

**CHARDON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY, OHIO**

**SINGLE AUDIT REPORT**

**JUNE 30, 2007**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Chardon Local School District  
428 North Street  
Chardon, Ohio 44024

We have reviewed the *Report of Independent Accountants* of the Chardon Local School District, Geauga County, prepared by S.R. Snodgrass, A.C., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 12, 2008

**This Page is Intentionally Left Blank.**

**CHARDON LOCAL SCHOOL DISTRICT  
SINGLE AUDIT REPORT**

	<u>Page Number</u>
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	3 - 4
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	5 - 6
Schedule of Findings and Questioned Costs	7 - 8
Schedule of Federal Awards Expenditures	9
Notes to the Schedule of Federal Awards Expenditures	10
Status of Prior Audit's Citations and Recommendations	11

**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Education  
Chardon Local School District  
Chardon, Ohio

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Chardon Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States'.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the District in a separate letter dated January 25, 2008.

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

*J.R. Snodgrass, AC*

Mentor, Ohio  
January 25, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO EACH FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER**  
**COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education  
Chardon Local School District  
Chardon, Ohio

**Compliance**

We have audited the compliance of Chardon 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 each of its major federal programs for the year ended June 30, 2007. The District's major federal programs are identified in the summary of auditor's results section of accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2007-1.

**Internal Control over Compliance**

The management of Chardon Local School District is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.



A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We identified no deficiencies in internal control over compliance that we consider to be significant deficiencies.

Chardon Local School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Chardon Local School District's response and, accordingly, we express no opinion on it.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chardon Local School District, as of and for the year ended June 30, 2007, and have issued our report thereon dated January 25, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's, basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

  
S.R. Snodgrass, A.C.  
Certified Public Accountants

January 25, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505

CHARDON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY  
JUNE 30, 2007

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

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

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

None

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
OMB CIRCULAR A-133 SECTION .505

CHARDON LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY  
JUNE 30, 2007

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

**Finding Number 2007-1**

**Material Non Compliance:**

U.S. Department of Education  
Special Education Title VI-B Grant – CFDA No. 84.027

Statement of Condition: The district received \$ 148,069 on January 1, 2007 for Special Education Title VI-B grant. Our review of program activity disclosed that these funds were not fully disbursed until March 23, 2007.

Criteria: 34 CFR 80.20 (b)(7) and 34 CFR 80.21 state that when funds are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. When advances are made by electronic fund transfer, the recipient must make drawdowns as close as possible to the time of making disbursements.

Effect of Condition: The District did not minimize the time elapsing between the advances and the expenditures.

Recommendation: The internal control system for the use of funds that are funded on a reimbursement basis should be modified.

Response: Chardon Local School District agrees with the condition and has devised a plan in which the Treasurer shall more closely monitor the time elapsing between advances and expenditures.

**CHARDON LOCAL SCHOOL DISTRICT  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Receipts	Expenditures
<b>U.S Department of Agriculture</b>				
Pass through Ohio Department of Education				
Nutrition Cluster:				
Federal Lunch Program	10.550	47183-LLP-06/07	\$ 140,226	\$ 140,226
Total Nutrition Cluster			<u>140,226</u>	<u>140,226</u>
<b>U.S. Department of Agriculture</b>			<u>140,226</u>	<u>140,226</u>
<b>U.S. Department of Education</b>				
Pass through Ohio Department of Education				
Title VI-B, Special Education - Assistance to States for Education of Handicapped Children				
IDEA - B - FY07	84.027	47183-6BSF-07	637,043	629,137
OISM FY 07	84.027	47183-6BSF-07	43,694	41,289
Total Title VI-B			<u>680,737</u>	<u>670,426</u>
Drug-Free School Grant				
Title IV - SDFSC - FY07	84.186	47183-DRS1-2007	5,660	5,039
Total Drug - Free School Grant			<u>5,660</u>	<u>5,039</u>
Innovative Education Program Strategies				
Title V - FY07	84.298	47183-C2S1-2007	6,460	6,460
Total Innovative Education Program Strategies			<u>6,460</u>	<u>6,460</u>
Special Needs				
Title I -FY 07	84.010	047183-C1S1-2007	90,704	89,029
Title I -FY 07-Auxillary	84.010	047183-C1S1-2007	703	703
Total Special Needs			<u>91,407</u>	<u>89,732</u>
Reducing Class Size				
Title IID - FY07	84.352	47183-TJS1-2007	471	1,087
Total Reducing Class Size			<u>471</u>	<u>1,087</u>
Reducing Class Size				
Title IIA - FY07	84.340	47183-TRS1-2007	81,481	81,481
Total Reducing Class Size			<u>81,481</u>	<u>81,481</u>
Hurricane Education Recovery				
FY07	84.938	47183-HR01-2007	3,000	3,000
Total Hurricane Education Recovery			<u>3,000</u>	<u>3,000</u>
<b>Total U.S. Department of Education</b>			<u>869,216</u>	<u>857,225</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u>\$ 1,009,442</u>	<u>\$ 997,451</u>

See Notes to the Schedule of Awards Expenditures

**CHARDON LOCAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2007**

**1. Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

**2. Food Distribution**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2007, the District had immaterial food commodities in inventory recorded in the Food Service Fund.

**CHARDON LOCAL SCHOOL DISTRICT  
STATUS OF PRIOR YEAR AUDIT'S CITATIONS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Difference Correction Action Taken; or Finding No Longer Valid; Explain
2006-1	<p>34 CFR 80.20 (b)(7) and 34 CFR 80.21 state that when funds are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. When advances are made by electronic fund transfer, the recipient must make drawdowns as close as possible to the time of making disbursement.</p> <p>The district received \$ 204,688 on November 7, 2005 for the Special Education Title VI-B grant. Our review of program activity disclosed that these funds were not fully disbursed until December 23, 2005. This indicates the District did not minimize the time elapsing between advances and the expenditures.</p>	No	<p>Not Corrected, the District has not minimized the time elapsing between advances and expenditures and the finding has been re-issued in 2007 as finding 2007-1. Due to the timing of the previous year's audit, the District did not have time to implement a monitoring system to correct this occurrence for a second year. However, the Treasurer now plans to monitor the time elapsing between advances and expenditures.</p>

Chardon Local School District  
Chardon, Ohio



**CHARDON**  

---

**SCHOOLS**

Comprehensive Annual Financial Report  
For the year ending June 30, 2007





# *Chardon Local School District*

---

Chardon, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007

Prepared By:  
Stephanie Swain, Treasurer and  
Treasurer's Office Staff



**Chardon Local School District  
 Comprehensive Annual Financial Report  
 For the fiscal year ended June 30, 2007**

Table of Contents

<b>Introductory Section</b>	<b>Page</b>
Letter of Transmittal.....	v
Public Officials Roster .....	xv
Organizational Chart .....	xvi
Certificate of Achievement.....	xvii
<b>Financial Section</b>	
Independent Accountants' Report.....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets.....	12
Statement of Activities .....	13
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund .....	18
Statement of Fund Net Assets – Internal Service Fund.....	19
Statement of Revenue, Expenses and Changes in Fund Net Assets – Internal Service Fund .....	20
Statement of Cash Flows – Internal Service Fund .....	21
Statement of Fiduciary Net Assets – Fiduciary Funds .....	22
Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Fund.....	23
Notes to the Basic Financial Statements.....	24
Combining Statements for Nonmajor Governmental Funds	
Fund Descriptions.....	52
Combining Balance Sheet – Nonmajor Governmental Funds.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	57
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	62

**Chardon Local School District**  
**Comprehensive Annual Financial Report**  
**For the fiscal year ended June 30, 2007**

Table of Contents  
(Continued)

