot keep pace with the ever-increasing wage and benefit costs. In addition, the School District recognizes the many subsidies received by the food service fund preclude it from being considered a business-type activity. This change is reflected in the tables presented below. The internal service fund accounts for the self-insurance fund for prescription drugs and dental coverage and is reported separately as the School District's only proprietary fund.

**The School District as a Whole**

Table 1 provides a comparison of Net Assets as of 6/30/02 compared to 6/30/03:

(Table 1)  
Net Assets

	2003	2002
<b>Assets</b>		
Current and Other Assets	\$15,903,145	\$20,735,350
Capital Assets, Net	13,369,959	12,442,381
<i>Total Assets</i>	<u>29,273,104</u>	<u>33,177,731</u>
<b>Liabilities</b>		
Current and Other Liabilities	10,123,144	12,346,540
Long-Term Liabilities:		
Due Within One Year	1,026,112	686,603
Due in More than One Year	13,318,481	13,441,181
<i>Total Liabilities</i>	<u>24,467,737</u>	<u>26,474,324</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	3,590,853	3,099,756
Restricted:		
Capital Projects	468,713	1,148,230
Debt Service	568,868	590,038
Set Asides	127,341	127,341
Other Purposes	466,204	466,526
Unrestricted (Deficit)	<u>(416,612)</u>	<u>1,271,516</u>
<b>Total Net Assets</b>	<u><u>\$4,805,367</u></u>	<u><u>\$6,703,407</u></u>

Total assets decreased \$3,904,627. An increase in capital assets of \$927,578 was offset by the decrease in current and other assets of \$4,832,205. The change was due in part to the repayment of \$3,000,000 in bond anticipation notes held as Cash and Cash Equivalents at the close of fiscal year 2002.

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

Current liabilities in governmental activities decreased by \$2,223,396. This decrease was also reflective of the \$3 million bond anticipation notes issued in January 2002 paid in July 2002. Long-term liabilities increased \$216,809 due to an increase in compensated absences, payable within one year, specifically severance pay liabilities.

Table 2 shows the changes in net assets for fiscal year 2003 compared to fiscal year 2002 and also reflects the reclassification business-type activities to special revenue funds for both years, in order to make the appropriate comparisons.

(Table 2)  
 Changes in Net Assets - Governmental Funds

	<u>2003</u>	<u>2002</u>
<b>Revenues</b>		
<i>Program Revenues</i>		
Charges for Services	\$1,175,897	\$1,246,799
Operating Grants and Contributions	1,339,661	940,338
Capital Grants	73,141	39,640
<i>Total Program Revenues</i>	<u>2,588,699</u>	<u>2,226,777</u>
<i>General Revenues</i>		
Property Taxes	8,290,658	7,666,861
Grants and Entitlements	3,553,129	3,305,179
Other	185,393	1,241,238
<i>Total General Revenues</i>	<u>12,029,180</u>	<u>12,213,278</u>
<i>Total Revenues</i>	<u>14,617,879</u>	<u>14,440,055</u>
<b>Program Expenses</b>		
Instruction	9,044,007	6,799,595
Support Services:		
Pupil and Instructional Staff	1,686,600	1,491,081
Board of Education, Administration, Fiscal and Business	1,406,724	1,223,804
Operation and Maintenance	1,387,312	1,128,307
Pupil Transportation	1,097,773	811,498
Central	241,170	206,313
Extracurricular Activities	408,672	353,431
Operation of Non-Instructional Services:		
Operation of Food Services	367,376	380,650
Other Non-Instructional Services	215,053	71,153
Interest and Fiscal Charges	661,232	531,713
<i>Total Program Expenses</i>	<u>16,515,919</u>	<u>12,997,545</u>
<i>Increase (Decrease) in Net Assets</i>	(1,898,040)	1,442,510
<i>Net Assets July 1</i>	<u>6,703,407</u>	<u>5,260,897</u>
<i>Net Assets June 30</i>	<u>\$4,805,367</u>	<u>\$6,703,407</u>

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

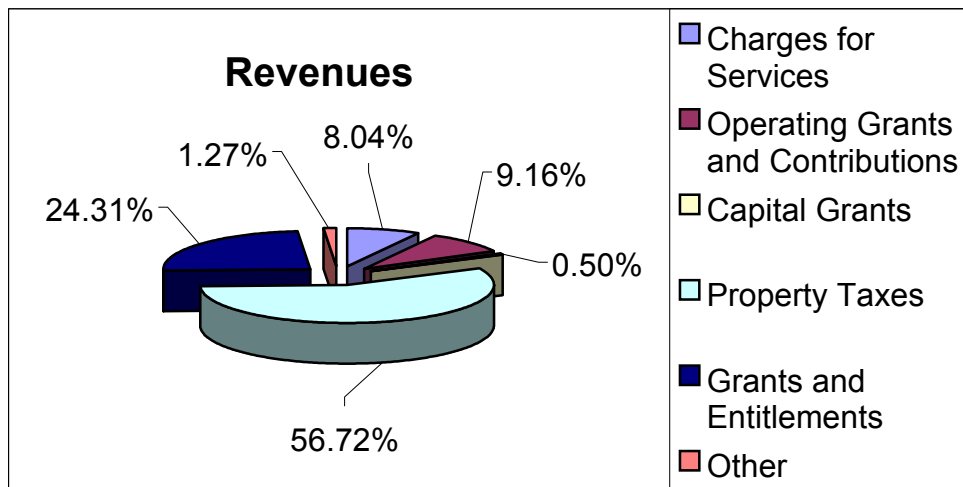
Program Revenues include charges for services, grants and contributions that are program specific. Surrounding schools with resident students attending Cardinal pay the School District \$5,120 per pupil under Ohio's open enrollment plan. The 5.69 percent decrease in the revenues from *charges for services* is derived from the District accepting fewer open enrollment students. The School District operates special education units with excess costs charged back to the students' district of residence.

The 42.47% increase in *operating grants, contributions and interest* is due to an increase in Special Instruction grants from \$492,446 in fiscal year 2002 to \$737,143 in fiscal year 2003. Another factor is the increase in contributions in extracurricular activities from \$104,233 in fiscal year 2002 to \$243,331 in fiscal year 2003. The Cardinal High School football team extended its season by going to the playoffs for the first time in forty years, adding to the extracurricular activities revenues.

*Capital grants* increased by 84.51 percent because in fiscal year 2003 the School District received additional funding through SchoolNet for computers. The 85.06 percent decrease in general revenues, *other* is related to the one time sale of the Anthem, Inc. stock in fiscal year 2002 and lower returns on investments in fiscal year 2003.

Property taxes made up 56.72 percent of total revenues for governmental activities for Cardinal Local Schools in fiscal year 2003 demonstrating an increased reliance on local effort for funding schools in Ohio. Program Revenues comprising of *charges for services, operating grants and contributions and capital grants*, provided 17.71 percent of total revenues. Over 72.83 percent of all governmental activities are supported through property taxes, grants and entitlements, and other general revenues. The 29.54 percent provided by the grants and entitlements portion of general revenues includes monies received from the Ohio Department of Education, State Foundation Program and property tax relief such as the electric deregulation make-up (starting in 2003) and 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

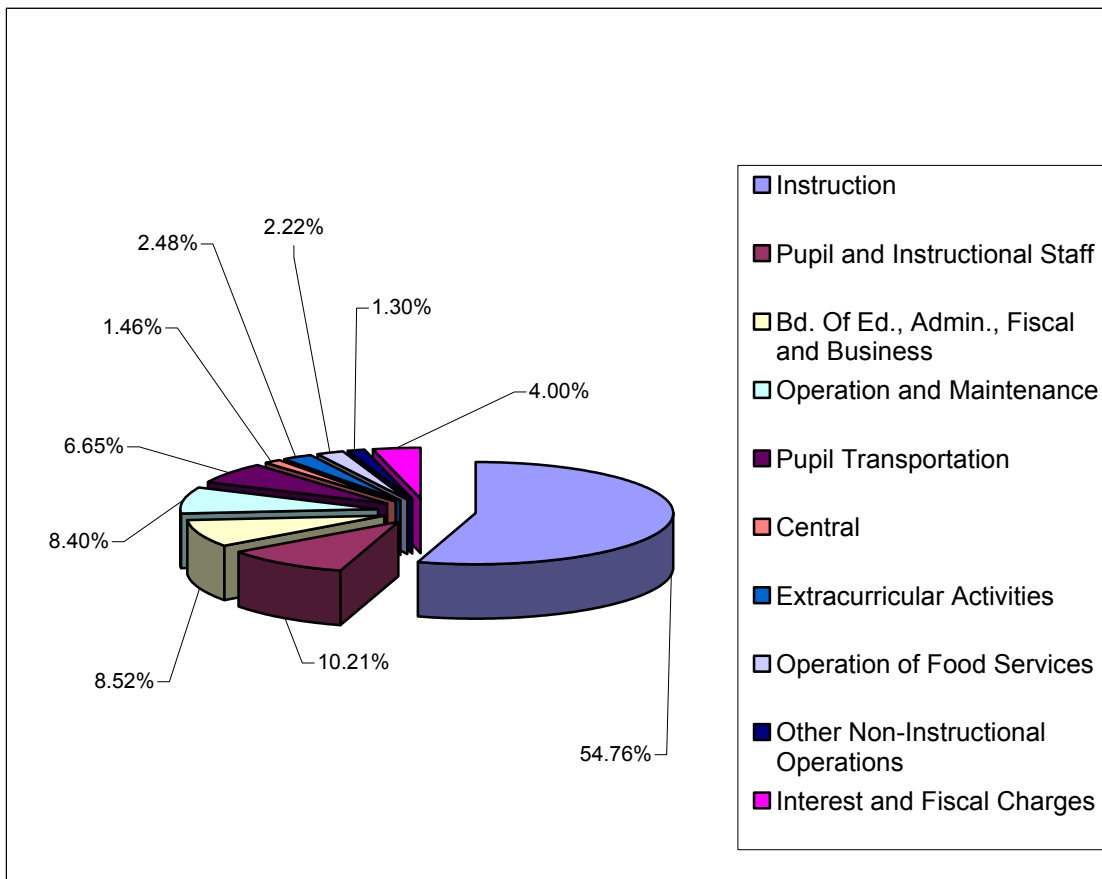


**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

Instruction comprised 54.76 percent of governmental program expenses increasing 33.01 percent over fiscal 2002. The cost of special instruction increased \$615,875 over fiscal year 2002 contributing 27.44 percent of the instruction expense increase of \$2,244,412. The newly negotiated agreement increased teachers' and coaches' salaries 4.5 percent in fiscal year 2003. Other increases in program expenses are primarily due to the opening of the new middle school, additional staff and utility costs related to that building. Support services in the area of pupil and instructional staff increased 13.11 percent continuing the trend of ever increasing special education and technology support costs.

The food service operations expense decreased \$13,274 or 3.49 percent. Uniform school supplies expense is reflected in instruction. In fiscal year 2003, operation and maintenance of plant expenses increased by \$259,005 or 23 percent. The School District continued to set aside 1.5 mills of inside millage to do major permanent improvements. The increased expenses in instruction and support will preclude the School District from doing this after fiscal year 2004. Interest and fiscal charges increased \$129,519 reflecting the increase in interest payments on general obligation bonds.

(Graph 2)  
 Governmental Expenses



**Cardinal Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

***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. The voters again approved the replacement of the 9.7 mill levy in the May 2002 Primary. The first collection of the replacement was January 2003. The School District anticipated meeting its long- range financial plans through the additional revenues received from new construction, inside (fixed) millage, and approximately 2 additional mills received when the 5 year, 9.7 mill issue was collected. However the actual collection is approximately 0.23 mills or \$68,160 less than anticipated. The School District is awaiting the collection of the personal tangible tax before deciding on the additional operating millage needed to close the revenue versus expense gap.

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.

(Table 3)  
 Governmental Activities

	Total Cost of Services 2003	Total Cost of Services 2002	Net Cost of Services 2003	Net Cost of Services 2002
Instruction	\$9,044,007	\$6,799,595	(\$7,337,579)	(\$5,490,372)
Support Services:				
Pupil and Instructional Staff	1,686,600	1,491,081	(1,456,655)	(1,151,715)
Board of Education, Administration, Fiscal and Business	1,406,724	1,223,804	(1,369,360)	(1,192,212)
Operation and Maintenance of Plant	1,387,312	1,128,307	(1,357,801)	(1,124,466)
Pupil Transportation	1,097,773	811,498	(1,011,940)	(708,964)
Central	241,170	206,313	(207,151)	(187,440)
Extracurricular Activities	408,672	353,431	(298,637)	(229,862)
Operation of Non-Instructional Services:				
Food Service Operations	367,376	380,650	(11,812)	(82,871)
Other Non-Instructional Services	215,053	71,153	(215,053)	(71,153)
Interest and Fiscal Charges	661,232	531,713	(661,232)	(531,713)
<i>Total Expenses</i>	<u>\$16,515,919</u>	<u>\$12,997,545</u>	<u>(\$13,927,220)</u>	<u>(\$10,770,768)</u>

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 (\$13,927,220) Total Expenses, *Net Cost of Services 2003* tells the reader that these services are not self- supporting, but are supported by tax revenues and unrestricted State entitlements.

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

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## **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 \$14,235,472 and expenditures of \$17,200,035.

The net change in fund balance for the year was most significant in the building fund and library bond retirement fund. In fiscal year 2003, the net change in fund balance in the building fund was (\$1,479,837) reflecting the construction project nearing completion. The remaining fund balance will be exhausted early in fiscal year 2004. The net change in the Library Bond Retirement was (\$25,220), resulting from the payment of bond anticipation notes in July 2002. Construction began on the new Middlefield Public Library in the late spring of 2003. The net change in fund balance in the general fund was (\$1,183,912). The additional costs associated with opening the new middle school, the rising cost of special education programs, and the increase in healthcare costs contributed to the increase of \$1,062,983 in total expenditures, general fund. This coupled with the \$46,938 decrease in revenues even with the first half collection of the replacement levy, prompted the School District to consider additional revenue sources. Initially, the 1.5 mills of inside millage segregated in the permanent improvement fund will be returned to the general fund. The School District is also looking at cuts in extracurricular activities, field trips, staff (through attrition) and copier costs. In 2005, the certificated staffs' negotiated agreement will expire and the wage and benefit package will come under close scrutiny.

*Other governmental funds* show a net change in fund balance of (\$75,320). In 2003, the School District expended additional dollars in the termination benefit fund and the permanent improvement fund. The increased number of permanent improvement projects contributed to the negative net change in *other governmental funds*.

### **General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2003 the School District amended its general fund budget numerous times. Many of the amendments are due to changes in expenditure priorities in the buildings. For the general fund, the final budget basis estimated revenue was \$11,189,247. The School District's general fund balance end of year was \$1,628,474 reflecting additional funds budgeted but not expended or encumbered.

During fiscal year 2003, the major budgetary change was made by the federal entitlement programs. Before fiscal year 2003, federal program regulations required final expenditures be made or funds encumbered by September 30<sup>th</sup> annually. Beginning in fiscal year 2003, these funds needed to be expended by June 30<sup>th</sup> annually. The change caused difficulty in both interpretation and practice as the School District typically pays wages earned by June 15<sup>th</sup> through out the summer break. Because funds could not be drawn in anticipation of these expenditures, the School District needed to *advance* the summer pays to the federal grant funds paying wages. The State of Ohio, additionally, issued no payments after June 13, 2003 which resulted in project cash requests for federal programs going unpaid until after July 1, 2003. The initial year of the change was difficult, however subsequent fiscal years should not experience these problems. The major changes in the general fund were increases in the instruction and pupil services salary, retirement and benefit accounts. The School District has experienced double-digit increases in healthcare costs for the past four years resulting in the hospital only portion of this cost increasing from \$515,758 in 1999 to \$945,081 in 2003. The economic forecast is that

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this trend will continue for at least the next four years. The School District also increased the budgeted amount for pupil support services by \$155,830. This reflected the action to purchase an additional special education van and hire a driver and aide as well as three new special services aides.