	<b>Page</b>
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Governmental	
Funds – Nonmajor: .....	66
Food Service Fund.....	67
Special Trust Fund.....	68
Uniform School Supplies Fund .....	68
Summer School Fund .....	69
Adult Education Fund .....	69
Public School Support Fund.....	70
Other Grants Fund.....	71
Underground Storage Tanks Fund .....	71
Athletic and Music Fund.....	72
Auxiliary Services Fund.....	73
Educational Management Information Systems Fund.....	73
Data Communications Fund .....	74
SchoolNet Professional Development Fund.....	74
Ohio Reads Fund.....	75
Miscellaneous State Grants Fund .....	75
Title VI-B Fund.....	76
Title I Fund.....	76
Title VI Fund.....	77
Drug Free Schools Fund.....	77
Class Size Reduction Fund.....	78
Miscellaneous Federal Grants Fund .....	78
Permanent Improvement Fund .....	79
Individual Fund Schedules of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Basis) and Actual	
Internal Service Fund and Fiduciary Fund: .....	80
Self Insurance Fund.....	81
Scholarship Fund.....	82
Statement of Changes in Assets and Liabilities – Agency Fund.....	83

**Statistical Section**

Table of Contents .....	S-1
Net Assets by Component – Last Six Fiscal Years .....	S-2
Changes in Net Assets of Governmental Activities	
- Last Six Fiscal Years.....	S-3
Program Revenues of Governmental Activities by Function	
- Last Six Fiscal Years.....	S-5
Fund Balances, Governmental Funds - Last Six Fiscal Years .....	S-6
Changes in Fund Balances, Governmental Funds - Last Nine Fiscal Years .....	S-7

***Chardon Local School District***  
**Comprehensive Annual Financial Report**  
**For the fiscal year ended June 30, 2007**

Table of Contents  
(Continued)

	<b>Page</b>
Assessed and Estimated Actual Value of Taxable Property	
- Last Ten Collection Years.....	S-9
Property Tax Rates - Direct and Overlapping Governments	
- Last Ten Collection Years.....	S-10
Property Tax Levies and Collections - Last Ten Calendar Years .....	S-11
Principal Taxpayers – Real Estate Tax – 2007 and 1998.....	S-12
Principal Taxpayers – Tangible Personal Property Tax – 2007 and 1998 .....	S-13
Principal Taxpayers – Public Utility Tax – 2007 and 1998 .....	S-14
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years .....	S-15
Computation of Direct and Overlapping Bonded Debt as of June 30, 2007 .....	S-16
Computation of Legal Debt Margin – Last Nine Fiscal Years .....	S-17
Demographic and Economic Statistics – Last Ten Years.....	S-18
Principal Employers – 2006 and 1999 .....	S-19
School District Employees by Function/Program – Last Four Fiscal Years .....	S-20
Operating Statistics – Last Ten Fiscal Years.....	S-21
Building Statistics – Last Ten Fiscal Years.....	S-22
Teachers’ Salaries – Last Seven Fiscal Years .....	S-23
Enrollment Statistics – Last Ten Fiscal Years.....	S-24
Average Number of Students per Teacher – Last Ten Fiscal Years .....	S-25
Attendance and Graduation Rates – Last Ten Fiscal Years .....	S-26



---

## INTRODUCTORY SECTION





# Chardon Local School District

428 North Street  
Chardon, Ohio 44024  
Phone: (440) 285-4052

*Administrative Offices*



*Pursuing Excellence*

January 30, 2008

Board of Education Members  
Chardon Local School District

The Comprehensive Annual Financial Report (CAFR) of the Chardon Local School District (the "School District"), for the fiscal year ended June 30, 2007, is hereby submitted. This report, prepared by the Treasurer's Office, includes financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the School District for the 2006-2007 fiscal year.

The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District's management. To the best of our knowledge and belief, this CAFR and 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 various funds of the School District.

This CAFR, which includes an opinion from S.R. Snodgrass, conforms to generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the School District's commitment to provide meaningful information to the citizens of the Chardon Local School District. Copies will be made available to officials of the City of Chardon, the Village of Aquilla, the Chardon Township, Claridon, Hambden and Munson, the Geauga County Public Library, financial rating services and other interested parties

## **Description of the School District**

Chardon Local School District is located in northeastern Ohio, approximately 40 miles east of Cleveland. The District includes the City of Chardon, the Village of Aquilla and the Townships of Munson, Hambden, Chardon and part of Claridon.

Chardon is one of seven school districts located in Geauga County. Approximately 5,000 people live in Chardon, while over 90,895 reside in surrounding Geauga County. When Chardon was established as a Western Reserve community, the pioneers, who mainly came from New England, modeled their new existence after their New England heritage. The settlers showed the importance they attached to common school education from which they had received so much benefit. They implemented voluntary associations for district schools wherever a sufficient number of youths and children could be gathered.

Classes were held in homes, and schoolhouses were built before any legal organizations were affected. The townships were geographically scattered, and because travel was restrictive, the pioneers created several small primary grade schools in each township and village for the local students. In 1908, Chardon High School was built on the Chardon Square and the townships sent their children to this institution for secondary education. Around 1957 the townships merged their grade schools to become what is currently the Chardon Local School District. The District consists of one high school, one middle school, four elementary schools, one administration building and one garage.

The School District is one of the 612 school districts in the State of Ohio. The District provides education to 3,293 students in grade K-12, including special education services to 375 students.

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

### **Organization of the School District**

The Board of Education of the School District is an elected five member body, as defined by Section 3313.02, Ohio revised code. The Board serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed in the expenditure of the District's tax dollars and approves the annual appropriation resolution and tax budget.

The board members of June 30, 2007 were as follows: Blake Rear, Larry Reiter, Michael Cremeans, Paul Stefanko, and Suzanne Fischer.

The Superintendent is the chief administrative officer of the District, responsible directly to the Board for operations. Mr. Joseph Bergant II was appointed as Superintendent effective August 22, 2005.

The Treasurer is the chief financial officer of the District, responsible directly to the Board for maintaining all financial records, maintaining custody of all District funds and assets, and investing idle funds as specified by Ohio law. Stephanie C. Swain was appointed Treasurer effective January 12, 2004.

### **The Reporting Entity and Services Provided**

The 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 all agencies, departments and organizations making up the Chardon Local School District (the primary government) and its potential component units.

Excluded from the reporting entity because they are fiscally independent of the School District are the City of Chardon, Village of Aquilla, Chardon, Hambden, Claridon and Munson Townships, the Geauga County Library, the Parent Teacher Organizations and the nonpublic schools.

The School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are the Lake Geauga Computer Association, the Ohio Schools' Council, the Auburn Career Center, and the Ohio School Boards Association Worker's Compensation Group Rating Program. These organizations are presented in Notes 14 and 15 to the Basic Financial Statements.

A complete discussion of the School District's reporting entity is provided in Note 1 to the Basic Financial Statements.

### **Economic Condition and Outlook**

The School District is located near the intersections of Route 90 and Route 44 about 40 miles east of Cleveland. The School District is home to many young families with incomes and housing values that are above state and county averages. Residential property is upper middle class, and properties are well kept. The Chardon area also encompasses a diverse and growing mix of commercial and light industrial properties. Major employers include Chardon Rubber, Eltech System Corporation and Litton Industrial Automation.

The School District is very fortunate in that the tax base continues to grow as more and more land is developed for housing and business. The District anticipates the assessed valuations to increase every year. For calendar year 2006, the District's assessed valuation was \$655,588,260 and for calendar year 2005, it was \$651,841,770.