The School District uses a site-based budgeting system designed to tightly control total site budgets but provide flexibility for site management. Building principals are given a per pupil allocation for textbook, instructional materials and equipment. Senate Bill 345 requires the School District to set aside \$140.00 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 2003, this amounted to \$199,931 for each set aside for Cardinal Schools. The capital set asides expenditures totaled \$292,394. The General Fund expended \$90,348 and \$254,876 was spent from the permanent improvement fund. One new school bus was purchased as well as a new phone system and complete overhaul of the walk-in cooler and freezer at Jordak Elementary. The textbook and instructional materials set aside, including \$22,864 for a special needs van and \$80,585 in textbooks, exceeded the required amount by \$288,204.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2003 the School District had \$13,369,959 invested in land, buildings and improvements, furniture and equipment, vehicles, textbooks and construction in progress. Table 4 shows fiscal 2003 balances compared to fiscal year 2002. More detailed information is presented in Note 9 of the notes to the basic financial statements.

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

	Governmental Activities	
	2003	2002
Land	\$529,319	\$529,319
Land Improvements	956,874	125,946
Buildings and Improvements	9,983,116	1,982,865
Furniture and Equipment	1,095,344	248,902
Vehicles	505,627	467,724
Textbooks	67,090	0
Construction in Progress	232,589	9,087,625
Totals	\$13,369,959	\$12,442,381

The construction of the new middle school was completed and the building opened in August of 2002. This is reflected in the change from \$9,087,625 in construction in progress in fiscal year 2002 to an addition of \$8,355,856 in buildings and improvements, \$892,588 in land improvements, \$989,515 in furniture and equipment, \$144,122 in vehicles, \$77,911 in textbooks and \$232,589 in construction in progress in fiscal year 2003. Renovations were also completed on the building previously used for a

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middle school including the addition of an elevator and a handicapped accessible ramped entryway. The building, now known as the Middlefield Educational Center, houses the Lake/Geauga Head Start and Geauga County Autistic Unit as well as Middlefield Recreation Programs.

**Debt** At June 30, 2003 the School District had \$12,254,322 in bonds outstanding, \$460,000 due within one year. Table 5 summarizes bonds and notes outstanding. More detailed information is presented in Notes 14 and 15 of the notes to the basic financial statements.

(Table 5)  
 Outstanding Debt at Year End

	Governmental Activities	
	2003	2002
1979 High School and Elementary Additions Bonds	\$0	\$55,000
Energy Conservation Bonds	135,000	200,000
Various School Improvement Bonds	9,239,930	9,499,930
Middlefield Public Library Serial Bonds	2,645,000	2,780,000
Middlefield Public Library Capital Appreciation Bonds	234,392	220,000
Middlefield Public Library Notes	0	3,000,000
Totals	\$12,254,322	\$15,754,930

The 1979 general obligation bonds were issued to build a major addition to Cardinal High School and remodel a portion of the 1925 Cardinal middle school. The issue was completely paid in December 2002.

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

On November 2, 1999 the voters approved the 3.5 mill bond issue, providing \$10 million for the construction of a new middle school, and facility and site improvements at all buildings. The \$10 million issue will be completely paid in December 1, 2025.

Pursuant to the request of the Middlefield Public Library, Cardinal Board of Education placed a debt issue for \$3,000,000 before the voters in November 2001. On January 14, 2002 the School District issued \$3,000,000 in bond anticipation notes (BANS) to fund the construction project. The School District issued serial and capital appreciation bonds to retire the debt in May 2002. The BANS were retired on July 31, 2002. The final bond payment is December 1, 2021.

At June 30, 2003, the School District's overall legal debt margin was \$11,909,457 with an unvoted debt margin of \$260,840. On May 2, 2002, Moody's Investors Service upgraded the School District's outstanding general obligation debt from A3 to A2.



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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. Passage of a very important operating replacement issue has demonstrated strong community support for the School District and its programs. Again the School District was fortunate to have a low interest market when issuing debt. The market, however, is not attractive for maintaining investment revenues. In fiscal year 2002, the School District earned \$158,571 in general fund interest, excluding the one-time sale of the Anthem stock. In fiscal year 2003, the interest earnings of the general fund were \$93,011 or a net change of (\$65,560).

In May 2002, the 9.7 mill Replacement Levy passed and collection began in January 2003. Losses in interest earnings, cuts by the State and the one percent additional reduction in business inventory tax completely eliminated any gains from the additional operating levy. These revenues were needed to operate the new school and increase staff. The School District views balancing the operating expenditures with revenues as its major challenge in the next six month period.

The proceeds of the 1 mill bond issue to construct a new Middlefield Public Library were first collected in January 2002. Cardinal Local Schools issued the Library debt to construct the new Library facility, according to the Ohio Revised Code. The School District will manage the funds, own the facility and lease it to the Library until two years after the debt issue is repaid in 2021. At that time, the School District will deed the building to the Library. The existing Library building will be given to the School District when the new building is occupied. Offices currently housed at Jordak Elementary School will move to the building. The millage needed to support the 2000 Cardinal Middle School construction was reduced from 3.5 mills to 3.15 mills in January 2003 due to the increased value of the duplicate. In Ohio, bonded debt is secured with voted millage and is funded at the level necessary to retire the debt regardless of economic growth or decline.

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% 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.

Tax base growth has also continued over the past year. The duplicate total assessed value went from \$238 million in 2002 to \$260 million in 2003 due to the triennial update. This is an increase of 9.2 percent. However, to date several individuals and businesses have filed tax valuation complaints on the current valuations. The School District has filed counter complaints, and in three instances, appeals to the rulings of the Board of Revisions. Repayments totaling \$15,000 have been made to date, an additional \$12,000 is still in appeal. The School District has been informed that a major commercial real estate taxpayer has filed for tax abatement under the 1992 Middlefield Village Ordinance and will be granted the abatement for tax year 2004, collection year 2005. This loss is estimated to cost the School District \$126,000 annually. The inventory tax reduction adopted by the state will not take affect in fiscal year 2004 due to the reported two percent loss in inventory values reported in calendar 2002. However, in 2005 the reinstatement of the reduction and eventual elimination of inventory tax will cost the School District an estimated \$200,000 annually for ten years.

**Cardinal Local School District**  
*Management's Discussion and Analysis*  
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Residential property contributes 61.03 percent of the District's real estate valuation. General fund operations receive 39.76 percent of its revenue from real estate taxes on residential, commercial, and industrial properties. Another 22.08 percent is received from tangible personal property taxpayers and 29.59 percent being received from various forms of State aid including homestead and rollback exclusions on property taxes. The remaining 8.57 percent is received from open enrollment fees, billed back special education charges and interest earnings.

In November 2001, the Ohio Supreme Court granted a motion for reconsideration on its latest opinion regarding the State's school funding plan. The School District does not anticipate any material changes in the State funded portion of its budget. This ruling is further discussed in Note 20.

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

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact 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).

BASIC FINANCIAL STATEMENTS

**Cardinal Local School District**

*Statement of Net Assets*

*June 30, 2003*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$6,357,556
Cash and Cash Equivalents With Fiscal Agents	3,114
Accrued Interest Receivable	100
Accounts Receivable	1,361
Intergovernmental Receivable	555,918
Inventory Held for Resale	6,486
Materials and Supplies Inventory	64,709
Taxes Receivable	8,771,012
Deferred Charges	142,889
Nondepreciable Capital Assets	761,908
Depreciable Capital Assets	<u>12,608,051</u>
<i>Total Assets</i>	<u>29,273,104</u>
<b>Liabilities</b>	
Accounts Payable	22,050
Accrued Wages	1,454,513
Contracts Payable	127,165
Deferred Revenue	8,025,000
Intergovernmental Payable	420,003
Matured Interest Payable	3,114
Accrued Interest Payable	2,023
Matured Compensated Absences Payable	56,307
Claims Payable	12,969
Long-Term Liabilities:	
Due Within One Year	1,026,112
Due in More Than One Year	<u>13,318,481</u>
<i>Total Liabilities</i>	<u>24,467,737</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	3,590,853
Restricted for:	
Capital Projects	468,713
Debt Service	568,868
Set Asides	127,341
Other Purposes	466,204
Unrestricted (Deficit)	<u>(416,612)</u>
<i>Total Net Assets</i>	<u><u>\$4,805,367</u></u>

See accompanying notes to the basic financial statements

**Cardinal Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2003

	Program Revenues			Net Expense and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$6,885,667	\$588,410	\$198,173	\$29,750	(\$6,069,334)
Special	1,957,339	148,953	737,143	0	(1,071,243)
Vocational	201,001	0	3,999	0	(197,002)
Support Services:					
Pupil	871,685	0	126,310	0	(745,375)
Instructional Staff	814,915	1,561	102,074	0	(711,280)
Board of Education	34,831	0	0	0	(34,831)
Administration	844,084	11,729	25,635	0	(806,720)
Fiscal	477,098	0	0	0	(477,098)
Business	50,711	0	0	0	(50,711)
Operation and Maintenance of Plant	1,387,312	29,431	80	0	(1,357,801)
Pupil Transportation	1,097,773	62,662	0	23,171	(1,011,940)
Central	241,170	0	13,799	20,220	(207,151)
Extracurricular Activities	408,672	89,820	20,215	0	(298,637)
Operation of Non-Instructional Services:					
Food Service Operations	367,376	243,331	112,233	0	(11,812)
Other Non-Instructional Services	215,053	0	0	0	(215,053)
Interest and Fiscal Charges	661,232	0	0	0	(661,232)
<i>Total Governmental Activities</i>	<u>\$16,515,919</u>	<u>\$1,175,897</u>	<u>\$1,339,661</u>	<u>\$73,141</u>	<u>(13,927,220)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					6,939,254
Debt Service					1,054,117
Capital Outlay					297,287
Grants and Entitlements not Restricted to Specific Programs					3,553,129
Unrestricted Contributions and Donations					3,500
Investment Earnings					179,892
Miscellaneous					2,001
<i>Total General Revenues</i>					<u>12,029,180</u>
Change in Net Assets					(1,898,040)
<i>Net Assets Beginning of Year</i>					<u>6,703,407</u>
<i>Net Assets End of Year</i>					<u>\$4,805,367</u>

See accompanying notes to the basic financial statements

**Cardinal Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2003*

	General	Bond Retirement	Library Bond Retirement	Building	Library Construction
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,988,096	\$377,669	\$85,710	\$71,430	\$2,911,345
Cash and Cash Equivalents					
With Fiscal Agents	0	3,114	0	0	0
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	127,341	0	0	0	0
Receivables:					
Taxes	7,333,725	801,756	254,656	0	0
Accounts	622	0	0	0	0
Intergovernmental	236,869	0	0	0	0
Accrued Interest	100	0	0	0	0
Interfund Receivable	128,602	0	0	0	0
Inventory Held for Resale	0	0	0	0	0
Materials and Supplies Inventory	62,937	0	0	0	0
<i>Total Assets</i>	<u>\$9,878,292</u>	<u>\$1,182,539</u>	<u>\$340,366</u>	<u>\$71,430</u>	<u>\$2,911,345</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$15,286	\$0	\$0	\$0	\$0
Accrued Wages	1,300,098	0	0	0	0
Intergovernmental Payable	276,549	0	0	0	0
Contracts Payable	0	0	0	0	77,280
Interfund Payable	0	0	0	0	0
Deferred Revenue	7,149,006	744,551	236,496	0	0
Matured Interest Payable	0	3,114	0	0	0
Matured Compensated Absences Payable	56,307	0	0	0	0
<i>Total Liabilities</i>	<u>8,797,246</u>	<u>747,665</u>	<u>236,496</u>	<u>0</u>	<u>77,280</u>
<b>Fund Balances:</b>					
Reserved for Encumbrances	471,728	0	0	42,146	2,015,947
Reserved for Property Taxes	417,420	57,205	18,160	0	0
Reserved for Budget Stabilization	127,341	0	0	0	0
Unreserved, Undesignated, Reported in:					
General Fund	64,557	0	0	0	0
Special Revenue Funds	0	0	0	0	0
Debt Service Fund	0	377,669	85,710	0	0
Capital Projects Funds	0	0	0	29,284	818,118
<i>Total Fund Balances</i>	<u>1,081,046</u>	<u>434,874</u>	<u>103,870</u>	<u>71,430</u>	<u>2,834,065</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$9,878,292</u>	<u>\$1,182,539</u>	<u>\$340,366</u>	<u>\$71,430</u>	<u>\$2,911,345</u>

See accompanying notes to the basic financial statements

**Cardinal Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2003*

Other Governmental Funds	Total Governmental Funds		
		<b>Total Governmental Funds Balances</b>	<b>\$5,106,207</b>
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$722,935	\$6,157,185	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,369,959
0	3,114	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
0	127,341	Delinquent Property Taxes	590,460
380,875	8,771,012	Bond issuance costs will be amortized over the life of the bonds on the statement of net assets	142,889
739	1,361		
319,049	555,918	One internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	59,695
0	100		
0	128,602		
6,486	6,486		
1,772	64,709		
<b>\$1,431,856</b>	<b>\$15,815,828</b>	Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(117,227)
\$6,398	\$21,684		
154,415	1,454,513	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is not reported.	(2,023)
26,227	302,776		
49,885	127,165		
128,602	128,602		
485,407	8,615,460	Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	
0	3,114	General Obligation Bonds	(12,019,930)
0	56,307	Capital Appreciation Bonds	(234,392)
850,934	10,709,621	Bond Premium	(296,725)
		Compensated Absences	(1,793,546)
235,203	2,765,024	Total	(14,344,593)
27,241	520,026		
0	127,341		
0	64,557		
258,011	258,011	<i>Net Assets of Governmental Activities</i>	<b>\$4,805,367</b>
0	463,379		
60,467	907,869		
580,922	5,106,207		
<b>\$1,431,856</b>	<b>\$15,815,828</b>		

**Cardinal Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2003*

	General	Bond Retirement	Library Bond Retirement	Building	Library Construction
<b>Revenues</b>					
Taxes	\$6,923,243	\$823,088	\$232,713	\$0	\$0
Intergovernmental	3,298,582	89,830	24,968	0	0
Interest	93,011	0	19,227	3,580	62,686
Charges for Services	0	0	0	0	0
Tuition and Fees	703,308	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Rentals	49,301	0	0	0	0
Contributions and Donations	3,500	0	0	0	0
Miscellaneous	859	0	0	0	0
<i>Total Revenues</i>	<u>11,071,804</u>	<u>912,918</u>	<u>276,908</u>	<u>3,580</u>	<u>62,686</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	5,562,183	0	0	0	0
Special	1,199,785	0	0	0	0
Vocational	116,549	0	0	0	0
Support Services:					
Pupil	686,114	0	0	0	0
Instructional Staff	506,735	0	0	0	0
Board of Education	34,831	0	0	0	0
Administration	749,340	0	0	0	0
Fiscal	414,356	14,345	4,215	0	0
Business	51,034	0	0	0	0
Operation and Maintenance of Plant	1,251,338	0	0	0	0
Pupil Transportation	906,418	0	0	0	0
Central	211,026	0	0	0	0
Extracurricular Activities	167,893	0	0	0	0
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	0	0
Other Non-Instructional Services	284,811	0	0	0	0
Capital Outlay	0	0	0	1,483,417	268,384
Debt Service:					
Principal Retirement	0	380,000	135,000	0	0
Interest and Fiscal Charges	0	497,822	125,413	0	31,130
<i>Total Expenditures</i>	<u>12,142,413</u>	<u>892,167</u>	<u>264,628</u>	<u>1,483,417</u>	<u>299,514</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,070,609)</u>	<u>20,751</u>	<u>12,280</u>	<u>(1,479,837)</u>	<u>(236,828)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from the Sale of Capital Assets	6,400	0	0	0	0
Transfers In	15,297	0	0	0	37,500
Transfers Out	(135,000)	(15,297)	(37,500)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(113,303)</u>	<u>(15,297)</u>	<u>(37,500)</u>	<u>0</u>	<u>37,500</u>
<i>Net Change in Fund Balances</i>	(1,183,912)	5,454	(25,220)	(1,479,837)	(199,328)
<i>Fund Balances Beginning of Year - Restated</i> <i>(See Note 3)</i>	<u>2,264,958</u>	<u>429,420</u>	<u>129,090</u>	<u>1,551,267</u>	<u>3,033,393</u>
<i>Fund Balances End of Year</i>	<u>\$1,081,046</u>	<u>\$434,874</u>	<u>\$103,870</u>	<u>\$71,430</u>	<u>\$2,834,065</u>

See accompanying notes to the basic financial statements



**Cardinal Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2003*

Other Governmental Funds	Total Governmental Funds		
\$293,681	\$8,272,725	<b>Net Change in Fund Balances -Total Governmental Funds</b>	(\$2,958,163)
1,136,778	4,550,158	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
1,388	179,892	Governmental funds report capital outlays as expenditures.	
243,467	243,467	However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
74,564	777,872	Capital Asset Additions	1,605,256
105,257	105,257	Current Year Depreciation	(656,328)
0	49,301	Total	948,928
51,299	54,799	Governmental Funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(21,350)
1,142	2,001	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
1,907,576	14,235,472	Delinquent Property Taxes	17,933
		Grants	364,474
434,667	5,996,850	Total	382,407
528,780	1,728,565	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	515,000
0	116,549	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	
133,482	819,596	Accrued Interest	280
123,691	630,426	Bond Premium	14,332
0	34,831	Bond Issuance Costs	(7,087)
40,376	789,716	Bond Accretion	(14,392)
0	432,916	Total	(6,867)
0	51,034	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
7,114	1,258,452	Compensated Absences	(731,749)
9,167	915,585	Pension Obligations	20,256
20,560	231,586	Total	(711,493)
109,964	277,857	The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district- wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund are allocated among the governmental activities.	(46,502)
374,679	374,679	<i>Change in Net Assets of Governmental Activities</i>	(\$1,898,040)
12,656	297,467		
322,760	2,074,561		
0	515,000		
0	654,365		
2,117,896	17,200,035		
(210,320)	(2,964,563)		
0	6,400		
143,534	196,331		
(8,534)	(196,331)		
135,000	6,400		
(75,320)	(2,958,163)		
656,242	8,064,370		
\$580,922	\$5,106,207		

**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, 2003*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$6,744,200	\$6,744,200	\$6,836,712	\$92,512
Intergovernmental	3,904,477	3,904,477	3,294,414	(610,063)
Interest	78,438	78,438	137,344	58,906
Tuition and Fees	431,852	431,852	756,169	324,317
Rentals	28,156	28,156	49,301	21,145
Contributions and Donations	1,999	1,999	3,500	1,501
Miscellaneous	125	125	218	93
<i>Total Revenues</i>	<u>11,189,247</u>	<u>11,189,247</u>	<u>11,077,658</u>	<u>(111,589)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,252,670	5,549,312	5,382,064	167,248
Special	1,263,728	1,370,845	1,313,750	57,095
Vocational	151,029	160,991	115,958	45,033
Support Services:				
Pupils	552,182	708,012	694,237	13,775
Instructional Staff	427,796	519,694	487,198	32,496
Board of Education	48,261	58,160	40,976	17,184
Administration	799,172	868,857	744,103	124,754
Fiscal	452,992	485,003	433,765	51,238
Business	76,435	81,477	48,897	32,580
Operation and Maintenance of Plant	1,346,085	1,622,211	1,459,100	163,111
Pupil Transportation	1,126,410	1,169,965	904,018	265,947
Central	222,492	237,124	209,072	28,052
Extracurricular Activities	274,447	325,614	286,828	38,786
Operation of Non-Instructional Services	149,797	163,728	157,302	6,426
Capital Outlay	10,953	0	0	0
<i>Total Expenditures</i>	<u>12,154,449</u>	<u>13,320,993</u>	<u>12,277,268</u>	<u>1,043,725</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(965,202)</u>	<u>(2,131,746)</u>	<u>(1,199,610)</u>	<u>932,136</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	6,400	6,400	6,400	0
Advances In	3,044	3,044	5,330	2,286
Advances Out	(128,602)	(128,602)	(128,602)	0
Transfers In	8,736	8,736	15,297	6,561
Transfers Out	(707,981)	(411,442)	(135,000)	276,442
<i>Total Other Financing Sources (Uses)</i>	<u>(818,403)</u>	<u>(521,864)</u>	<u>(236,575)</u>	<u>285,289</u>
<i>Net Change in Fund Balance</i>	<u>(1,783,605)</u>	<u>(2,653,610)</u>	<u>(1,436,185)</u>	<u>1,217,425</u>
<i>Fund Balance Beginning of Year</i>	<u>2,731,582</u>	<u>2,731,582</u>	<u>2,731,582</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>333,077</u>	<u>333,077</u>	<u>333,077</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,281,054</u>	<u>\$411,049</u>	<u>\$1,628,474</u>	<u>\$1,217,425</u>

See accompanying notes to the basic financial statements

**Cardinal Local School District**  
*Statement of Fund Net Assets*  
*Internal Service Fund*  
*June 30, 2003*

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	<u>Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$73,030</u>
<b>Liabilities</b>	
Accounts Payable	366
Claims Payable	<u>12,969</u>
Total Liabilities	<u>13,335</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$59,695</u></u>

See accompanying notes to the basic financial statements

**Cardinal Local School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2003*

	Insurance
<b>Operating Revenues</b>	
Charges for Services	\$352,426
<b>Operating Expenses</b>	
Purchased Services	4,279
Claims	394,649
<i>Total Operating Expenses</i>	398,928
<i>Change in Net Assets</i>	(46,502)
<i>Net Assets Beginning of Year</i>	106,197
<i>Net Assets End of Year</i>	\$59,695

See accompanying notes to the basic financial statements

**Cardinal Local School District**  
*Statement of Cash Flows*  
*Internal Service Fund*  
*For the Fiscal Year Ended June 30, 2003*

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	<u>Insurance</u>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received for Interfund Services	\$352,426
Cash Payments for Goods and Services	(3,913)
Cash Payments for Claims	<u>(395,303)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(46,790)
Cash and Cash Equivalents Beginning of Year	<u>119,820</u>
Cash and Cash Equivalents End of Year	<u><u>\$73,030</u></u>
<b>Reconciliation of Operating Loss</b>	
<b>to Net Cash Used for Operating Activities</b>	
<i>Operating Loss</i>	(\$46,502)
Adjustments:	
Increase in Accounts Payable	366
Decrease in Claims Payable	<u>(654)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$46,790)</u></u>

See accompanying notes to the basic financial statements

**Cardinal Local School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*June 30, 2003*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	<u><u>\$30,091</u></u>
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**Liabilities**

Due to Students	<u><u>\$30,091</u></u>
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See accompanying notes to the basic financial statements

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

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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 82 non-certificated employees, 109 certificated full time teaching personnel and 7 administrative employees to provide services to 1,428 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 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 16 and 17 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, 2003*

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Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The 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 year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

***B. Fund Accounting***

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

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



**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

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

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

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

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

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

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

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

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

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

### **C. Measurement Focus**

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

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

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

***Revenues - Exchange and Non-Exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

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Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

***E. Budgetary Data***

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

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

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

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

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

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "cash and cash equivalents with fiscal agents" and represent deposits.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

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During fiscal year 2003, investments were limited to STAROhio, certificates of deposit and repurchase agreements. 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, 2003. Certificates of deposit and repurchase agreements are reported at cost.

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 2003 amounted to \$93,011, which includes \$55,962 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, 2003, 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 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 amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 19 for additional information regarding set-asides.

***J. Deferred Charges***

Bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method.

***K. Bond Premium***

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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

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**L. Capital Assets**

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

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

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

Description	Estimated Lives
Buildings and Improvements	10 - 30 years
Furniture and Equipment	5 - 10 years
Vehicles	10 years
Textbooks	5 years

**M. Interfund Balances**

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

**N. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

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

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

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

***P. Net Assets***

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

***R. Operating Revenues and Expenses***

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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
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***S. Extraordinary and Special Items***

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

***T. Estimates***

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

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

For fiscal year 2003, the School District has implemented GASB Statement No. 41, “Budgetary Comparison Schedules – Perspective Differences.” GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the governments not being able to present budgetary comparisons for the general and each major special revenue fund. This Statement was not applicable to the School District for fiscal year 2003.

At June 30, 2002 the library major bond retirement fund was overstated by \$3,000,000 and the library construction major capital projects fund was understated by \$3,000,000. This restatement decreased the fund balance of the library bond retirement fund from \$3,129,090 to \$129,090 and increased the fund balance in the library construction fund from \$33,393 to \$3,033,393 on the balance sheet and had no effect on the net change in fund balance at June 30, 2002.

**Note 4 – Fund Deficits**

The following funds had a deficit fund balance at June 30, 2003:

**Special Revenue Funds:**

Ohio Reads Grant Fund	\$3,669
Title VI-B Fund	759
Drug Free Schools Fund	40

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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
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**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).

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

Net Change in Fund Balance

GAAP Basis	(\$1,183,912)
Net Adjustment for Revenue Accruals	5,854
Advances In	5,330
Net Adjustment for Expenditure Accruals	352,090
Advances Out	(128,602)
Adjustment for Encumbrances	(486,945)
	(486,945)
Budget Basis	(\$1,436,185)

**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.



**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
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Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim 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 of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

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

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

**Cardinal Local School District**  
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**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$6,021,906 and the bank balance was \$3,559,811. Of the bank balance:

1. \$204,164 of the bank balance was covered by depository insurance; and
2. \$3,355,647 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** GASB Statement No. 3 requires the School District's investments to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Amount	Fair Value
Repurchase Agreements	\$60,000	\$60,000	\$60,000
STAROhio		308,855	308,855
Totals	\$60,000	\$368,855	\$368,855

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$6,390,761	\$0
Repurchase Agreements	(60,000)	60,000
STAROhio	(308,855)	308,855
GASB Statement No. 3	\$6,021,906	\$368,855

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

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**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 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, 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 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 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 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four 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, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 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, 2003 was \$417,420 in the general fund, \$57,205 in the bond retirement debt service fund, \$18,160 in the library bond retirement debt service fund and \$27,241 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2002 was \$330,889 in the general fund, \$55,111 in the bond retirement debt service fund, \$13,667 in the library bond retirement debt service fund and \$13,667 in the permanent improvement capital projects fund.

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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
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The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 First Half Collections		2003 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$180,996,580	75.99 %	\$203,583,810	78.05 %
Public Utility	7,392,290	3.10	6,943,510	2.66
Tangible Personal Property	49,792,500	20.91	50,313,160	19.29
	<u>\$238,181,370</u>	<u>100.00 %</u>	<u>\$260,840,480</u>	<u>100.00 %</u>
 Tax rate per \$1,000 of assessed valuation	 \$56.60		 \$56.25	

**Note 8 - Receivables**

Receivables at June 30, 2003, consisted of taxes, accounts (rent and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All are expected to be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	\$236,869
Special Revenue Funds:	
Food Service	12,868
Title I	248,675
Title V	15,837
Drug Free Schools	4,228
Improving Teacher Quality	36,308
Title IID Grant	1,133
Total All Funds	<u>\$555,918</u>

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

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Balance 6/30/02	Additions	Deletions	Balance 6/30/03
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$529,319	\$0	\$0	\$529,319
Construction in Progress	9,087,625	232,589	(9,087,625)	232,589
<i>Total Capital Assets, not being depreciated</i>	<u>9,616,944</u>	<u>232,589</u>	<u>(9,087,625)</u>	<u>761,908</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	382,558	892,588	0	1,275,146
Buildings and Improvements	5,370,971	8,355,856	(4,140)	13,722,687
Furniture and Equipment	866,741	989,815	(58,457)	1,798,099
Vehicles	935,935	144,122	(168,033)	912,024
Textbooks	0	77,911	0	77,911
<i>Total Capital Assets, being depreciated</i>	<u>7,556,205</u>	<u>10,460,292</u>	<u>(230,630)</u>	<u>17,785,867</u>
Less Accumulated Depreciation:				
Land Improvements	(256,612)	(61,660)	0	(318,272)
Buildings and Improvements	(3,388,106)	(353,770)	2,305	(3,739,571)
Furniture and Equipment	(617,839)	(140,104)	55,188	(702,755)
Vehicles	(468,211)	(89,973)	151,787	(406,397)
Textbooks	0	(10,821)	0	(10,821)
Total Accumulation Depreciation	<u>(4,730,768)</u>	<u>(656,328) *</u>	<u>209,280</u>	<u>(5,177,816)</u>
Total Capital Assets being depreciated, net	<u>2,825,437</u>	<u>9,803,964</u>	<u>(21,350)</u>	<u>12,608,051</u>
Governmental Activities Capital Assets, Net	<u>\$12,442,381</u>	<u>\$10,036,553</u>	<u>(\$9,108,975)</u>	<u>\$13,369,959</u>

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
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\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$352,496
Special	27,552
Vocational	10,698
Support Services:	
Pupils	2,448
Instructional Staff	53,852
Administration	15,214
Fiscal	680
Business	37
Operation and Maintenance of Plant	83,086
Pupil Transportation	75,466
Central	2,792
Extracurricular Activities	8,556
Food Service	23,451
	<hr/>
Total Depreciation Expense	<u>\$656,328</u>

## **Note 10 - Risk Management**

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

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

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

### ***B. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District participates in the Ohio Schools Council's property and fleet insurance program which contracted with Todd Associates, Inc. for buildings and contents, inland marine, crime and boiler coverages. The Council contracted with the Coregis 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	Property	\$32,888,452
	Inland Marine	304,455
	Crime	250,000
Todd Associates	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
Coregis	Fleet Insurance, single limit	2,000,000
	Fleet Insurance, uninsured	2,000,000

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 \$8.00 per prescription for name brand drugs and \$5.00 for generic drugs. The claims liability at June 30, 2003, was estimated by the third party administrator to be \$12,969. 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 2002 and 2003 were:

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	<u>Balance</u> <u>Beginning of Year</u>	<u>Current</u> <u>Year Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance</u> <u>End of Year</u>
2002	\$30,499	\$316,869	\$333,745	\$13,623
2003	13,623	394,649	395,303	12,969

**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 255 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 64 days for certified personnel and 58 days for 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.