Contrary to popular belief, the School District does not benefit financially in comparison to the percentage increases to assessed valuation from year to year. Rather, the School District benefits significantly less due to House Bill 920, which was passed in 1976. House Bill 920 prohibits school districts from realizing additional revenue from previously voted millage due to reappraisal of existing property values. Thus, a school district must obtain approval of voters for additional revenue through tax levies. Fortunately for the School District, voters have been extremely supportive of operating levies. This was evident in May of 2006, as voters approved a two-year operating levy of 5 mills. Voters in the School District have approved continuing tax levies of 5.5 mills, 4.9 mills, 5.5 mills, 7.3 mills, 5.8 mills and 4.78 mills in 1977, 1982, 1987, 1989, 1995, and 2000 respectively.

Of the School District's general fund operations, 67 percent of the general fund revenue comes from real estate taxes on residential, commercial and industrial properties and tangible personal property taxpayers with 31 percent being received from various forms of State aid including reimbursement of homestead and rollback reductions on property taxes. Investment earnings are 1 percent and other revenues are 1 percent.

The School District maintains a strategic fiscal plan, which incorporates the State required five-year plan. The School District has a long history of local support. Continued voter support, and a healthy tax base are crucial to the long-term financial health of the School District.

### **Major Initiatives**

The School District is excited about the future. Voters approved a 6.0 mill two year term operating tax issue on the May 2nd ballot. Five (5) mills are slated to be used for general operating expenses of the School District. These expenses typically include salaries, benefits, utilities and the general day to day running of the School District. One (1) mill is earmarked for permanent improvements such as new textbooks, bus replacements and repair parts, building repairs, and technology updates.

The School District focuses on the continuous improvement of our educational program for the benefit of our entire school community. The process involves assessing current programs, identifying strengths and weaknesses, developing and implementing new courses of action, and evaluating the results. Many of the initiatives for this school year were outgrowths of our Strategic Planning and an analysis of data collected from the School District's Performance Audit. Highlights of these initiatives for 2006-07 are as follows:

- Investigation of alternative educational programming for high school students identified as at-risk.
- Implementation of a tuition-based All Day Everyday Kindergarten pilot program.
- Successful negotiations of multi-year contract settlements with all employee groups.
- Significant reduction in bus fuel consumption and miles traveled through actions taken after an internal audit of transportation practices.
- Development and implementation of an employee and parent climate survey to measure satisfaction of educational programming and support services.
- Administrative compensation benefits packages were reviewed and revised to reflect cost effective measures while allowing the School District to remain competitive with market trends.
- Incentive to Leave plan (retirement incentive) was implemented to reduce high end staff salary expenditures with good success.
- Investigation of incorporating an Energy Management Program into our culture to further reduce energy consumption in all school facilities.
- Return of students with disabilities to the School District from outsourced educational settings.

## **Outlook for the Future**

Guiding the way will be the School District's Strategic Plan. Initially developed in 1994 with input from more than 200 people, including parents, volunteers, students, school administrators, teachers, support staff members, representatives from business, industry and the community at large, the plan provides the framework to move the School District forward as we progress into the 21<sup>st</sup> century. The School District completed its third formal cycle of strategic planning during the 2006-07 school year with implementation commencing in fall 2007. The approved seven strategies and sample action plans are as follows:

### **1. Curriculum Strategy**

We will develop and implement an educational framework that challenges each student to achieve the full potential of his/her capability.

#### **Sample Action Plans**

- Analyze student achievement data in order to identify the instructional, curriculum, and organizational practices that support high levels of student achievement.
- Differentiate the curriculum to meet the academic needs of all students.
- Maximize the use of students' instructional time.
- Expand the All Day Every Day kindergarten pilot program to service each elementary building.
- Establish district wide staff development for classroom instruction on determination and perseverance
- Incorporate foreign language exploration and instruction into the elementary and middle school curriculum.

### **2. Technology Strategy**

We will develop and implement a plan to fully utilize current and emerging technology throughout our educational program.

#### **Sample Action Plans**

- Create a Technology Advisory Team made of staff, community, business etc.
- Create a sustainable technology infrastructure.
- Implement a website utilizing a content management system.
- Expand professional development for integrating technology.
- Commit to an accountable technology funding formula.
- Implement a voice over internet protocol (VoIP) private branch exchange (PBX) telephone network.
- Provide a real-time student progress system accessible by students and parents.

### **3. School Funding Strategy**

We will develop and implement a plan to secure funding by identifying funding sources and consistently promoting community understanding of the School District's financial needs.

#### **Sample Action Plans**

- Creation of a committee (Chardon's Future) comprised of staff, parents, community members, and business representatives to promote community understanding of the School District's financial needs and resources.
- Institute Biannual/quarterly public forums to encourage public discussion and engagement on topics relating to the School District's finances.
- Create a treasurer's webpage for finance and funding information on the School District's website.
- Prepare and publish a simplified and understandable explanation of how current state funding affects the Chardon Local Schools.
- Identify external sources for funding non-instructional programs for the School District.
- Pursue and secure means to identify and obtain nontraditional funds that supplement the School District's programs, including, but not limited to: planned endowments/giving, grants, corporate partnerships/matching gifts, etc.

#### **4. Facilities Strategy**

We will develop and implement a plan to maximize our current resources and provide needed educational environment/facilities for the future.

##### **Sample Action Plans**

- Develop new long range visionary facilities plan for the School District.

#### **5. Staff Development Strategy**

We will develop and implement a process for each employee to grow professionally to their fullest potential.

##### **Sample Action Plans**

- Provide quality staff development opportunities for classified staff.
- Provide quality staff development opportunities for certified staff.
- Evaluate funding sources for staff development.

#### **6. Community Involvement/Partnerships Strategy**

We will develop and implement a plan that pro-actively involves the community, ensures communication, and results in productive partnerships.

##### **Sample Action Plans**

- Establish a district-wide volunteer initiative to enhance student achievement.
- Strengthen, enhance, and expand partnerships with area businesses.
- Strengthen, enhance, and expand partnerships with parents, community members, and community organizations.
- Establish proactive multi-faceted school communication.
- Establish ongoing partnerships with local governments to further our mission.

#### **7. Safety/Security Strategy**

We will develop and implement measures to ensure that our students and staff have a safe and secure learning environment.

##### **Sample Action Plans**

- Operationalize and practice the building crisis plans that have been drafted for each building.
- Identify and implement procedures/programs to eliminate active and passive bullying and/or harassment.
- Strengthen relationship with emergency services.
- Increase/improve surveillance and communication capabilities of our facilities.

### **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 for payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

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

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

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

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

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

The basis of accounting and the various funds utilized by Chardon Local Schools are fully described in Note 1 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

## **Financial Condition**

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

***Government-wide financial statements*** These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

***Fund financial statements*** These statements present information for individual major funds rather than fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliations 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 the law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of the new reporting model, management is responsible for preparing a Discussion and Analysis of the School District. This discussion follows this letter of transmittal, providing an assessment of the School District's finances for 2007. Because that discussion focuses on major funds, other non-major funds are discussed briefly in this letter.

***Financial Highlights – Internal Service Fund*** The only internal service fund carried on the financial records is related to self-insurance. This fund accounts for the revenues and expenses is related to the provision of dental and medical benefits to the School District employees. The School District has implemented a medical self-insurance program. The internal service fund had net assets of \$265,874 at June 30, 2006 compared with net assets of \$537,400 at June 30, 2007, reflecting a net increase of \$271,526.

***Financial Highlights – Fiduciary Funds*** The trust fund carried on the financial records of the School District is a private purpose trust that has net assets totaling \$160,297 at June 30, 2007.