**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 system. 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.

Plan members are required to contribute 9 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 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended



**Cardinal Local School District**  
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June 30, 2003, 2002, and 2001 were \$157,645, \$88,661, and \$63,243, respectively; 33.39 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

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

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$775,947, \$517,812, and \$495,815, respectively; 77.72 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001; contributions to the DC and Combined Plans for fiscal year 2003 were \$3,310 made by the School District and \$6,139 made by the plan members.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
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**Note 13 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, 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 \$59,688 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 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, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. 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 2003, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$144,280.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ending June 30, 2003

**Note 14 - Short-Term Obligations**

The School District's bond anticipation note activity, including amount outstanding and interest rate, is as follows:

	Outstanding 6/30/02	Additions	Deletions	Outstanding 6/30/03
<b>Building Capital Projects Fund</b>				
2002 2.5%				
Middlefield Public Library Notes	\$3,000,000	\$0	\$3,000,000	\$0

The notes were backed by the full faith and credit of the Cardinal Local School District. The note liability was reflected in the building capital projects fund which received the proceeds. The notes were issued to provide funds for the construction of a public library and were retired in the fiscal year 2003 from bond proceeds.

**Note 15 - Long-Term Obligations**

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

	Principal Outstanding 6/30/02	Additions	Reductions	Principal Outstanding 6/30/03	Amount Due in One Year
General Obligations Bonds:					
1979 5.78% \$1,308,000 High					
School and Elementary Additions	\$55,000	\$0	\$55,000	\$0	\$0
1994 5.78% \$560,000					
Energy Conservation Bonds	200,000	0	65,000	135,000	65,000
2000 \$9,749,930 Various					
School Improvement Bonds	9,499,930	0	260,000	9,239,930	275,000
Unamortized Premium	222,757	0	9,685	213,072	0
2002 Middlefield Public Library Bonds					
Serial Bonds 5%	2,780,000	0	135,000	2,645,000	120,000
Capital Appreciation Bonds 10.71%	220,000	14,392	0	234,392	0
Unamortized Premium	88,300	0	4,647	83,653	0
<i>Total General Obligation Bonds</i>	<u>13,065,987</u>	<u>14,392</u>	<u>529,332</u>	<u>12,551,047</u>	<u>460,000</u>
Compensated Absences	1,061,797	914,189	182,440	1,793,546	566,112
Total Governmental Activities					
Long-Term Liabilities	<u>\$14,127,784</u>	<u>\$928,581</u>	<u>\$711,772</u>	<u>\$14,344,593</u>	<u>\$1,026,112</u>

On September 1, 1979, Cardinal Local School District issued \$1,308,000 in voted general obligation bonds for the purpose of high school and elementary school additions. The bonds were issued for a twenty-three year period with final maturity at December 1, 2002.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

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 for the purpose of constructing a middle school. The bonds were issued at a premium of \$242,127 for a twenty-five year period with final maturity at December 1, 2025.

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

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 \$11,909,457 with an unvoted debt margin of \$260,840 at June 30, 2003. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2003 are as follows:

	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	460,000	591,436	0	0	460,000	591,436
2005	485,000	570,716	0	0	485,000	570,716
2006	302,937	558,322	81,104	48,896	384,041	607,218
2007	232,702	556,433	73,068	56,932	305,770	613,365
2008	209,922	556,432	65,828	64,172	275,750	620,604
2009 - 2013	2,074,369	2,607,278	0	0	2,074,369	2,607,278
2014 - 2018	2,900,000	1,968,076	0	0	2,900,000	1,968,076
2019 - 2023	3,330,000	1,080,018	0	0	3,330,000	1,080,018
2024 - 2026	2,025,000	180,455	0	0	2,025,000	180,455
Totals	<u>\$12,019,930</u>	<u>\$8,669,166</u>	<u>\$220,000</u>	<u>\$170,000</u>	<u>\$12,239,930</u>	<u>\$8,839,166</u>

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

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**Note 16 - 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 2003, the School District did not make any contributions or payments to the Center. Financial information can be obtained by writing the Auburn Career Center, 8140 Auburn Road, Painesville, Ohio 44077.

***B. Lake Geauga Computer Association***

The Lake Geauga Computer Association (LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. During fiscal year 2003, the School District paid \$77,087 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 2003, the School District paid \$33,010 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 2003, the School District paid \$63,407 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.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

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***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 2003, the School District paid \$800 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio, 44131.

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998 and the natural gas program which was implemented during fiscal year 2001.

The electric purchase program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

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

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

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 17 - 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.

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

**Note 18 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of the School District, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

**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 19 – 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, 2003, only the unspent portion of certain worker's compensation refunds continues to be set-aside.

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

	Budget Stabilization	Textbooks	Capital Improvements
Set Aside Reserve Balance as of June 30, 2002	\$127,341	\$0	\$0
Current Year Set-Aside Requirement	0	199,931	199,931
Balance Carried over from Prior Year	0	(142,911)	0
Qualifying Disbursements	0	(345,224)	(292,394)
Totals	<u>\$127,341</u>	<u>(\$288,204)</u>	<u>(\$92,463)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$127,341</u>	<u>(\$288,204)</u>	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2003	<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

**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

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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.

**Note 20 – 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 21 – Interfund Balances and Transfers**

Interfund balances at June 30, 2003, consist of the following individual fund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	General
Title I	\$96,000
Drug Free Schools	2,000
Reducing Class Size	30,000
Technology IID	602
Total	<u>\$128,602</u>

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



**Cardinal Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ending June 30, 2003*

Transfers To	Transfers From					Total
	General	Bond Retirement	Library Bond Retirement	District Managed Activities	Eisenhower Math and Science	
<b>Major Funds</b>						
General	\$0	\$15,297	\$0	\$0	\$0	\$15,297
Library Construction	0	0	37,500	0	0	37,500
<b>Nonmajor Funds</b>						
Food Service	35,000	0	0	0	0	35,000
Uniform School Supplies	0	0	0	3,473	0	3,473
Termination Benefits	100,000	0	0	0	0	100,000
Classroom Size Reduction	0	0	0	0	5,061	5,061
<b>Total</b>	<b>\$135,000</b>	<b>\$15,297</b>	<b>\$37,500</b>	<b>\$3,473</b>	<b>\$5,061</b>	<b>\$196,331</b>

The general fund transfers to the food service and termination benefits special revenue funds represent additional funds to operate those programs. The transfer from the Bond Retirement fund to the general fund was to close out the fund. The transfer from the Library Bond Retirement debt service fund to the Library Construction capital projects fund represented the payment of short-term notes in the fund that received the proceeds. The transfer from the District Managed Activities fund to the Uniform School Supplies special revenue fund was extra revenue needed to cover fees and supplies for a field trip. The transfer from the Eisenhower Math and Science special revenue fund was to move the fund activity to the Improving Teacher Quality special revenue fund.

**Note 22 – Contractual Commitments**

As of June 30, 2003, the School District had the following major contractual commitments outstanding:

Projects	Contract Amount	Amount Paid as of June 30, 2003	Amount Remaining on Contract
Middlefield Library	\$2,234,000	\$88,969	\$2,145,031
Cardinal High School	230,380	83,620	146,760
	<b>\$2,464,380</b>	<b>\$172,589</b>	<b>\$2,291,791</b>

# Combining and Individual Fund Statements and Schedules

## *Fund Descriptions – Nonmajor Governmental Funds*

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### *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.

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

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

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

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

*Instructional Materials Fund* - This fund accounts for State monies provided to purchase various instructional materials and supplies.

(continued)

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

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*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.

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

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

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

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

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

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

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

### ***Nonmajor Capital Projects Funds***

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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.

*SchoolNet Fund* - This fund accounts for State monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

**Cardinal Local School District**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2003*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Permanent Improvement Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$518,655	\$204,280	\$722,935
Receivables:			
Taxes	0	380,875	380,875
Accounts	739	0	739
Intergovernmental	319,049	0	319,049
Inventory Held for Resale	6,486	0	6,486
Materials and Supplies Inventory	1,772	0	1,772
<i>Total Assets</i>	<u>\$846,701</u>	<u>\$585,155</u>	<u>\$1,431,856</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$6,398	\$0	\$6,398
Accrued Wages	154,415	0	154,415
Intergovernmental Payable	26,227	0	26,227
Contracts Payable	0	49,885	49,885
Interfund Payable	128,602	0	128,602
Deferred Revenue	131,773	353,634	485,407
<i>Total Liabilities</i>	<u>447,415</u>	<u>403,519</u>	<u>850,934</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	141,275	93,928	235,203
Reserved for Property Taxes	0	27,241	27,241
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	258,011	0	258,011
Capital Projects Funds	0	60,467	60,467
<i>Total Fund Balances</i>	<u>399,286</u>	<u>181,636</u>	<u>580,922</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$846,701</u>	<u>\$585,155</u>	<u>\$1,431,856</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, 2003*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$0	\$293,681	\$293,681
Intergovernmental	1,085,741	51,037	1,136,778
Interest	1,388	0	1,388
Charges for Services	243,467	0	243,467
Tuition and Fees	74,564	0	74,564
Extracurricular Activities	105,257	0	105,257
Contributions and Donations	21,549	29,750	51,299
Miscellaneous	1,142	0	1,142
<i>Total Revenues</i>	<u>1,533,108</u>	<u>374,468</u>	<u>1,907,576</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	434,667	0	434,667
Special	528,780	0	528,780
Support Services:			
Pupil	133,482	0	133,482
Instructional Staff	123,691	0	123,691
Administration	40,376	0	40,376
Operation and Maintenance of Plant	7,114	0	7,114
Pupil Transportation	9,167	0	9,167
Central	20,560	0	20,560
Extracurricular Activities	109,964	0	109,964
Operation of Non-Instructional Services			
Food Services Operations	374,679	0	374,679
Other Non-Instructional Services	12,656	0	12,656
Capital Outlay	0	322,760	322,760
<i>Total Expenditures</i>	<u>1,795,136</u>	<u>322,760</u>	<u>2,117,896</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(262,028)</u>	<u>51,708</u>	<u>(210,320)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	143,534	0	143,534
Transfers Out	(8,534)	0	(8,534)
<i>Total Other Financing Sources (Uses)</i>	<u>135,000</u>	<u>0</u>	<u>135,000</u>
<i>Net Change in Fund Balances</i>	(127,028)	51,708	(75,320)
<i>Fund Balances Beginning of Year</i>	<u>526,314</u>	<u>129,928</u>	<u>656,242</u>
<i>Fund Balances End of Year</i>	<u>\$399,286</u>	<u>\$181,636</u>	<u>\$580,922</u>

**Cardinal Local School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2003*

	Food Service	Uniform School Supplies	Public School Support	Termination Benefits
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$51,177	\$44,203	\$17,030	\$170,560
Receivables:				
Accounts	240	136	363	0
Intergovernmental	12,868	0	0	0
Inventory Held for Resale	2,089	4,397	0	0
Materials and Supplies Inventory	1,772	0	0	0
<i>Total Assets</i>	<u>\$68,146</u>	<u>\$48,736</u>	<u>\$17,393</u>	<u>\$170,560</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$127	\$0
Accrued Wages	27,863	0	0	0
Intergovernmental Payable	4,586	0	0	822
Deferred Revenue	0	0	0	0
Interfund Payable	0	0	0	0
<i>Total Liabilities</i>	<u>32,449</u>	<u>0</u>	<u>127</u>	<u>822</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	77	1,139	169	0
Unreserved, Undesignated (Deficit)	35,620	47,597	17,097	169,738
<i>Total Fund Balances (Deficit)</i>	<u>35,697</u>	<u>48,736</u>	<u>17,266</u>	<u>169,738</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$68,146</u>	<u>\$48,736</u>	<u>\$17,393</u>	<u>\$170,560</u>

<u>District Managed Activities</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Data Communications</u>	<u>Professional Development</u>
\$37,230	\$5,863	\$6,937	\$2,108	\$2,000
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$37,230</u>	<u>\$5,863</u>	<u>\$6,937</u>	<u>\$2,108</u>	<u>\$2,000</u>
\$591	\$255	\$0	\$0	\$0
0	0	0	0	0
5	0	0	0	2
0	0	0	0	0
0	0	0	0	0
<u>596</u>	<u>255</u>	<u>0</u>	<u>0</u>	<u>2</u>
1,530	4,706	160	0	615
<u>35,104</u>	<u>902</u>	<u>6,777</u>	<u>2,108</u>	<u>1,383</u>
<u>36,634</u>	<u>5,608</u>	<u>6,937</u>	<u>2,108</u>	<u>1,998</u>
<u>\$37,230</u>	<u>\$5,863</u>	<u>\$6,937</u>	<u>\$2,108</u>	<u>\$2,000</u>

(continued)

**Cardinal Local School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*June 30, 2003*

	Ohio Reads Grant	Eisenhower Math and Science	Title VI-B	Title I
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,755	\$17	\$12,099	\$116,343
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	0	0	248,675
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
<i>Total Assets</i>	<u>\$1,755</u>	<u>\$17</u>	<u>\$12,099</u>	<u>\$365,018</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages	5,371	0	11,384	87,241
Intergovernmental Payable	53	0	1,474	15,196
Deferred Revenue	0	0	0	126,973
Interfund Payable	0	0	0	96,000
<i>Total Liabilities</i>	<u>5,424</u>	<u>0</u>	<u>12,858</u>	<u>325,410</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	12,079	87,196
Unreserved, Undesignated (Deficit)	(3,669)	17	(12,838)	(47,588)
<i>Total Fund Balances (Deficit)</i>	<u>(3,669)</u>	<u>17</u>	<u>(759)</u>	<u>39,608</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,755</u>	<u>\$17</u>	<u>\$12,099</u>	<u>\$365,018</u>



Title V	Drug Free Schools	Classroom Size Reduction	Technology II-D Grant	Total Nonmajor Special Revenue Funds
\$1,540	\$431	\$33,674	\$15,688	\$518,655
0	0	0	0	739
15,837	4,228	36,308	1,133	319,049
0	0	0	0	6,486
0	0	0	0	1,772
\$17,377	\$4,659	\$69,982	\$16,821	\$846,701
\$0	\$0	\$0	\$5,425	\$6,398
0	0	22,556	0	154,415
0	63	4,026	0	26,227
1,570	2,636	0	594	131,773
0	2,000	30,000	602	128,602
1,570	4,699	56,582	6,621	447,415
255	102	23,048	10,199	141,275
15,552	(142)	(9,648)	1	258,011
15,807	(40)	13,400	10,200	399,286
\$17,377	\$4,659	\$69,982	\$16,821	\$846,701

**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, 2003*

	Food Service	Uniform School Supplies	Public School Support	Martha Holden Jennings
<b>Revenues</b>				
Intergovernmental	\$112,233	\$0	\$0	\$0
Interest	0	0	0	0
Charges for Services	243,331	136	0	0
Tuition and Fees	0	74,564	0	0
Extracurricular Activities	0	0	15,773	0
Contributions and Donations	0	0	1,363	0
Miscellaneous	325	0	817	0
<i>Total Revenues</i>	<u>355,889</u>	<u>74,700</u>	<u>17,953</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	73,736	1,433	0
Special	0	0	0	5
Support Services:				
Pupil	0	0	0	0
Instructional Staff	0	0	1,838	0
Administration	0	0	13,809	0
Operation and Maintenance of Plant	0	838	1,094	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Extracurricular Activities	0	0	396	0
Operation of Non-Instructional Services:				
Food Service Operations	374,679	0	0	0
Other Non-Instructional Services	0	0	0	0
<i>Total Expenditures</i>	<u>374,679</u>	<u>74,574</u>	<u>18,570</u>	<u>5</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(18,790)</u>	<u>126</u>	<u>(617)</u>	<u>(5)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	35,000	3,473	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>35,000</u>	<u>3,473</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	16,210	3,599	(617)	(5)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>19,487</u>	<u>45,137</u>	<u>17,883</u>	<u>5</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$35,697</u>	<u>\$48,736</u>	<u>\$17,266</u>	<u>\$0</u>