## **Cash Management**

The Board has established a cash management program that expedites the collection of local and state funds through electronic fund transfer and daily deposits. Funds deposited in local financial institutions are insured by the Federal Deposit Insurance Corporation as well as collateralized by investments in instruments issued by the United States Government or the State of Ohio. The total amount of interest earned for the year ended June 30, 2007 was \$285,177 of which \$262,712 was credited directly to the general fund.



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

### **Risk Management**

The School District manages the medical, dental and prescription drug benefits for its employees on a self-insured basis. A third party administrator processes and pays the claims. Unobligated reserves at June 30, 2007 are sufficient to meet claim obligations.

The School District uses the State Workers' Compensation plan and pays the premium base on a rate per \$100 of salaries. The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program. See Note 15 of the Basic Financial Statements.

The School District maintains general liability insurance, professional liability insurance, fleet insurance, and insurance on buildings and contents with Westfield Companies and Indiana Insurance Company.

### **Pension Plans**

All School District employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS) with the exception of Board of Education members who have chosen to participate in Social Security. The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. See Note 10 to the Basic Financial Statements for complete details.

### **Independent Audit**

State statutes require the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor S.R. Snodgrass, was selected to render an opinion on the School District's financial statements for fiscal years 2006-2007. The opinion appears in 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 that system beginning with its financial report for the 1981 fiscal year.

### *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 Chardon Local School District for its comprehensive annual financial report for the year ended June 30, 2006. This was the eighth consecutive year that the School District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

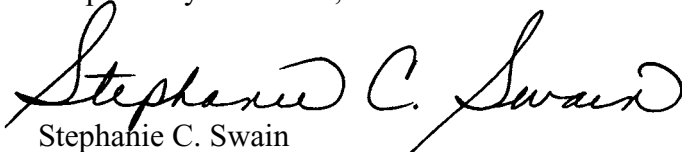
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

### **Acknowledgements**

The publication of this report continues the School District's commitment to professionalism in financial reporting. The accomplishment of this report would not have been made possible without the assistance, support and efforts of the School District's administration. Assistance from the Geauga County Auditor's Office staff, specifically Susan Kotapish, made possible the fair presentation of the statistical data.

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

Respectfully submitted,

  
Stephanie C. Swain  
Treasurer

  
Joseph Bergant II  
Superintendent

*Chardon Local School District*  
**Public Officials Roster**  
**For the Fiscal Year Ended June 30, 2007**

**Board of Education**

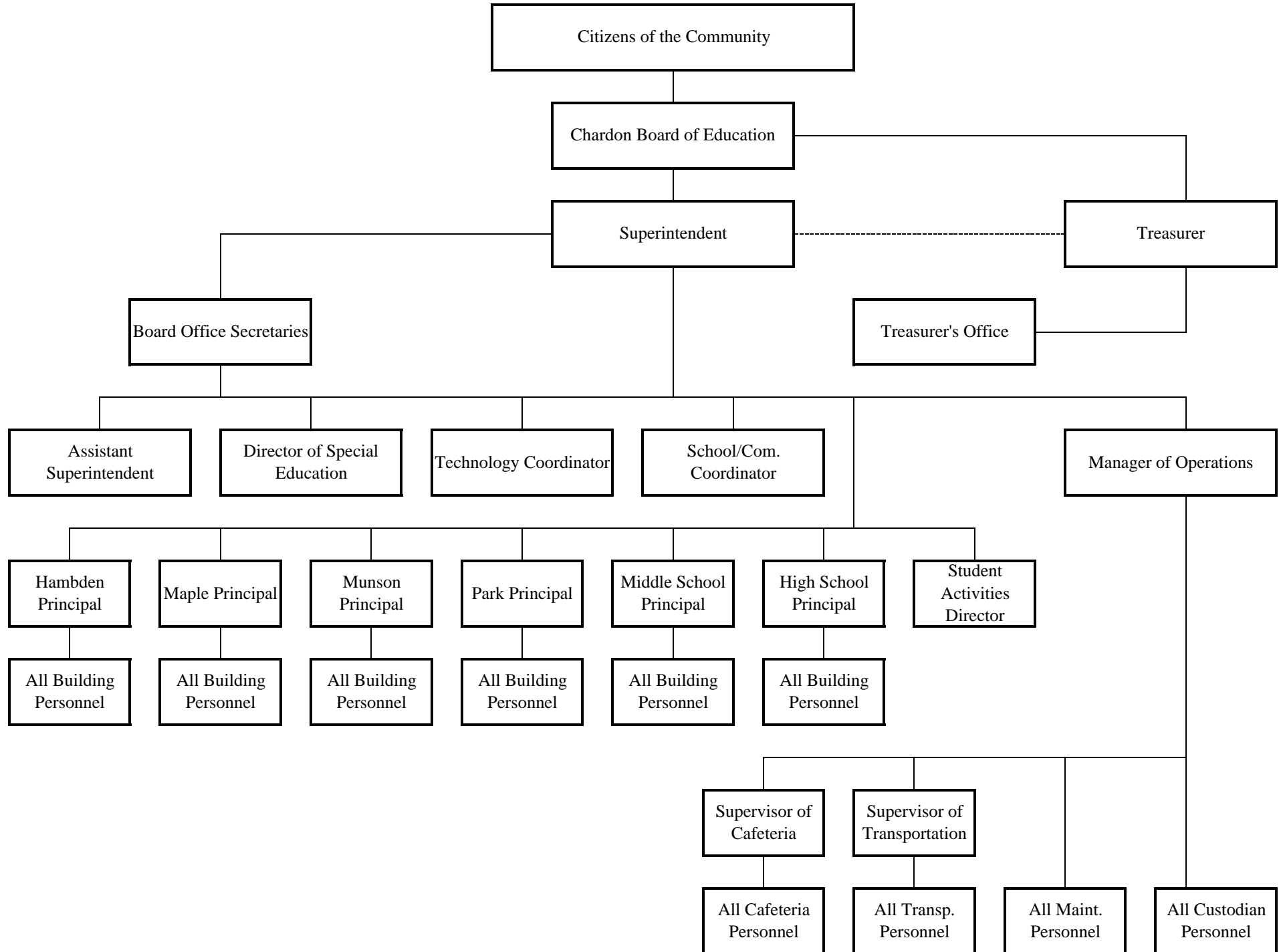
Mrs. Suzanne Fisher	Board Member, President
Mr. Paul Stefanko	Board Member, Vice President
Mr. Blake Rear	Board Member
Mr. Michael Cremeans	Board Member
Mr. Larry Reiter	Board Member

**Administration**

Mr. Joseph Bergant II	Superintendent
Mrs. Stephanie Swain	Treasurer
Dr. Randy Continenza	Assistant Superintendent
Mr. Dana Stearns	Manager of Operations

# CHARDON LOCAL SCHOOL DISTRICT ORGANIZATIONAL CHART

LXXI.



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chardon Local  
School District  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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.



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director



---

## FINANCIAL SECTION







## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education  
Chardon Local School District  
Chardon, Ohio

We have audited the accompanying financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Chardon Local School District, Chardon, Ohio (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Chardon Local School District, Chardon, Ohio as of June 30, 2007, the respective changes in financial position and cash flows, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January, 25, 2008 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming 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 presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the individual fund schedules of revenues, expenditures, and changes in fund balance - budget (non-GAAP basis) and actual have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*J.R. Ludgus A.C.*

Mentor, Ohio  
January 25, 2008

***Chardon Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited

The discussion and analysis of Chardon Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. 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**

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$8.4 million (net assets). Of this amount, \$2,720,134 (unrestricted net assets) may be used to meet the School District's ongoing obligations to residents and creditors.
- Net assets of governmental activities increased \$1,876,781, representing a 28.6% increase from 2006.
- General revenues accounted for \$28,795,863 in revenue or 88.3% of all revenues. Program revenues in the form of charges for services, operating and capital grants, contributions and interest accounted for \$3,806,181 or 11.7% of total revenues of \$32,602,044.
- The School District had \$30,725,263 in expenses related to governmental activities; only \$3,806,181 of these expenses was offset by program specific revenues. General revenues of \$28,795,863 were adequate to provide for these programs.
- At the end of the current fiscal year the governmental funds reported a combined ending fund balance of \$3,649,936, an increase of \$1,851,966 from the prior fiscal year. The increase was due largely to an increase in property taxes from the prior fiscal year.

**Using this Annual Financial Report**

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

***Chardon Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited

The statement of net assets and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements present how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Chardon Local School District, the general fund is the most significant fund.

**Reporting the School District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2007?" The statement of net assets and the statement of activities are designed to answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the School District's activities are considered to be all Governmental Activities.

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services and extracurricular activities.

***Chardon Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited

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

***Fund Financial Statements***

The analysis of the School District's major funds begins on page 14. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. Fund financial reports provide detailed information about the general fund, which is considered a major fund. Data from the other funds are combined into a single, aggregated presentation.

***Governmental Funds*** Most of 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 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.

**The School District as a Whole**

Recall that the statement of net assets provides the perspective of the School District as a whole. A comparative analysis is presented below. Table 1 provides a summary of the School District's net assets for 2007 and 2006:

**Chardon Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2007**  
**Unaudited**

*Table 1*  
*Net Assets*

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<b><u>Assets:</u></b>		
Current and other assets	\$ 26,008,634	\$ 20,160,375
Capital assets, net of depreciation	<u>4,930,417</u>	<u>5,207,590</u>
Total assets	<u>30,939,051</u>	<u>25,367,965</u>
<b><u>Liabilities:</u></b>		
Current and other liabilities	20,689,125	17,525,039
Long-term liabilities:		
Due within one year	338,183	145,219
Due in more than one year	<u>1,467,869</u>	<u>1,130,614</u>
Total liabilities	<u>22,495,177</u>	<u>18,800,872</u>
<b><u>Net Assets:</u></b>		
Invested in capital assets, net of related debt	4,919,826	5,116,549
Restricted	803,914	664,436
Unrestricted	<u>2,720,134</u>	<u>786,108</u>
Total net assets	<u>\$ 8,443,874</u>	<u>\$ 6,567,093</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the School District's assets exceeded liabilities by \$8,443,874.

Invested in capital assets, net of related debt reported on the government-wide statements represents a large portion of the School District's net assets for fiscal year 2007. Capital assets include land, land improvements, buildings and building improvements, furniture, fixtures, and equipment, and vehicles, and are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$803,914 or 9.5%, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted assets, \$634,075 is restricted for other purposes and \$169,839 is restricted for capital outlay. The remaining significant balance of government-wide unrestricted net assets of \$2,720,134 may be used to meet the School District's ongoing obligations to students and staff.

**Chardon Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2007**  
**Unaudited**

Table 2 shows change in net assets for fiscal years 2007 and 2006.

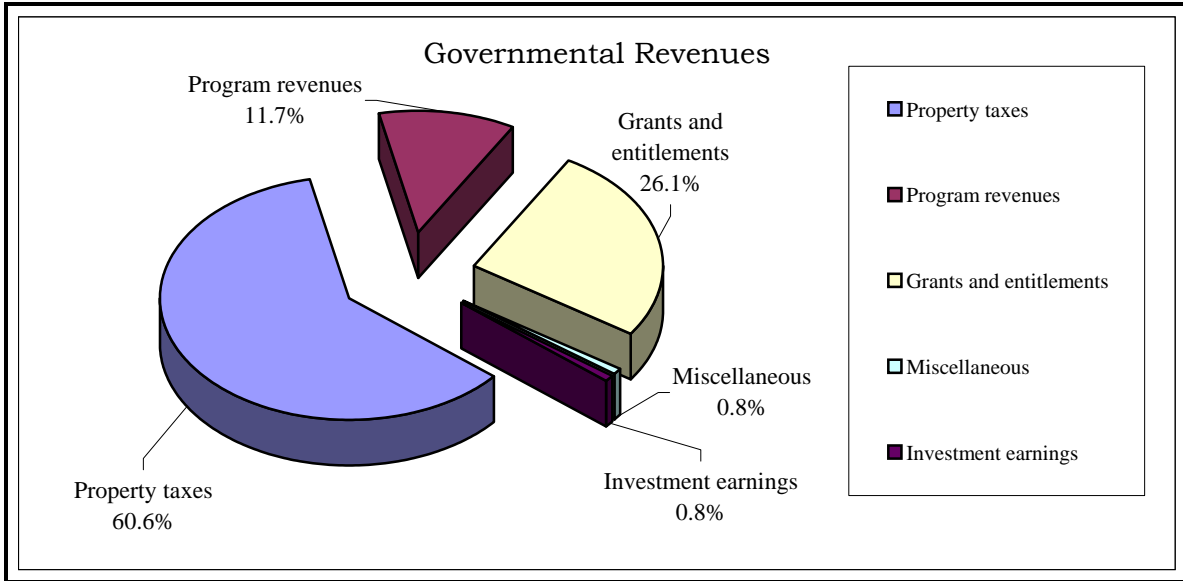
*Table 2*  
*Change in Net Assets*

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<b><u>Revenues:</u></b>		
<i>Program revenues:</i>		
<i>Charges for services</i>	\$ 1,298,384	\$ 1,438,826
<i>Operating grants, contributions and interest</i>	2,416,650	2,543,735
<i>Capital grants and contributions</i>	91,147	25,011
<i>General revenues:</i>		
<i>Property taxes</i>	19,750,701	17,108,128
<i>Grants and entitlements</i>	8,504,813	7,740,702
<i>Investment earnings</i>	262,712	210,668
<i>Payment in lieu of taxes</i>	17,231	18,406
<i>Miscellaneous</i>	260,406	98,637
<i>Total revenues</i>	<u>32,602,044</u>	<u>29,184,113</u>
<b><u>Program Expenses:</u></b>		
<i>Instruction:</i>		
<i>Regular</i>	12,684,994	12,607,477
<i>Special</i>	3,330,649	2,990,936
<i>Vocational</i>	186,154	277,802
<i>Adult/continuing</i>	6,824	9,983
<i>Other</i>	503,030	712,170
<i>Support services:</i>		
<i>Pupils</i>	1,318,471	1,880,071
<i>Instructional staff</i>	1,219,398	1,032,816
<i>Board of education</i>	21,037	119,938
<i>Administration</i>	2,425,222	2,276,719
<i>Fiscal</i>	835,067	776,210
<i>Business</i>	353,529	301,891
<i>Operation and maintenance of plant</i>	2,360,151	2,633,064
<i>Pupil transportation</i>	2,516,402	2,318,070
<i>Central</i>	239,062	228,121
<i>Operation non-instructional services</i>	2,023,509	1,956,595
<i>Extracurricular activities</i>	699,230	709,401
<i>Interest and fiscal charges</i>	2,534	4,794
<i>Total expenses</i>	<u>30,725,263</u>	<u>30,836,058</u>
<i>Increase (decrease) in net assets</i>	<u>\$ 1,876,781</u>	<u>\$ (1,651,945)</u>