<u>Termination Benefits</u>	<u>District Managed Activities</u>	<u>Auxiliary Services</u>	<u>Teacher Development</u>	<u>Management Information Systems</u>	<u>Data Communications</u>	<u>Professional Development</u>
\$0	\$0	\$14,420	\$0	\$5,408	\$17,500	\$3,250
0	513	875	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	89,484	0	0	0	0	0
0	20,186	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>110,183</u>	<u>15,295</u>	<u>0</u>	<u>5,408</u>	<u>17,500</u>	<u>3,250</u>
150,438	0	8,508	0	0	17,500	0
0	0	0	0	0	0	0
0	0	5,530	0	0	0	0
0	0	0	2,008	0	0	4,793
5,819	0	0	0	0	0	0
5,182	0	0	0	0	0	0
9,167	0	0	0	0	0	0
0	0	0	0	5,000	15,392	0
0	109,568	0	0	0	0	0
0	0	0	0	0	0	0
12,656	0	0	0	0	0	0
<u>183,262</u>	<u>109,568</u>	<u>14,038</u>	<u>2,008</u>	<u>5,000</u>	<u>32,892</u>	<u>4,793</u>
<u>(183,262)</u>	<u>615</u>	<u>1,257</u>	<u>(2,008)</u>	<u>408</u>	<u>(15,392)</u>	<u>(1,543)</u>
100,000	0	0	0	0	0	0
0	(3,473)	0	0	0	0	0
<u>100,000</u>	<u>(3,473)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(83,262)	(2,858)	1,257	(2,008)	408	(15,392)	(1,543)
<u>253,000</u>	<u>39,492</u>	<u>4,351</u>	<u>2,008</u>	<u>6,529</u>	<u>17,500</u>	<u>3,541</u>
<u>\$169,738</u>	<u>\$36,634</u>	<u>\$5,608</u>	<u>\$0</u>	<u>\$6,937</u>	<u>\$2,108</u>	<u>\$1,998</u>

(continued)

**Cardinal Local School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Fiscal Year Ended June 30, 2003*

	Instructional Materials	Ohio Reads Grant	Summer Intervention	Eisenhower Math and Science
<b>Revenues</b>				
Intergovernmental	\$0	\$4,000	\$0	\$0
Interest	0	0	0	0
Charges for Services	0	0	0	0
Tuition and Fees	0	0	0	0
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>4,000</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	233	5,831	1,605	6,010
Special	0	0	0	0
Support Services:				
Pupil	0	0	0	0
Instructional Staff	0	1,705	0	165
Administration	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Extracurricular Activities	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Other Non-Instructional Services	0	0	0	0
<i>Total Expenditures</i>	<u>233</u>	<u>7,536</u>	<u>1,605</u>	<u>6,175</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(233)</u>	<u>(3,536)</u>	<u>(1,605)</u>	<u>(6,175)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	(5,061)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,061)</u>
<i>Net Change in Fund Balances</i>	(233)	(3,536)	(1,605)	(11,236)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>233</u>	<u>(133)</u>	<u>1,605</u>	<u>11,253</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$0</u>	<u>(\$3,669)</u>	<u>\$0</u>	<u>\$17</u>

<u>Title VI-B</u>	<u>Title I</u>	<u>Title V</u>	<u>Drug Free Schools</u>	<u>Classroom Size Reduction</u>	<u>Technology II-D Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$146,290	\$576,461	\$20,806	\$11,683	\$148,751	\$24,939	\$1,085,741
0	0	0	0	0	0	1,388
0	0	0	0	0	0	243,467
0	0	0	0	0	0	74,564
0	0	0	0	0	0	105,257
0	0	0	0	0	0	21,549
0	0	0	0	0	0	1,142
<u>146,290</u>	<u>576,461</u>	<u>20,806</u>	<u>11,683</u>	<u>148,751</u>	<u>24,939</u>	<u>1,533,108</u>
0	0	4,397	0	155,492	9,484	434,667
18,131	508,549	0	0	0	2,095	528,780
87,752	27,749	0	12,451	0	0	133,482
81,391	17,633	5,987	0	5,011	3,160	123,691
0	20,748	0	0	0	0	40,376
0	0	0	0	0	0	7,114
0	0	0	0	0	0	9,167
0	168	0	0	0	0	20,560
0	0	0	0	0	0	109,964
0	0	0	0	0	0	374,679
0	0	0	0	0	0	12,656
<u>187,274</u>	<u>574,847</u>	<u>10,384</u>	<u>12,451</u>	<u>160,503</u>	<u>14,739</u>	<u>1,795,136</u>
<u>(40,984)</u>	<u>1,614</u>	<u>10,422</u>	<u>(768)</u>	<u>(11,752)</u>	<u>10,200</u>	<u>(262,028)</u>
0	0	0	0	5,061	0	143,534
0	0	0	0	0	0	(8,534)
0	0	0	0	5,061	0	135,000
(40,984)	1,614	10,422	(768)	(6,691)	10,200	(127,028)
<u>40,225</u>	<u>37,994</u>	<u>5,385</u>	<u>728</u>	<u>20,091</u>	<u>0</u>	<u>526,314</u>
<u>(\$759)</u>	<u>\$39,608</u>	<u>\$15,807</u>	<u>(\$40)</u>	<u>\$13,400</u>	<u>\$10,200</u>	<u>\$399,286</u>

**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, 2003*

	Permanent Improvement	SchoolNet	Total Nonmajor Capital Projects Funds
<b>Revenues</b>			
Taxes	\$293,681	\$0	\$293,681
Intergovernmental	30,817	20,220	51,037
Contributions and Donations	29,750	0	29,750
<i>Total Revenues</i>	354,248	20,220	374,468
<b>Expenditures</b>			
Capital Outlay	302,540	20,220	322,760
<i>Net Change in Fund Balances</i>	51,708	0	51,708
<i>Fund Balances Beginning of Year</i>	129,928	0	129,928
<i>Fund Balances End of Year</i>	\$181,636	\$0	\$181,636

**Agency Fund**

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

**Cardinal Local School District**  
*Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For the Fiscal Year Ended June 30, 2003*

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	Beginning Balance <u>June 30, 2002</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2003</u>
<b>Student Activities</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$25,738</u>	<u>\$49,999</u>	<u>\$45,646</u>	<u>\$30,091</u>
<b>Liabilities</b>				
Due to Students	<u>\$25,738</u>	<u>\$49,999</u>	<u>\$45,646</u>	<u>\$30,091</u>

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



**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$6,744,200	\$6,744,200	\$6,836,712	\$92,512
Intergovernmental	3,904,477	3,904,477	3,294,414	(610,063)
Interest	78,438	78,438	137,344	58,906
Tuition and Fees	431,852	431,852	756,169	324,317
Contributions and Donations	1,999	1,999	3,500	1,501
Rentals	28,156	28,156	49,301	21,145
Miscellaneous	125	125	218	93
<i>Total Revenues</i>	<u>11,189,247</u>	<u>11,189,247</u>	<u>11,077,658</u>	<u>(111,589)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	3,399,289	3,837,514	3,837,514	0
Fringe Benefits	1,071,019	1,126,319	1,126,290	29
Purchased Services	323,978	325,800	215,232	110,568
Materials and Supplies	214,367	214,854	184,400	30,454
Capital Outlay - New	44,017	44,825	18,628	26,197
Other	200,000	0	0	0
Total Regular	<u>5,252,670</u>	<u>5,549,312</u>	<u>5,382,064</u>	<u>167,248</u>
Special:				
Salaries and Wages	413,658	498,484	464,218	34,266
Fringe Benefits	167,199	167,699	167,505	194
Purchased Services	663,288	663,288	655,031	8,257
Materials and Supplies	8,536	8,664	2,514	6,150
Capital Outlay - New	11,047	32,710	24,482	8,228
Total Special	<u>1,263,728</u>	<u>1,370,845</u>	<u>1,313,750</u>	<u>57,095</u>
Vocational:				
Salaries and Wages	111,225	121,187	82,853	38,334
Fringe Benefits	38,937	38,937	33,035	5,902
Purchased Services	867	867	70	797
Total Vocational	<u>151,029</u>	<u>160,991</u>	<u>115,958</u>	<u>45,033</u>
Total Instruction	<u>6,667,427</u>	<u>7,081,148</u>	<u>6,811,772</u>	<u>269,376</u>
Support Services:				
Pupils:				
Salaries and Wages	253,485	352,566	352,558	8
Fringe Benefits	103,425	129,925	129,879	46
Purchased Services	154,306	171,140	171,101	39
Materials and Supplies	26,019	26,209	17,454	8,755
Capital Outlay - New	14,947	28,172	23,245	4,927
Total Pupils	<u>\$552,182</u>	<u>\$708,012</u>	<u>\$694,237</u>	<u>\$13,775</u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Instructional Staff:</b>				
Salaries and Wages	\$246,085	\$312,443	\$312,443	\$0
Fringe Benefits	122,107	146,878	136,770	10,108
Purchased Services	12,968	12,738	4,330	8,408
Materials and Supplies	27,533	28,826	21,373	7,453
Capital Outlay - New	17,311	16,217	10,020	6,197
Other	1,792	2,592	2,262	330
<b>Total Instructional Staff</b>	<u>427,796</u>	<u>519,694</u>	<u>487,198</u>	<u>32,496</u>
<b>Board of Education:</b>				
Salaries and Wages	5,202	5,202	4,720	482
Fringe Benefits	5,472	5,472	1,041	4,431
Purchased Services	17,237	20,836	9,667	11,169
Materials and Supplies	1,897	1,897	839	1,058
Other	18,453	24,753	24,709	44
<b>Total Board of Education</b>	<u>48,261</u>	<u>58,160</u>	<u>40,976</u>	<u>17,184</u>
<b>Administration:</b>				
Salaries and Wages	461,383	515,147	475,649	39,498
Fringe Benefits	221,737	221,737	194,255	27,482
Purchased Services	27,405	27,663	17,566	10,097
Materials and Supplies	10,630	25,017	9,608	15,409
Capital Outlay - New	4,112	5,388	2,769	2,619
Other	73,905	73,905	44,256	29,649
<b>Total Administration</b>	<u>799,172</u>	<u>868,857</u>	<u>744,103</u>	<u>124,754</u>
<b>Fiscal:</b>				
Salaries and Wages	126,907	156,918	151,531	5,387
Fringe Benefits	70,798	70,798	57,514	13,284
Purchased Services	62,280	62,280	55,087	7,193
Materials and Supplies	6,559	8,559	4,113	4,446
Capital Outlay - New	16,852	16,852	16,225	627
Other	169,596	169,596	149,295	20,301
<b>Total Fiscal</b>	<u>452,992</u>	<u>485,003</u>	<u>433,765</u>	<u>51,238</u>
<b>Business:</b>				
Salaries and Wages	47,250	52,292	33,878	18,414
Fringe Benefits	20,516	20,516	15,019	5,497
Purchased Services	8,669	8,669	0	8,669
<b>Total Business</b>	<u>\$76,435</u>	<u>\$81,477</u>	<u>\$48,897</u>	<u>\$32,580</u>

(continued)

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Operation and Maintenance of Plant:</b>				
Salaries and Wages	\$351,139	\$495,519	\$495,476	\$43
Fringe Benefits	247,537	247,537	166,499	81,038
Purchased Services	501,573	573,923	573,680	243
Materials and Supplies	187,055	186,451	134,675	51,776
Capital Outlay - New	49,507	109,507	2,528	106,979
Other	9,274	9,274	86,242	(76,968)
<b>Total Operation and Maintenance of Plant</b>	<u>1,346,085</u>	<u>1,622,211</u>	<u>1,459,100</u>	<u>163,111</u>
<b>Pupil Transportation:</b>				
Salaries and Wages	477,577	549,973	437,378	112,595
Fringe Benefits	258,341	258,341	207,538	50,803
Purchased Services	82,246	82,246	68,754	13,492
Materials and Supplies	177,183	177,183	133,012	44,171
Capital Outlay - Replacement	131,063	102,222	57,336	44,886
<b>Total Pupil Transportation</b>	<u>1,126,410</u>	<u>1,169,965</u>	<u>904,018</u>	<u>265,947</u>
<b>Central:</b>				
Salaries and Wages	105,662	120,335	110,805	9,530
Fringe Benefits	54,588	54,588	47,959	6,629
Purchased Services	47,545	47,204	46,953	251
Materials and Supplies	2,257	2,257	355	1,902
Capital Outlay - New	12,440	12,740	3,000	9,740
<b>Total Central</b>	<u>222,492</u>	<u>237,124</u>	<u>209,072</u>	<u>28,052</u>
<b>Total Support Services</b>	<u>5,051,825</u>	<u>5,750,503</u>	<u>5,021,366</u>	<u>729,137</u>
<b>Extracurricular Activities:</b>				
<b>Academic and Subject Oriented:</b>				
Salaries and Wages	46,813	46,813	36,978	9,835
Fringe Benefits	6,501	6,501	4,192	2,309
<b>Total Academic and Subject Oriented</b>	<u>53,314</u>	<u>53,314</u>	<u>41,170</u>	<u>12,144</u>
<b>Occupational Oriented:</b>				
Salaries and Wages	1,084	1,084	574	510
Fringe Benefits	216	216	36	180
<b>Total Occupational Oriented</b>	<u>1,300</u>	<u>1,300</u>	<u>610</u>	<u>690</u>
<b>School and Public Service Co-Curricular:</b>				
Salaries and Wages	13,547	13,547	13,187	360
Fringe Benefits	1,680	1,680	1,150	530
<b>Total School and Public Service Co-Curricular</b>	<u>\$15,227</u>	<u>\$15,227</u>	<u>\$14,337</u>	<u>\$890</u>

(continued)

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Sports Oriented:</b>				
Salaries and Wages	\$146,410	\$170,697	\$170,691	\$6
Fringe Benefits	42,853	42,853	25,628	17,225
Purchased Services	3,794	23,794	23,699	95
Materials and Supplies	7,860	7,860	3,054	4,806
Capital Outlay - Replacement	3,689	10,569	7,639	2,930
<b>Total Sports Oriented</b>	<u>204,606</u>	<u>255,773</u>	<u>230,711</u>	<u>25,062</u>
<b>Total Extracurricular Activities</b>	<u>274,447</u>	<u>325,614</u>	<u>286,828</u>	<u>38,786</u>
<b>Operation of Non-Instructional Services:</b>				
<b>Food Service Operations:</b>				
Salaries and Wages	102,723	112,854	106,476	6,378
Fringe Benefits	47,074	50,874	50,826	48
<b>Total Operation of Non-Instructional Services</b>	<u>149,797</u>	<u>163,728</u>	<u>157,302</u>	<u>6,426</u>
<b>Capital Outlay:</b>				
<b>Facilities Acquisition and Construction Services:</b>				
<b>Site Acquisition Services:</b>				
Capital Outlay - New	10,953	0	0	0
<b>Total Expenditures</b>	<u>12,154,449</u>	<u>13,320,993</u>	<u>12,277,268</u>	<u>1,043,725</u>
<b>Excess of Revenues Under Expenditures</b>	<u>(965,202)</u>	<u>(2,131,746)</u>	<u>(1,199,610)</u>	<u>932,136</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	6,400	6,400	6,400	0
Advances In	3,044	3,044	5,330	2,286
Advances Out	(128,602)	(128,602)	(128,602)	0
Operating Transfers In	8,736	8,736	15,297	6,561
Operating Transfers Out	(707,981)	(411,442)	(135,000)	276,442
<b>Total Other Financing Sources (Uses)</b>	<u>(818,403)</u>	<u>(521,864)</u>	<u>(236,575)</u>	<u>285,289</u>
<b>Net Change in Fund Balance</b>	(1,783,605)	(2,653,610)	(1,436,185)	1,217,425
<b>Fund Balance Beginning of Year</b>	2,731,582	2,731,582	2,731,582	0
<b>Prior Year Encumbrances Appropriated</b>	<u>333,077</u>	<u>333,077</u>	<u>333,077</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$1,281,054</u>	<u>\$411,049</u>	<u>\$1,628,474</u>	<u>\$1,217,425</u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Bond Retirement Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$804,500	\$804,500	\$820,994	\$16,494
Intergovernmental	86,865	86,865	89,830	2,965
<i>Total Revenues</i>	<u>891,365</u>	<u>891,365</u>	<u>910,824</u>	<u>19,459</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	10,000	16,601	14,345	2,256
Debt Service:				
Principal Retirement	305,000	380,000	380,000	0
Interest and Fiscal Charges	570,924	507,822	497,822	10,000
Total Debt Service	<u>875,924</u>	<u>887,822</u>	<u>877,822</u>	<u>10,000</u>
<i>Total Expenditures</i>	<u>885,924</u>	<u>904,423</u>	<u>892,167</u>	<u>12,256</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	5,441	(13,058)	18,657	31,715
<b>Other Financing Uses</b>				
Transfers Out	(13,898)	(15,297)	(15,297)	0
<i>Net Change in Fund Balance</i>	(8,457)	(28,355)	3,360	31,715
<i>Fund Balance Beginning of Year</i>	<u>374,309</u>	<u>374,309</u>	<u>374,309</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$365,852</u></u>	<u><u>\$345,954</u></u>	<u><u>\$377,669</u></u>	<u><u>\$31,715</u></u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Library Bond Retirement Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$222,400	\$222,400	\$228,220	\$5,820
Intergovernmental	13,362	13,362	24,968	11,606
Interest	10,289	10,289	19,227	8,938
<i>Total Revenues</i>	<u>246,051</u>	<u>246,051</u>	<u>272,415</u>	<u>26,364</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	5,000	5,000	4,215	785
Debt Service:				
Principal Retirement	3,135,000	3,135,000	3,135,000	0
Interest and Fiscal Charges	172,500	171,500	162,913	8,587
Total Debt Service	<u>3,307,500</u>	<u>3,306,500</u>	<u>3,297,913</u>	<u>8,587</u>
<i>Total Expenditures</i>	<u>3,312,500</u>	<u>3,311,500</u>	<u>3,302,128</u>	<u>9,372</u>
<i>Net Change in Fund Balance</i>	(3,066,449)	(3,065,449)	(3,029,713)	35,736
<i>Fund Balance Beginning of Year</i>	<u>3,115,423</u>	<u>3,115,423</u>	<u>3,115,423</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$48,974</u></u>	<u><u>\$49,974</u></u>	<u><u>\$85,710</u></u>	<u><u>\$35,736</u></u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Building Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$3,600	\$3,600	\$3,580	(\$20)
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Capital Outlay - New	214,337	208,653	203,360	5,293
Administration:				
Capital Outlay - New	0	3,184	1,225	1,959
Fiscal:				
Purchased Services	500	600	597	3
Operation and Maintenance of Plant:				
Purchased Services	25,000	25,000	24,139	861
Capital Outlay - Replacement	838,497	839,022	822,002	17,020
Total Operation and Maintenance of Plant	863,497	864,022	846,141	17,881
Central:				
Capital Outlay - New	0	5,000	4,209	791
Total Support Services	1,078,334	1,081,459	1,055,532	25,927
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - New	74,743	71,823	71,782	41
Architecture and Engineering Services:				
Purchased Services	87,741	87,741	86,355	1,386
Building Acquisition and Construction Services:				
Capital Outlay - New	334,443	330,863	330,475	388
Other Facilities Acquisition and Construction				
Purchased Services	0	3,375	1,833	1,542
Total Capital Outlay	496,927	493,802	490,445	3,357
<i>Total Expenditures</i>	1,575,261	1,575,261	1,545,977	29,284
<i>Net Change in Fund Balance</i>	(1,571,661)	(1,571,661)	(1,542,397)	29,264
<i>Fund Balance Beginning of Year</i>	280,604	280,604	280,604	0
Prior Year Encumbrances Appropriated	1,291,077	1,291,077	1,291,077	0
<i>Fund Balance End of Year</i>	\$20	\$20	\$29,284	\$29,264

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Library Construction Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$45,000	\$45,000	\$85,519	\$40,519
<b>Expenditures</b>				
Capital Outlay:				
Architecture and Engineering Services:				
Purchased Services	357,000	343,500	343,293	207
Building Acquisition and Construction Services:				
Capital Outlay - New	2,605,000	2,618,500	1,941,038	677,462
<i>Total Expenditures</i>	<u>2,962,000</u>	<u>2,962,000</u>	<u>2,284,331</u>	<u>677,669</u>
<i>Net Change in Fund Balance</i>	(2,917,000)	(2,917,000)	(2,198,812)	718,188
<i>Fund Balance Beginning of Year</i>	2,759,930	2,759,930	2,759,930	0
Prior Year Encumbrances Appropriated	<u>257,000</u>	<u>257,000</u>	<u>257,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$99,930</u>	<u>\$99,930</u>	<u>\$818,118</u>	<u>\$718,188</u>



**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$84,574	\$91,584	\$89,342	(\$2,242)
Charges for Services	230,118	243,091	243,091	0
Miscellaneous	308	325	325	0
<i>Total Revenues</i>	<u>315,000</u>	<u>335,000</u>	<u>332,758</u>	<u>(2,242)</u>
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations:				
Salaries and Wages	115,000	114,100	114,098	2
Fringe Benefits	65,942	66,442	66,369	73
Purchased Services	10,000	11,000	8,322	2,678
Materials and Supplies	140,500	174,500	162,609	11,891
Capital Outlay - Replacement	1,800	1,200	122	1,078
Other	1,250	1,250	0	1,250
<i>Total Expenditures</i>	<u>334,492</u>	<u>368,492</u>	<u>351,520</u>	<u>16,972</u>
<i>Excess of Revenues Under Expenditures</i>	(19,492)	(33,492)	(18,762)	14,730
<b>Other Financing Sources</b>				
Transfers In	35,000	0	35,000	35,000
<i>Net Change in Fund Balance</i>	15,508	(33,492)	16,238	49,730
<i>Fund Balance Beginning of Year</i>	34,680	34,680	34,680	0
Prior Year Encumbrances Appropriated	184	184	184	0
<i>Fund Balance End of Year</i>	<u>\$50,372</u>	<u>\$1,372</u>	<u>\$51,102</u>	<u>\$49,730</u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Uniform School Supplies Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Tuition and Fees	\$66,000	\$66,000	\$74,564	\$8,564
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	30,927	33,377	24,605	8,772
Materials and Supplies	32,114	48,164	48,111	53
Total Instruction	63,041	81,541	72,716	8,825
Support Services:				
Operation and Maintenance of Plant:				
Materials and Supplies	1,500	1,000	838	162
<i>Total Expenditures</i>	64,541	82,541	73,554	8,987
<i>Excess of Revenues Over (Under) Expenditures</i>	1,459	(16,541)	1,010	17,551
<b>Other Financing Sources</b>				
Transfers In	0	3,473	3,473	0
<i>Net Change in Fund Balance</i>	1,459	(13,068)	4,483	17,551
<i>Fund Balance Beginning of Year</i>	37,854	37,854	37,854	0
Prior Year Encumbrances Appropriated	726	726	726	0
<i>Fund Balance End of Year</i>	\$40,039	\$25,512	\$43,063	\$17,551

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Public School Support Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Extracurricular Activities	\$21,902	\$19,347	\$15,410	(\$3,937)
Contributions and Donations	1,937	1,363	1,363	0
Miscellaneous	1,161	817	817	0
<i>Total Revenues</i>	<u>25,000</u>	<u>21,527</u>	<u>17,590</u>	<u>(3,937)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	2,500	1,475	62	1,413
Capital Outlay - New	2,299	1,400	1,371	29
Total Instruction	<u>4,799</u>	<u>2,875</u>	<u>1,433</u>	<u>1,442</u>
Support Services:				
Instructional Staff:				
Materials and Supplies	3,000	3,950	1,962	1,988
Administration:				
Purchased Services	4,200	5,120	1,889	3,231
Materials and Supplies	12,624	13,423	11,408	2,015
Capital Outlay - New	750	750	529	221
Other	500	500	155	345
Total Administration	<u>18,074</u>	<u>19,793</u>	<u>13,981</u>	<u>5,812</u>
Operation and Maintenance of Plant:				
Capital Outlay - Replacement	3,250	2,230	1,094	1,136
Total Support Services	<u>24,324</u>	<u>25,973</u>	<u>17,037</u>	<u>8,936</u>
Extracurricular Activities:				
School and Public Service Co-Curricular Activities:				
Materials and Supplies	0	275	269	6
<i>Total Expenditures</i>	<u>29,123</u>	<u>29,123</u>	<u>18,739</u>	<u>10,384</u>
<i>Net Change in Fund Balance</i>	(4,123)	(7,596)	(1,149)	6,447
<i>Fund Balance Beginning of Year</i>	17,759	17,759	17,759	0
Prior Year Encumbrances Appropriated	<u>123</u>	<u>123</u>	<u>123</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$13,759</u>	<u>\$10,286</u>	<u>\$16,733</u>	<u>\$6,447</u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Martha Holden Jennings Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Special				
Capital Outlay - New	0	5	5	0
<i>Net Change in Fund Balance</i>	0	(5)	(5)	0
<i>Fund Balance Beginning of Year</i>	5	5	5	0
<i>Fund Balance End of Year</i>	\$5	\$0	\$0	\$0

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Termination Benefits Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries	139,181	239,181	149,616	89,565
Support Services:				
Administration:				
Salaries	25,819	25,819	5,819	20,000
Operation and Maintenance of Plant:				
Salaries	30,000	30,000	5,182	24,818
Pupil Transportation:				
Salaries	45,000	45,000	9,167	35,833
Total Support Services	100,819	100,819	20,168	80,651
Non-Instructional Services:				
Food Service Operations:				
Salaries	13,000	13,000	12,656	344
<i>Total Expenditures</i>	253,000	353,000	182,440	170,560
<i>Excess of Revenues Under Expenditures</i>	(253,000)	(353,000)	(182,440)	170,560
<b>Other Financing Sources</b>				
Transfers In	300,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	47,000	(253,000)	(82,440)	170,560
<i>Fund Balance Beginning of Year</i>	253,000	253,000	253,000	0
<i>Fund Balance End of Year</i>	\$300,000	\$0	\$170,560	\$170,560

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*District Managed Activities Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$1,100	\$513	\$513	\$0
Extracurricular Activities	103,900	99,301	89,484	(9,817)
Contributions and Donations	15,000	20,186	20,186	0
<i>Total Revenues</i>	<u>120,000</u>	<u>120,000</u>	<u>110,183</u>	<u>(9,817)</u>
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Purchased Services	8,500	7,362	7,353	9
Materials and Supplies	12,372	10,647	7,818	2,829
Capital Outlay - New	13,300	5,333	4,333	1,000
Other	2,300	13,510	8,490	5,020
Total Academic and Subject Oriented Activities	<u>36,472</u>	<u>36,852</u>	<u>27,994</u>	<u>8,858</u>
Sports Oriented Activities:				
Salaries and Wages	0	850	850	0
Purchased Services	29,085	26,585	22,842	3,743
Materials and Supplies	49,867	51,567	51,469	98
Capital Outlay - New	2,900	1,990	0	1,990
Other	7,489	7,949	7,937	12
Total Sports Oriented Activities	<u>89,341</u>	<u>88,941</u>	<u>83,098</u>	<u>5,843</u>
<i>Total Expenditures</i>	<u>125,813</u>	<u>125,793</u>	<u>111,092</u>	<u>14,701</u>
<i>Excess of Revenues Under Expenditures</i>	(5,813)	(5,793)	(909)	4,884
<b>Other Financing Uses</b>				
Transfers Out	(3,452)	(3,473)	(3,473)	0
<i>Net Change in Fund Balance</i>	(9,265)	(9,266)	(4,382)	4,884
<i>Fund Balance Beginning of Year</i>	37,100	37,100	37,100	0
Prior Year Encumbrances Appropriated	2,395	2,395	2,395	0
<i>Fund Balance End of Year</i>	<u>\$30,230</u>	<u>\$30,229</u>	<u>\$35,113</u>	<u>\$4,884</u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Auxiliary Services Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$18,695	\$13,578	\$14,420	\$842
Interest	0	875	875	0
<i>Total Revenues</i>	<u>18,695</u>	<u>14,453</u>	<u>15,295</u>	<u>842</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	9,932	8,365	8,365	0
Capital Outlay - New	839	4,849	4,848	1
Total Instruction	10,771	13,214	13,213	1
Support Services:				
Pupils:				
Purchased Services	12,275	5,557	5,305	252
<i>Total Expenditures</i>	<u>23,046</u>	<u>18,771</u>	<u>18,518</u>	<u>253</u>
<i>Net Change in Fund Balance</i>	(4,351)	(4,318)	(3,223)	1,095
<i>Fund Balance Beginning of Year</i>	2	2	2	0
Prior Year Encumbrances Appropriated	4,349	4,349	4,349	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$33</u>	<u>\$1,128</u>	<u>\$1,095</u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Teacher Development Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Capital Outlay - New	2,008	2,008	2,008	0
<i>Net Change in Fund Balance</i>	(2,008)	(2,008)	(2,008)	0
<i>Fund Balance Beginning of Year</i>	208	208	208	0
Prior Year Encumbrances Appropriated	1,800	1,800	1,800	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0



**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP) and Actual  
 Management Information Systems Fund  
 For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$5,000	\$5,000	\$5,408	\$408
<b>Expenditures</b>				
Current:				
Support Services:				
Central:				
Purchased Services	6,529	6,529	160	6,369
Capital Outlay - New	5,000	5,000	5,000	0
<i>Total Expenditures</i>	11,529	11,529	5,160	6,369
<i>Net Change in Fund Balance</i>	(6,529)	(6,529)	248	6,777
<i>Fund Balance Beginning of Year</i>	1,529	1,529	1,529	0
Prior Year Encumbrances Appropriated	5,000	5,000	5,000	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$6,777	\$6,777