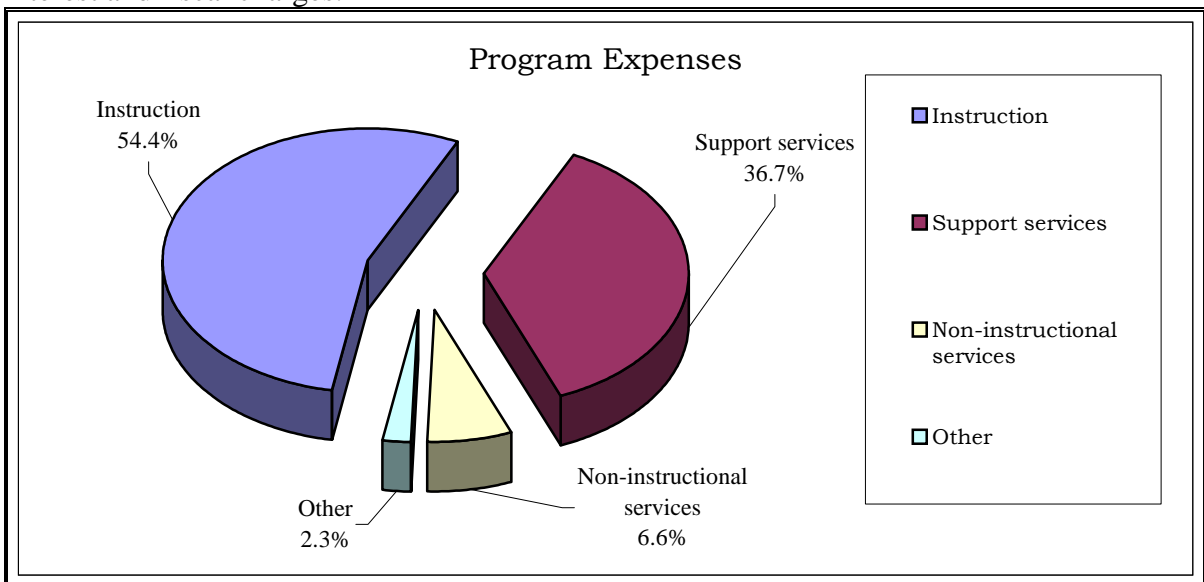
Overall, the School District's fiscal year revenues exceeded expenses by \$1,876,781. This is due to an increase in property taxes and an increase in grants and entitlements. The School District also had a slight decrease in expenses from the prior year.

**Chardon Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2007**  
**Unaudited**

Governmental Activities - The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. The School District's revenue growth is mostly dependent upon property tax increases. Property taxes made up 60.6% of revenues for governmental activities for the School District in fiscal year 2007. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating cost.



Instruction comprises 54.4% of governmental program expenses. Additional supporting services for pupils, staff, administration and business operations encompassed an additional 36.7%. The remaining 8.9% of program expenses is used for other obligations of the School District such as non-instructional services, extracurricular activities and interest and fiscal charges.





**Chardon Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited

The 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 for 2007 and 2006. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

*Table 3*  
Governmental Activities

	<i>Total Cost of Services <u>2007</u></i>	<i>Total Cost of Services <u>2006</u></i>	<i>Net Cost of Services <u>2007</u></i>	<i>Net Cost of Services <u>2006</u></i>
<b><u>Program Expenses:</u></b>				
<i>Instruction:</i>				
<i>Regular</i>	\$ 12,684,994	\$ 12,607,477	\$ (12,116,330)	\$ (11,930,270)
<i>Special</i>	3,330,649	2,990,936	(2,686,757)	(2,521,444)
<i>Vocational</i>	186,154	277,802	(186,154)	(277,802)
<i>Adult/continuing</i>	6,824	9,983	10,488	7,384
<i>Other</i>	503,030	712,170	(503,030)	(712,170)
<i>Support services:</i>				
<i>Pupils</i>	1,318,471	1,880,071	(1,194,974)	(1,352,605)
<i>Instructional staff</i>	1,219,398	1,032,816	(1,212,881)	(1,028,271)
<i>Board of education</i>	21,037	119,938	(21,037)	(119,938)
<i>Administration</i>	2,425,222	2,276,719	(2,425,087)	(2,272,769)
<i>Fiscal</i>	835,067	776,210	(835,067)	(776,210)
<i>Business</i>	353,529	301,891	(353,529)	(301,891)
<i>Operation and maintenance of plant</i>	2,360,151	2,633,064	(2,349,593)	(2,582,107)
<i>Pupil transportation</i>	2,516,402	2,318,070	(2,225,900)	(2,176,229)
<i>Central</i>	239,062	228,121	(222,945)	(217,027)
<i>Operation non-instructional services</i>	2,023,509	1,956,595	(192,271)	(136,458)
<i>Extracurricular activities</i>	699,230	709,401	(401,481)	(425,885)
<i>Interest and fiscal charges</i>	<u>2,534</u>	<u>4,794</u>	<u>(2,534)</u>	<u>(4,794)</u>
<i>Total</i>	<u>\$ 30,725,263</u>	<u>\$ 30,836,058</u>	<u>\$ (26,919,082)</u>	<u>\$ (26,828,486)</u>

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were \$32,106,363 and total expenditures and other financing uses were \$30,254,397. With the total net change in fund balance across all governmental funds being an increase of \$1,851,966, the School District continues to be financially stable. The net increase in fund balance for the year was significant in the general fund, amounting to \$1,816,798. This change in the general fund is due largely to decreased expenditures for capital outlay and maintenance of the buildings and an increase in property taxes received. Taxes receivable in the general fund are approximately \$21 million or an increase of 21.4% from the prior year amount \$17.3 million.

**Chardon Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2007  
 Unaudited

**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 fiscal year 2007, the School District amended its general fund budget, however not significantly. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue and other financing sources estimate was \$27,904,319, which was higher than the original budget estimate of \$27,584,768. Most of this \$319,551 difference was due to conservative original budget estimates for property taxes and intergovernmental revenues.

The original expenditures and other financing uses estimate of \$28,308,623 was revised slightly over the fiscal year. Actual expenditures and other financing uses, however, were \$27,566,719 or \$741,904 less than originally anticipated. Overall, the final budget amounts are approximately 1.9% higher than originally established.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2007, the School District had \$4,930,717 invested in capital assets. Table 4 shows fiscal year 2007 balances compared to fiscal year 2006:

*Table 4*  
*Capital Assets, at Fiscal Year End*  
*(Net of Depreciation)*

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<i>Land</i>	\$ 609,612	\$ 609,612
<i>Land improvements</i>	1,537,233	2,115,901
<i>Buildings and building improvements</i>	1,228,131	803,257
<i>Furniture, fixtures and equipment</i>	555,522	752,445
<i>Vehicles</i>	999,919	926,375
<i>Total capital assets</i>	<u>\$ 4,930,417</u>	<u>\$ 5,207,590</u>

The most significant change in capital assets reported by the School District during the current year was for the capitalization of costs for the purchase of three new school buses.

***Chardon Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited

The School District reported a decrease in capital assets of \$277,173, primarily due to the recognition of \$516,354 in depreciation expense. See Note 7 to the basic financial statements for detail on the School District's capital assets.

***Debt***

Currently, the School District does not have any debt obligations or judgments levied against it.

**Current Financial Related Activities**

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges. These challenges stem from issues that are local and at the State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system. Although the School District relies heavily on its property taxpayers to support its operations, the community support for the schools is quite strong.

Due to the unsettled issues in school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

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

This financial report is designed to provide our citizen's, taxpayers, 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 Stephanie Swain, Treasurer at Chardon Local School District, 428 North Street, Chardon, Ohio 44024.