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP) and Actual  
 Data Communications Fund  
 For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$17,500	\$17,500	\$17,500	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	17,500	17,500	17,500	0
Support Services:				
Central:				
Purchased Services	17,500	17,500	15,392	2,108
<i>Total Expenditures</i>	<u>35,000</u>	<u>35,000</u>	<u>32,892</u>	<u>2,108</u>
<i>Net Change in Fund Balance</i>	(17,500)	(17,500)	(15,392)	2,108
<i>Fund Balance Beginning of Year</i>	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$2,108</u></u>	<u><u>\$2,108</u></u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Professional Development Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$3,500	\$3,500	\$3,250	(\$250)
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	0	225	225	0
Fringe Benefits	0	35	35	0
Purchased Services	3,702	6,191	5,307	884
Materials and Supplies	0	500	0	500
<i>Total Expenditures</i>	<u>3,702</u>	<u>6,951</u>	<u>5,567</u>	<u>1,384</u>
<i>Net Change in Fund Balance</i>	(202)	(3,451)	(2,317)	1,134
<i>Fund Balance Beginning of Year</i>	3,525	3,525	3,525	0
Prior Year Encumbrances Appropriated	<u>177</u>	<u>177</u>	<u>177</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,500</u></u>	<u><u>\$251</u></u>	<u><u>\$1,385</u></u>	<u><u>\$1,134</u></u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Instructional Materials Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	233	233	233	0
<i>Net Change in Fund Balance</i>	(233)	(233)	(233)	0
<i>Fund Balance Beginning of Year</i>	233	233	233	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Ohio Reads Grant Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$6,000	\$6,000	\$4,000	(\$2,000)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	457	457	457	0
Support Services:				
Instructional Staff:				
Salaries and Wages	8,552	8,552	5,254	3,298
<i>Total Expenditures</i>	<u>9,009</u>	<u>9,009</u>	<u>5,711</u>	<u>3,298</u>
<i>Net Change in Fund Balance</i>	(3,009)	(3,009)	(1,711)	1,298
<i>Fund Balance Beginning of Year</i>	<u>3,466</u>	<u>3,466</u>	<u>3,466</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$457</u></u>	<u><u>\$457</u></u>	<u><u>\$1,755</u></u>	<u><u>\$1,298</u></u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Summer Intervention Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries	1,605	1,605	1,605	0
<i>Net Change in Fund Balance</i>	(1,605)	(1,605)	(1,605)	0
<i>Fund Balance Beginning of Year</i>	1,605	1,605	1,605	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Eisenhower Math and Science Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$1,503	\$1,503	\$1,503	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	2,971	2,973	2,973	0
Materials and Supplies	8,310	3,247	3,247	0
Total Instruction	11,281	6,220	6,220	0
Support Services:				
Instructional Staff:				
Purchased Services	165	165	165	0
<i>Total Expenditures</i>	11,446	6,385	6,385	0
<i>Excess of Revenues Under Expenditures</i>	(9,943)	(4,882)	(4,882)	0
<b>Other Financing Uses</b>				
Transfers Out	0	(5,061)	(5,061)	0
<i>Net Change in Fund Balance</i>	(9,943)	(9,943)	(9,943)	0
<i>Fund Balance Beginning of Year</i>	9,558	9,558	9,558	0
Prior Year Encumbrances Appropriated	403	403	403	0
<i>Fund Balance End of Year</i>	\$18	\$18	\$18	\$0

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Title VI-B Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$183,752	\$189,082	\$181,290	(\$7,792)
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	0	150	150	0
Purchased Services	0	1,801	1,801	0
Materials and Supplies	18,151	11,892	11,872	20
Capital Outlay - New	0	4,308	4,308	0
Total Instruction	18,151	18,151	18,131	20
Support Services:				
Pupils:				
Purchased Services	76,419	86,637	86,637	0
Materials and Supplies	0	1,115	1,115	0
Total Pupils	76,419	87,752	87,752	0
Instructional Staff:				
Salaries and Wages	1,440	58,473	58,474	(1)
Fringe Benefits	0	30,647	30,647	0
Purchased Services	100,106	1,092	1,092	0
Total Instructional Staff	101,546	90,212	90,213	(1)
Total Support Services	177,965	177,964	177,965	(1)
<i>Total Expenditures</i>	196,116	196,115	196,096	19
<i>Excess of Revenues Under Expenditures</i>	(12,364)	(7,033)	(14,806)	(7,773)
<b>Other Financing Uses</b>				
Advances Out	0	(5,330)	(5,330)	0
<i>Net Change in Fund Balance</i>	(12,364)	(12,363)	(20,136)	(7,773)
<i>Fund Balance Beginning of Year</i>	907	907	907	0
Prior Year Encumbrances Appropriated	19,249	19,249	19,249	0
<i>Fund Balance End of Year</i>	\$7,792	\$7,793	\$20	(\$7,773)



**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Title I Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$663,687	\$631,387	\$535,379	(\$96,008)
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	617,522	429,561	427,403	2,158
Fringe Benefits	67,061	141,339	130,176	11,163
Materials and Supplies	12,565	18,086	14,761	3,325
Total Instruction	697,148	588,986	572,340	16,646
Support Services:				
Pupils:				
Salaries and Wages	2,787	22,519	22,519	0
Fringe Benefits	1,263	9,753	7,933	1,820
Purchased Services	905	1,175	191	984
Materials and Supplies	500	0	0	0
Total Pupils	5,455	33,447	30,643	2,804
Instructional Staff:				
Purchased Services	0	27,476	19,958	7,518
Administration:				
Salaries and Wages	3,426	18,570	17,830	740
Fringe Benefits	446	4,806	4,805	1
Purchased Services	785	1,175	562	613
Materials and Supplies	500	0	0	0
Total Administration	5,157	24,551	23,197	1,354
Central:				
Purchased Services	0	1,000	168	832
Total Support Services	10,612	86,474	73,966	12,508
<i>Total Expenditures</i>	707,760	675,460	646,306	29,154
<i>Excess of Revenues Under Expenditures</i>	(44,073)	(44,073)	(110,927)	(66,854)
<b>Other Financing Sources</b>				
Advances In	0	96,000	96,000	0
<i>Net Change in Fund Balance</i>	(44,073)	51,927	(14,927)	(66,854)
<i>Fund Balance Beginning of Year</i>	36,836	36,836	36,836	0
Prior Year Encumbrances Appropriated	7,238	7,238	7,238	0
<i>Fund Balance End of Year</i>	\$1	\$96,001	\$29,147	(\$66,854)

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Title V Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$9,303	\$9,299	\$7,729	(\$1,570)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	1,810	175	175	0
Materials and Supplies	2,500	100	100	0
Capital Outlay - New	723	4,122	4,122	0
Total Instruction	5,033	4,397	4,397	0
Support Services:				
Instructional Staff:				
Purchased Services	4	2,500	2,500	0
Materials and Supplies	8,250	1,854	1,558	296
Capital Outlay - New	0	3,258	2,066	1,192
Total Support Services	8,254	7,612	6,124	1,488
Operation of Non-Instructional Services:				
Community Services				
Materials and Supplies	0	1,275	255	1,020
Total Expenditures	13,287	13,284	10,776	2,508
Net Change in Fund Balance	(3,984)	(3,985)	(3,047)	938
Fund Balance Beginning of Year	4,195	4,195	4,195	0
Prior Year Encumbrances Appropriated	137	137	137	0
Fund Balance End of Year	\$348	\$347	\$1,285	\$938

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Drug Free Schools Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$14,319	\$12,319	\$10,091	(\$2,228)
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	15,066	12,307	12,307	0
Purchased Services	0	2,053	0	2,053
Materials and Supplies	0	600	100	500
Total Support Services	15,066	14,960	12,407	2,553
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	0	106	102	4
<i>Total Expenditures</i>	15,066	15,066	12,509	2,557
<i>Excess of Revenues Under Expenditures</i>	(747)	(2,747)	(2,418)	329
<b>Other Financing Sources</b>				
Advances In	0	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(747)	(747)	(418)	329
<i>Fund Balance Beginning of Year</i>	747	747	747	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$329	\$329

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Classroom Size Reduction Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$118,752	\$113,752	\$112,443	(\$1,309)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	168,332	127,622	121,984	5,638
Fringe Benefits	13,908	50,285	44,421	5,864
Purchased Services	1,779	902	730	172
Materials and Supplies	0	150	0	150
Total Instruction	184,019	178,959	167,135	11,824
Support Services:				
Instructional Staff:				
Purchased Services	0	126	107	19
Materials and Supplies	0	4,935	4,904	31
Total Support Services	0	5,061	5,011	50
<i>Total Expenditures</i>	184,019	184,020	172,146	11,874
<i>Excess of Revenues Under Expenditures</i>	(65,267)	(70,268)	(59,703)	10,565
<b>Other Financing Sources</b>				
Transfers In	35,061	5,061	5,061	0
Advances In	0	30,000	30,000	0
<i>Total Other Financing Sources</i>	35,061	35,061	35,061	0
<i>Net Change in Fund Balance</i>	(30,206)	(35,207)	(24,642)	10,565
<i>Fund Balance Beginning of Year</i>	35,268	35,268	35,268	0
<i>Fund Balance End of Year</i>	\$5,062	\$61	\$10,626	\$10,565

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Technology II-D Grant Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$17,074	\$25,372	\$24,400	(\$972)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	0	750	0	750
Fringe Benefits	0	120	0	120
Capital Outlay - New	14,979	9,687	9,686	1
Total Regular Instruction	14,979	10,557	9,686	871
Special:				
Capital Outlay - New	0	10,595	10,554	41
Total Instruction	14,979	21,152	20,240	912
Support Services:				
Instructional Staff:				
Purchased Services	2,095	4,813	4,698	115
Total Expenditures	17,074	25,965	24,938	1,027
Excess of Revenues Under Expenditures	0	(593)	(538)	55
<b>Other Financing Sources</b>				
Advances In	0	602	602	0
Net Change in Fund Balance	0	9	64	55
Fund Balance Beginning of Year	0	0	0	0
Fund Balance End of Year	\$0	\$9	\$64	\$55

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Permanent Improvement Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$273,200	\$273,200	\$280,107	\$6,907
Intergovernmental	15,860	49,668	30,817	(18,851)
Contributions and Donations	15,310	29,750	29,750	0
<i>Total Revenues</i>	<u>304,370</u>	<u>352,618</u>	<u>340,674</u>	<u>(11,944)</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	5,000	5,000	4,991	9
Operation and Maintenance of Plant:				
Capital Outlay - Replacement	238,574	333,047	271,043	62,004
Pupil Transportation:				
Capital Outlay - Replacement	60,000	54,105	54,105	0
Total Support Services	<u>303,574</u>	<u>392,152</u>	<u>330,139</u>	<u>62,013</u>
Extracurricular Activities				
Academic Oriented Activities:				
Capital Outlay - Replacement	0	10,020	10,018	2
Sport Oriented Activities:				
Capital Outlay - Replacement	14,000	15,980	15,928	52
Total Extracurricular Activities	<u>14,000</u>	<u>26,000</u>	<u>25,946</u>	<u>54</u>
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - Replacement	35,612	41,412	41,058	354
Building Improvement Services:				
Purchased Services	1,779	1,879	1,474	405
Materials and Supplies	73	73	73	0
Total Capital Outlay	<u>37,464</u>	<u>43,364</u>	<u>42,605</u>	<u>759</u>
<i>Total Expenditures</i>	<u>355,038</u>	<u>461,516</u>	<u>398,690</u>	<u>62,826</u>
<i>Net Change in Fund Balance</i>	(50,668)	(108,898)	(58,016)	50,882
<i>Fund Balance Beginning of Year</i>	26,045	26,045	26,045	0
Prior Year Encumbrances Appropriated	<u>92,438</u>	<u>92,438</u>	<u>92,438</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$67,815</u></u>	<u><u>\$9,585</u></u>	<u><u>\$60,467</u></u>	<u><u>\$50,882</u></u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*SchoolNet Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$20,500	\$20,500	\$20,220	(\$280)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	<u>20,220</u>	<u>20,220</u>	<u>20,220</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	280	280	0	(280)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$280</u></u>	<u><u>\$280</u></u>	<u><u>\$0</u></u>	<u><u>(\$280)</u></u>

**Cardinal Local School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP) and Actual*  
*Self Insurance Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	<u>\$350,000</u>	<u>\$360,000</u>	<u>\$352,426</u>	<u>(\$7,574)</u>
<b>Expenses</b>				
Fringe Benefits:				
Central Support Services	425,087	447,087	417,933	29,154
Purchase Services:				
Central Support Services	<u>3,913</u>	<u>3,913</u>	<u>3,913</u>	<u>0</u>
Total Expenses	<u>429,000</u>	<u>451,000</u>	<u>421,846</u>	<u>29,154</u>
<i>Net Change in Fund Equity</i>	(79,000)	(91,000)	(69,420)	21,580
<i>Fund Equity Beginning of Year</i>	<u>119,821</u>	<u>119,821</u>	<u>119,821</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$40,821</u></u>	<u><u>\$28,821</u></u>	<u><u>\$50,401</u></u>	<u><u>\$21,580</u></u>



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

	2003	2002	2001	2000
<b>Program Revenues</b>				
Charges for Services	\$1,175,897	\$1,246,799	\$1,073,835	\$829,113
Operating Grants and Contributions	1,339,661	940,338	800,811	666,435
Capital Grants and Contributions	73,141	39,640	102,292	21,569
<b>General Revenues</b>				
Taxes	8,290,658	7,666,861	7,561,469	6,431,768
Intergovernmental	3,553,129	3,305,179	3,221,848	3,368,610
Contributions and Donations	3,500	0	0	0
Interest	179,892	949,742	962,597	700,727
Miscellaneous	2,001	291,496	15,418	28,591
<b>Total</b>	<b>\$14,617,879</b>	<b>\$14,440,055</b>	<b>\$13,738,270</b>	<b>\$12,046,813</b>
<b>Expenses</b>				
Current:				
Instruction:				
Regular	\$6,885,667	\$5,339,683	\$5,518,845	\$5,187,748
Special	1,957,339	1,341,464	1,233,556	1,318,006
Vocational	201,001	118,448	104,018	168,832
Support Services:				
Pupil	871,685	798,170	582,454	507,626
Instructional Staff	814,915	692,911	475,239	401,176
Board of Education	34,831	47,125	16,313	23,328
Administration	844,084	756,284	782,822	683,203
Fiscal	477,098	375,315	359,270	321,406
Business	50,711	45,080	48,487	59,220
Operation and Maintenance of Plant	1,387,312	1,128,307	1,056,124	897,041
Pupil Transportation	1,097,773	811,498	664,822	688,411
Central	241,170	206,313	184,936	172,079
Extracurricular Activities	408,672	353,431	327,796	331,264
Operation of Non-Instructional Services:				
Food Service Operations	367,376	380,650	300,626	310,665
Other Non-Instructional Services	215,053	71,153	81,410	67,521
Debt Service	661,232	531,713	640,668	886,000
<b>Total</b>	<b>\$16,515,919</b>	<b>\$12,997,545</b>	<b>\$12,377,386</b>	<b>\$12,023,526</b>

Source: School District Financial Records

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

	2003	2002	2001	2000	1999
<b>Revenues</b>					
Taxes	\$8,272,725	\$7,610,341	\$7,522,004	\$5,920,054	\$5,939,096
Intergovernmental	4,550,158	4,265,296	4,193,709	3,084,141	3,389,696
Interest	179,892	950,156	962,252	194,097	140,853
Charges for Services	243,467	310,398	284,445	0	0
Tuition and Fees	777,872	815,067	663,084	655,173	151,925
Extracurricular Activities	105,257	117,980	108,594	0	0
Rentals	49,301	3,354	2,985	4,127	2,758
Contributions and Donations	54,799	19,447	14,727	0	0
Miscellaneous	2,001	291,496	12,215	33,984	5,949
<b>Total</b>	<b>\$14,235,472</b>	<b>\$14,383,535</b>	<b>\$13,764,015</b>	<b>\$9,891,576</b>	<b>\$9,630,277</b>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	\$5,996,850	\$5,524,317	\$5,059,446	\$4,722,211	\$4,214,024
Special	1,728,565	1,348,861	1,246,973	800,468	711,020
Vocational	116,549	119,058	119,824	171,121	170,192
Support Services:					
Pupil	819,596	794,276	587,965	447,870	451,004
Instructional Staff	630,426	698,042	460,253	306,104	274,548
Board of Education	34,831	47,125	16,313	24,446	19,497
Administration	789,716	787,357	747,858	667,600	657,306
Fiscal	432,916	370,556	348,564	308,950	280,535
Business	51,034	45,769	49,226	57,881	56,105
Operation and Maintenance of Plant	1,258,452	1,052,605	983,080	885,844	923,486
Pupil Transportation	915,585	796,926	829,342	684,116	722,151
Central	231,586	189,252	187,016	165,438	192,743
Extracurricular Activities	277,857	369,125	333,703	226,819	188,028
Operation of Non-Instructional Services:					
Food Service Operations	374,679	464,370	359,222	0	0
Other Non-Instructional Operations	297,467	0	79,763	62,682	64,518
Capital Outlay	2,074,561	6,162,464	3,800,658	35,329	0
Debt Service	1,169,365	989,989	782,501	0	0
<b>Total</b>	<b>\$17,200,035</b>	<b>\$19,760,092</b>	<b>\$15,991,707</b>	<b>\$9,566,879</b>	<b>\$8,925,157</b>

Source: School District Financial Records

- (1) Includes General, Special Revenue, Capital Projects and Debt Service Funds.  
(2) 1995 and 1994 reported on a cash basis, all other years on a Modified Accrual Basis.

1998	1997	1996	1995 (2)	1994 (2)
\$5,544,430	\$5,296,756	\$4,543,157	\$4,616,543	\$4,476,315
3,233,588	3,105,802	3,065,402	2,915,504	2,831,720
109,452	88,669	70,857	49,050	39,430
0	0	0	0	0
132,548	138,932	125,914	122,585	110,225
0	0	0	0	0
2,104	3,139	3,804	5,343	4,210
0	345	6,825	495	9,000
65,101	0	920	846	944
<u>\$9,087,223</u>	<u>\$8,633,643</u>	<u>\$7,816,879</u>	<u>\$7,710,366</u>	<u>\$7,471,844</u>
\$4,076,228	\$3,999,704	\$3,728,955	\$3,663,910	\$3,492,044
508,714	455,100	489,916	403,397	379,670
160,770	154,972	152,644	157,373	149,047
391,116	421,947	402,261	357,940	336,914
234,214	203,775	196,579	201,677	217,747
19,643	23,278	19,139	19,259	15,332
632,230	655,597	667,961	636,190	699,555
272,453	291,628	278,952	274,460	251,262
48,223	44,418	44,222	43,324	97,347
842,115	864,957	875,722	740,759	733,177
695,202	701,000	584,067	607,242	647,485
178,344	187,308	184,533	170,378	61,313
180,654	178,185	164,484	163,727	169,048
0	0	0	0	0
60,180	63,066	57,869	58,128	9,768
0	0	8,000	28,714	0
24,015	18,615	13,215	0	0
<u>\$8,324,101</u>	<u>\$8,263,550</u>	<u>\$7,868,519</u>	<u>\$7,526,478</u>	<u>\$7,259,709</u>

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

Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Total Tax Levy	Delinquent Tax Collections	Total Tax Collections
2002	\$8,914,432	\$8,231,692	92.3%	\$224,421	\$8,456,113
2001	8,301,429	7,806,730	94.0	169,835	7,976,565
2000	8,167,546	7,681,629	94.1	144,881	7,826,510
1999	7,061,165	6,594,575	93.4	144,881	6,739,456
1998	6,518,460	6,402,632	98.2	213,730	6,616,362
1997	5,944,364	5,772,668	97.1	153,832	5,926,500
1996	5,708,577	5,545,982	97.2	159,449	5,705,431
1995	5,333,025	5,177,712	97.1	220,945	5,398,657
1994	5,220,818	5,048,487	96.7	213,513	5,262,000
1993	5,070,912	4,934,313	97.3	151,105	5,085,418

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as intergovernmental revenue.
- (2) Represents collection year. 2003 information cannot be presented because all collections have not been made by June 30.

<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
94.9%	\$462,118	5.2%
96.1	385,418	4.6
95.8	347,486	4.3
95.4	343,754	4.9
101.5	191,860	2.9
99.7	255,461	4.3
99.9	187,319	3.3
101.2	180,046	3.4
100.8	212,235	4.1
100.3	275,856	5.4

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

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2003	\$203,583,810	\$581,668,029	\$6,943,510	\$7,890,352
2002	180,996,580	511,759,371	7,392,290	8,377,148
2001	171,952,750	491,293,571	8,702,780	9,889,523
2000	166,528,650	475,796,143	8,917,030	10,132,989
1999	133,001,590	380,004,543	9,585,480	10,892,591
1998	128,355,050	366,728,714	9,491,840	10,786,182
1997	123,338,590	352,395,971	8,820,000	10,022,727
1996	112,063,340	320,180,971	8,669,150	9,851,307
1995	108,065,740	308,759,257	8,596,610	9,768,875
1994	104,905,480	299,729,943	8,408,710	9,555,352

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

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

Real estate is assessed at 35 percent of actual value.

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

Tangible personal property is assessed at 25 percent for capital assets and 24 percent for inventory .

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Ratio
\$50,313,160	\$201,252,640	\$260,840,480	\$790,811,021	33%
49,792,500	199,088,880	238,181,370	719,225,399	33
48,597,230	194,388,920	229,252,760	695,572,014	33
44,936,615	179,746,460	220,382,295	665,675,592	33
43,299,674	173,198,696	185,886,744	564,095,830	33
40,323,480	161,293,920	178,170,370	538,808,816	33
37,495,320	149,981,280	169,653,910	512,399,978	33
31,960,530	127,842,120	152,693,020	457,874,398	33
30,067,030	120,268,120	146,729,380	438,796,252	33
26,934,445	107,737,780	140,248,635	417,023,075	34

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

Year	School Levy	JVS	Special District (1)	Library	County Levy	Total Levy	Debt Service Included in Total Levy		
							School	County	Total
2003	\$56.25	\$1.50	\$4.05	\$1.00	\$14.60	\$77.40	\$4.15	\$0.30	\$4.45
2002	56.60	1.50	2.80	1.00	14.40	76.30	5.00	0.30	5.30
2001	55.60	1.50	2.80	1.00	13.40	74.30	4.00	0.30	4.30
2000	55.60	1.50	2.80	1.00	12.65	73.55	4.00	0.30	4.30
1999	52.10	1.50	2.80	1.00	12.45	69.85	0.50	0.30	0.80
1998	52.60	1.50	2.80	1.00	12.45	70.35	2.00	0.30	2.30
1997	52.70	1.50	2.80	1.00	12.45	70.45	2.10	0.30	2.40
1996	53.00	1.50	2.80	1.00	12.45	70.75	0.90	0.30	1.20
1995	53.00	1.50	2.80	1.00	12.85	71.15	0.90	0.30	1.20
1994	53.00	1.50	0.00	1.00	10.85	66.35	0.90	0.30	1.20

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

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



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

Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2003	\$11,701,186	\$260,840,480	13,494	4.49	\$867.14
2002	12,196,420	238,181,370	13,494	5.12	903.84
2001	9,464,224	229,252,760	13,494	4.13	701.37
2000	9,728,818	220,382,295	14,439	4.41	673.79
1999	278,854	185,886,744	14,115	0.15	19.76
1998	480,606	178,170,370	13,951	0.27	34.45
1997	753,997	169,653,910	13,938	0.44	54.10
1996	864,390	152,693,020	13,924	0.57	62.08
1995	1,010,272	146,729,380	13,910	0.69	72.63
1994	540,451	140,248,635	13,199	0.39	40.95

Sources:

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

**Cardinal Local School District**  
*Computation of Legal Debt Margin*  
 June 30, 2003

Assessed Valuation	\$260,840,480
Overall Debt Limit - 9% of Assessed Value (1)	\$23,475,643
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	9,239,930
Energy Conservation Bonds	135,000
Middlefield Public Library Bonds	2,865,000
Amount Available in Debt Service Fund	(538,744)
Total	11,701,186
Exemptions:	
Energy Conservation Bonds	(135,000)
Amount of Debt Subject to the Limit	11,566,186
Overall Debt Margin	\$11,909,457
Unvoted Debt Limit - .10% of Assessed Value (1)	\$260,840
Amount of Debt Applicable	0
Unvoted Debt Margin	\$260,840
Additional Limit for Unvoted Energy Conservation Bonds:	
Debt Limit - .10% of Assessed Valuation	\$260,840
Less: Energy Conservation Bonds	(135,000)
Energy Conservation Bond Debt Margin	\$125,840

Source: Geauga County Auditor and School District Financial Records

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

**Cardinal Local School District**  
*Computation of Direct and Overlapping General Obligation Bonded Debt*  
*December 31, 2002*

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
Direct:			
Cardinal Local School District	\$12,239,930	100.00%	\$12,239,930
Overlapping:			
Geauga County	1,320,000	9.87	<u>130,284</u>
Total			<u><u>\$12,370,214</u></u>

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2002 collection year.

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

Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures (Percentage)
2003	\$515,000	\$654,365	\$1,169,365	\$17,200,035	6.80%
2002	365,000	531,049	896,049	19,760,092	4.53
2001	110,000	659,033	769,033	15,991,707	4.81
2000	110,000	32,439	142,439	9,566,879	1.49
1999	105,000	42,455	147,455	8,925,157	1.65
1998	105,000	45,879	150,879	8,324,101	1.81
1997	165,000	54,066	219,066	8,263,550	2.65
1996	165,000	63,740	228,740	7,868,519	2.91
1995 (2)	120,000	74,765	194,765	7,526,478	2.59
1994 (2)	120,000	46,644	166,644	7,259,709	2.30

Source: School District Financial Records

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

(2) 1994 and 1995 on a cash basis.

**Cardinal Local School District**

*Demographic Statistics*

*Last Ten Years*

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<u>Year</u>	<u>Geauga County Population (1)</u>	<u>Cardinal LSD Area Population (2)</u>	<u>School Enrollment (3)</u>	<u>Geauga County Unemployment Rate (4)</u>
2003	91,804	13,804	1,428	4.4%
2002	90,895	13,494	1,426	4.3
2001	90,895	13,494	1,480	3.7
2000	87,913	14,439	1,469	3.0
1999	87,913	14,115	1,523	3.2
1998	86,054	13,951	1,577	3.0
1997	86,054	13,938	1,549	3.5
1996	84,260	13,924	1,550	3.6
1995	83,400	13,910	1,532	3.8
1994	83,241	13,199	1,480	3.8

Sources:

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

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

Year	Property Value (Real Estate Only) (1)	Financial Institution Deposits Banks	Value of Permits Issued Geauga County	Value of Permits Issued Huntsburg Township
2002	\$180,996,580	\$288,126,000	\$175,906,232	\$3,307,465
2001	171,952,750	255,568,000	212,264,802	3,409,480
2000	166,528,650	222,519,000	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	222,203,000	167,879,981	2,075,000
1996	112,063,340	212,614,000	167,613,997	3,195,520
1995	108,065,740	194,409,000	133,225,836	3,480,700
1994	104,905,480	188,020,000	123,017,654	2,790,820
1993	88,224,800	184,462,000	99,280,910	1,791,480

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
\$2,125,490	\$10,708,503	\$3,361,566
3,490,725	44,866,471	3,701,205
971,320	2,973,404	1,345,856
5,720,072	5,820,500	2,673,502
3,603,445	7,306,938	3,062,148
1,169,329	2,574,255	2,138,600
3,589,837	8,598,774	2,071,862
1,559,186	3,198,112	1,962,002
3,031,850	6,764,709	2,045,260
1,682,950	3,480,025	1,552,613

**Cardinal Local School District**

*Principal Taxpayers*

*Real Estate Tax*

*December 31, 2002*

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<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Real Estate Tax Assessed Value</u>
Kraftmaid Cabinetry	\$5,984,380	2.93 %
Richard Bonner	3,018,460	1.49
Johnson Rubber	1,780,620	0.88
Dillen Properties, Limited	1,682,850	0.83
Bonner Ohio Properties	1,458,250	0.72
Burdkidz, Limited	1,323,080	0.65
Sajar Plastics	1,195,920	0.59
Middlefield Square	1,114,570	0.55
Harrington Square	1,108,700	0.55
Middlefield Banking Company	1,066,790	0.53
Total	<u>\$19,733,620</u>	<u>9.72 %</u>
<i>Total Real Estate Tax Assessed Value</i>	<u>\$203,583,810</u>	

Source: Geauga County Auditor

(1) Assessed values are for the 2002 collection year.



**Cardinal Local School District**

*Principal Taxpayers*

*Tangible Personal Property Tax*

*December 31, 2002*

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<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Tangible Personal Property Tax Assessed Value</u>
Kraftmaid Cabinetry, Inc.	\$11,459,000	22.78 %
Myers Industries, Inc.	6,954,150	13.83
Duramax, Inc.	4,838,870	9.62
Hans Rothenbuhler and Sons	3,504,090	6.97
Gold Key Processing, LTD	1,540,490	3.07
Mercury Plastics, Inc.	1,460,980	2.91
Flambeau Products Corporation	1,380,060	2.75
Neff Perkins Company	1,326,100	2.64
Neo Beam Alliance Limited	997,540	1.99
Wester Reserve Farm Co-op	993,808	1.98
Total	<u>\$34,455,088</u>	<u>68.54 %</u>
<i>Total Tangible Personal Property Tax Assessed Value</i>	<u><u>\$50,313,160</u></u>	

Source: Geauga County Auditor

(1) Assessed values are for the 2002 collection year.

**Cardinal Local School District**

*Principal Taxpayers*

*Public Utilities Tax*

*December 31, 2002*

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<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Public Utilities Tax Assessed Value</u>
Cleveland Electric Illuminating Company	\$3,820,740	55.19 %
Western Reserve Telephone Company	1,066,460	15.41
Ohio Edison	743,930	10.75
American Transmission	643,160	9.29
East Ohio Gas Company	<u>174,670</u>	<u>2.53</u>
Total	<u>\$6,448,960</u>	<u>93.17 %</u>
<i>Total Public Utilities Tax Assessed Value</i>	<u>\$6,943,510</u>	

Source: Geauga County Auditor

(1) Assessed values are for the 2002 collection year.

**Cardinal Local School District**

*Per Pupil Cost*

*Last Ten Fiscal Years*

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<u>Year</u>	<u>General Fund Expenditures (1)</u>	<u>Average Daily Student Enrollment</u>	<u>Per Cost Pupil</u>
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
10996	7,868,519	1,550	5,076
1995 (2)	7,661,194	1,532	5,001
1994 (2)	7,287,849	1,480	4,924

Source: School District Financial Records.

(1) Includes Other Financing Uses.

(2) 1994 and 1995 on cash basis.

**Cardinal Local School District**  
*Teacher Education and Experience*  
 June 30, 2003

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	21	19.27 %
Bachelor + 15	10	9.16
Bachelor + 30	17	15.60
Master's Degree	23	21.10
Master's + 15	17	15.60
Master's + 30	<u>21</u>	<u>19.27</u>
Total	<u><u>109</u></u>	<u><u>100.00 %</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	25	22.94 %
6 - 10	15	13.76
11 and Over	<u>69</u>	<u>63.30</u>
	<u><u>109</u></u>	<u><u>100.00 %</u></u>

Source: School District Personnel Records



**Auditor of State  
Betty Montgomery**

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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  
JANUARY 15, 2004**