**Chardon Local School District**

**Statement of Net Assets**

**June 30, 2007**

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 3,938,107
Cash and cash equivalents:	
In segregated accounts	72,441
Receivables:	
Taxes	21,643,213
Accounts	91,408
Intergovernmental	111,873
Prepaid items	2,539
Inventory held for resale	7,039
Materials and supplies inventory	142,014
Capital assets:	
Land	609,612
Depreciable capital assets, net	4,320,805
Total assets	<u>30,939,051</u>
<u>Liabilities:</u>	
Accounts payable	117,251
Accrued wages	2,039,403
Intergovernmental payable	915,960
Claims payable	324,468
Deferred revenue	17,292,043
Long-term liabilities:	
Due within one year	338,183
Due in more than one year	1,467,869
Total liabilities	<u>22,495,177</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	4,919,826
Restricted for:	
Capital projects	169,839
Other purposes	634,075
Unrestricted	2,720,134
Total net assets	<u>\$ 8,443,874</u>

See accompanying notes to the basic financial statements.

**Chardon Local School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2007**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Revenues and Changes in Net Assets
					Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$ 12,684,994	\$ 203,660	\$ 365,004	\$ -	\$ (12,116,330)
Special	3,330,649	56,257	587,635	-	(2,686,757)
Vocational	186,154	-	-	-	(186,154)
Adult/continuing	6,824	17,312	-	-	10,488
Other	503,030	-	-	-	(503,030)
Support services:					
Pupils	1,318,471	102,072	21,425	-	(1,194,974)
Instructional staff	1,219,398	-	6,517	-	(1,212,881)
Board of education	21,037	-	-	-	(21,037)
Administration	2,425,222	135	-	-	(2,425,087)
Fiscal	835,067	-	-	-	(835,067)
Business	353,529	-	-	-	(353,529)
Operation and maintenance of plant	2,360,151	9,369	1,189	-	(2,349,593)
Pupil transportation	2,516,402	-	199,355	91,147	(2,225,900)
Central	239,062	5,295	10,822	-	(222,945)
Operation of non-instructional services	2,023,509	606,535	1,224,703	-	(192,271)
Extracurricular activities	699,230	297,749	-	-	(401,481)
Interest and fiscal charges	2,534	-	-	-	(2,534)
<b>Total governmental activities</b>	<b>\$ 30,725,263</b>	<b>\$ 1,298,384</b>	<b>\$ 2,416,650</b>	<b>\$ 91,147</b>	<b>(26,919,082)</b>
<b>General Revenues:</b>					
Property taxes levied for:					
General purposes					19,445,182
Capital outlay					305,519
Grants and entitlements not restricted to specific programs					8,504,813
Investment earnings					262,712
Payment in lieu of taxes not restricted to specific programs					17,231
Miscellaneous					260,406
<b>Total general revenues</b>					<b>28,795,863</b>
Change in net assets					1,876,781
Net assets beginning of year					6,567,093
Net assets end of year					<b>\$ 8,443,874</b>

See accompanying notes to the basic financial statements.

**Chardon Local School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007**

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 2,256,526	\$ 869,132	\$ 3,125,658
Receivables:			
Taxes	21,063,018	580,195	21,643,213
Accounts	90,120	1,288	91,408
Intergovernmental	-	111,873	111,873
Interfund	119,146	-	119,146
Inventory held for resale	-	7,039	7,039
Materials and supplies inventory	140,018	1,996	142,014
Prepaid items	1,512	1,027	2,539
Equity in pooled cash and cash equivalents (restricted)	23,022	-	23,022
Total assets	<u>\$ 23,693,362</u>	<u>\$ 1,572,550</u>	<u>\$ 25,265,912</u>
<u>Liabilities:</u>			
Accounts payable	\$ 81,738	\$ 35,513	\$ 117,251
Accrued wages	2,034,693	4,710	2,039,403
Interfund payable	-	119,146	119,146
Intergovernmental payable	886,888	29,072	915,960
Deferred revenue	17,755,329	668,887	18,424,216
Total liabilities	<u>20,758,648</u>	<u>857,328</u>	<u>21,615,976</u>
<u>Fund balances:</u>			
Reserved for:			
Encumbrances	558,506	206,028	764,534
Property taxes	3,360,831	-	3,360,831
Reserved for bus purchases	23,022	-	23,022
Unreserved, undesignated, reported in:			
General fund	(1,007,645)	-	(1,007,645)
Special revenue funds	-	364,205	364,205
Capital projects funds	-	144,989	144,989
Total fund balances	<u>2,934,714</u>	<u>715,222</u>	<u>3,649,936</u>
Total liabilities and fund balances	<u>\$ 23,693,362</u>	<u>\$ 1,572,550</u>	<u>\$ 25,265,912</u>

See accompanying notes to the basic financial statements.

***Chardon Local School District***  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2007**

Total governmental fund balances		\$ 3,649,936
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,930,417
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 990,339	
Intergovernmental receivables	88,692	
Accounts	<u>53,142</u>	
		1,132,173
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.		537,400
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	\$ (1,795,461)	
Capital leases	<u>(10,591)</u>	
Total		<u>(1,806,052)</u>
Net assets of governmental activities		<u><u>\$ 8,443,874</u></u>

See accompanying notes to the basic financial statements.

**Chardon Local School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2007**

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Taxes	\$ 19,002,458	\$ 305,519	\$ 19,307,977
Intergovernmental	8,800,067	2,057,677	10,857,744
Interest	262,712	22,465	285,177
Tuition and fees	140,585	131,550	272,135
Extracurricular activities	50,703	263,747	314,450
Gifts and donations	-	51,963	51,963
Charges for services	-	598,547	598,547
Rent	9,368	-	9,368
Payment in lieu of taxes	17,231	-	17,231
Miscellaneous	260,408	66,363	326,771
Total revenues	<u>28,543,532</u>	<u>3,497,831</u>	<u>32,041,363</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	12,089,315	208,259	12,297,574
Special	2,670,567	595,485	3,266,052
Vocational	206,319	-	206,319
Adult/continuing	-	6,824	6,824
Other	504,035	-	504,035
Support services:			
Pupils	1,162,680	123,021	1,285,701
Instructional staff	1,143,007	7,262	1,150,269
Board of education	70,357	-	70,357
Administration	2,273,444	1,718	2,275,162
Fiscal	822,394	5,218	827,612
Business	349,660	-	349,660
Operation and maintenance of plant	2,351,515	24,141	2,375,656
Pupil transportation	2,186,083	203,225	2,389,308
Central	202,413	20,244	222,657
Operation of non-instructional services:	71,036	1,940,360	2,011,396
Extracurricular activities	390,176	238,474	628,650
Capital outlay	85,749	153,432	239,181
Debt service:			
Principal retirement	80,450	-	80,450
Interest and fiscal charges	2,534	-	2,534
Total expenditures	<u>26,661,734</u>	<u>3,527,663</u>	<u>30,189,397</u>
Excess of revenues over (under) expenditures	<u>1,881,798</u>	<u>(29,832)</u>	<u>1,851,966</u>
<u>Other financing sources (uses):</u>			
Transfers in	-	65,000	65,000
Transfers out	(65,000)	-	(65,000)
Total other financing sources (uses)	<u>(65,000)</u>	<u>65,000</u>	<u>-</u>
Net change in fund balances	1,816,798	35,168	1,851,966
Fund balances beginning of year	1,117,916	680,054	1,797,970
Fund balances end of year	<u>\$ 2,934,714</u>	<u>\$ 715,222</u>	<u>\$ 3,649,936</u>

See accompanying notes to the basic financial statements.



**Chardon 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, 2007**

Net change in fund balances - total governmental funds \$ 1,851,966

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities,  
the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions	\$ 239,181	
Depreciation expense	(516,354)	
Excess of depreciation expense over capital asset additions		(277,173)

Revenues in the statement of activities that do not provide current financial resources are not  
reported as revenues in the funds. These activities consist of:

Property taxes	\$ 442,724	
Intergovernmental	85,692	
Accounts	32,265	
Net change in deferred revenues during the year		560,681

Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the statement of net assets. 80,450

Some items 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. These  
activities consist of:

(Increase) decrease in compensated absences	\$ (610,669)	
Total additional expenditures		(610,669)

The internal service fund is used by management to charge the costs of medical, prescription  
drug, dental and vision claims to individual funds. The net revenue (expense) of the  
internal service fund is allocated among the governmental activities. 271,526

Change in net assets of governmental activities \$ 1,876,781

See accompanying notes to the basic financial statements.

**Chardon 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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 18,263,167	\$ 18,367,573	\$ 18,369,947	\$ 2,374
Intergovernmental	8,692,862	8,760,545	8,800,067	39,522
Interest	259,512	221,405	262,712	41,307
Tuition and fees	153,454	154,866	155,346	480
Extracurricular activities	50,085	49,983	50,703	720
Rent	9,254	9,368	9,368	-
Payment in lieu of taxes	17,021	18,000	17,231	(769)
Miscellaneous	139,413	134,129	141,132	7,003
Total revenues	<u>27,584,768</u>	<u>27,715,869</u>	<u>27,806,506</u>	<u>90,637</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	12,498,230	12,544,403	12,252,810	291,593
Special	2,593,439	2,998,782	2,925,266	73,516
Vocational	221,100	226,769	214,099	12,670
Other	760,000	645,942	501,376	144,566
Support services:				
Pupils	1,319,609	1,378,109	1,360,023	18,086
Instructional staff	1,180,994	1,233,198	1,163,930	69,268
Board of education	65,660	111,300	100,699	10,601
Administration	2,458,596	2,495,359	2,247,671	247,688
Fiscal	830,901	832,118	813,339	18,779
Business	359,328	357,859	351,114	6,745
Operation and maintenance of plant	2,424,464	2,723,523	2,514,368	209,155
Pupil transportation	2,029,173	2,274,731	2,253,167	21,564
Central	116,408	207,374	196,030	11,344
Operation of non-instructional services	69,900	73,296	70,877	2,419
Extracurricular activities	455,821	513,727	417,803	95,924
Total expenditures	<u>27,383,623</u>	<u>28,616,490</u>	<u>27,382,572</u>	<u>1,233,918</u>
Excess of revenues over (under) expenditures	<u>201,145</u>	<u>(900,621)</u>	<u>423,934</u>	<u>1,324,555</u>
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	-	2,432	2,432	-
Refund of prior year expenditures	-	116,018	116,018	-
Advances out	(25,000)	(119,147)	(119,147)	-
Transfers in	-	70,000	-	(70,000)
Transfers out	(900,000)	(100,847)	(65,000)	35,847
Total other financing sources (uses)	<u>(925,000)</u>	<u>(31,544)</u>	<u>(65,697)</u>	<u>(34,153)</u>
Net change in fund balance	(723,855)	(932,165)	358,237	1,290,402
Fund balance at beginning of year	846,288	846,288	846,288	-
Prior year encumbrances appropriated	449,166	449,166	449,166	-
Fund balance at end of year	<u>\$ 571,599</u>	<u>\$ 363,289</u>	<u>\$ 1,653,691</u>	<u>\$ 1,290,402</u>

See accompanying notes to the basic financial statements.

***Chardon Local School District***  
**Statement of Fund Net Assets**  
**Internal Service Fund**  
**June 30, 2007**

	Self Insurance
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 789,427
Cash and cash equivalents:	
In segregated accounts	72,441
Total assets	<u>861,868</u>
<u>Liabilities:</u>	
Claims payable	<u>324,468</u>
<u>Net assets:</u>	
Unrestricted	<u>537,400</u>
Total liabilities and net assets	<u>\$ 861,868</u>

See accompanying notes to the basic financial statements.

***Chardon Local School District***  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2007**

	Self Insurance
<u>Operating revenues:</u>	
Charges for services	\$ 4,072,676
<u>Operating expenses:</u>	
Purchased services	547,864
Claims	3,253,286
Total operating expenses	3,801,150
Change in net assets	271,526
Net assets beginning of year	265,874
Net assets end of year	\$ 537,400

See accompanying notes to the basic financial statements.

**Chardon Local School District**  
**Statement of Cash Flows**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2007**

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 4,072,676
Cash payments to suppliers for goods and services	(547,864)
Cash payments for claims	(3,221,392)
Net cash provided by (used for) operating activities	<u>303,420</u>
Net increase (decrease) in cash and cash equivalents	303,420
Cash and cash equivalents at beginning of year	<u>558,448</u>
Cash and cash equivalents at end of year	<u><u>\$ 861,868</u></u>
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</u>	
Operating income (loss)	<u>\$ 271,526</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Change in assets and liabilities:	
Increase (decrease) in liabilities:	
Claims payable	31,894
Net cash provided by (used for) operating activities	<u><u>\$ 303,420</u></u>

See accompanying notes to the basic financial statements.

**Chardon Local School District**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2007**

	Private Purpose Trust	
	Scholarship	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 160,297	\$ 73,066
Prepaid items	-	87
Total assets	<u>\$ 160,297</u>	<u>\$ 73,153</u>
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 37
Due to students	-	73,116
Total liabilities	<u>-</u>	<u>\$ 73,153</u>
<u>Net assets:</u>		
Held in trust for scholarships	<u>160,297</u>	
Total net assets	<u>\$ 160,297</u>	

See accompanying notes to the basic financial statements.

***Chardon Local School District***  
**Statement of Changes in Fiduciary Net Assets**  
**Private Purpose Trust Fund**  
**For the Fiscal Year Ended June 30, 2007**

	Private Purpose Trust
	<u>Scholarship</u>
<u>Additions:</u>	
Interest	\$ 8,161
Gift and donations	<u>500</u>
Total additions	<u>8,661</u>
<u>Deductions:</u>	
Payments in accordance with trust agreements	<u>2,200</u>
Change in net assets	6,461
Net assets beginning of year	<u>153,836</u>
Net assets end of year	<u>\$ 160,297</u>

See accompanying notes to the basic financial statements.

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

**Note 1 - Summary of Significant Accounting Policies and Description of the Reporting Entity**

A. Description of the School District

Chardon Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. The Board of Education controls the School District's seven instructional/support facilities staffed by 149 classified employees and 211 certificated full and part-time teaching personnel who provide services to 3,293 students and other community members.

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the 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 Chardon Local School District, this includes general operations, food service and student related activities of the School District.

Nonpublic Schools – Within the School District boundaries, there are various nonpublic schools. Current State legislation provides funding to these non-public schools. These monies are received and disbursed by the School District on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public school. This activity is reflected in a special revenue fund for financial reporting purposes.



## ***CHARDON LOCAL SCHOOL DISTRICT***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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 three jointly governed organizations and one insurance purchasing pool. These organizations are the Lake Geauga Computer Association, the Ohio Schools' Council, the Auburn Career Center, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 14 and 15 to the basic financial statements.

### **C. 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 and other internal activity of governmental funds are eliminated to avoid "doubling-up" revenues and expenses of governmental activities.

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 and 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.

## ***CHARDON LOCAL SCHOOL DISTRICT***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Revenues that 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 and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

#### D. Fund Accounting

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

### Governmental Fund Types

Governmental funds focus 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 School District has one major governmental fund:

*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. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

## ***CHARDON LOCAL SCHOOL DISTRICT***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

### Proprietary Fund Type

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

Internal Service Fund: The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for revenue received from other funds and the settlement expenses for medical, surgical, prescription drug, and dental and vision claims of School District employees.

### Fiduciary Fund Types

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are a private purpose trust and an agency fund. The private purpose trust fund accounts for scholarships granted to students as specified in trust agreements and from donations received. The agency fund accounts for student activities managed by the student body.

### E. Measurement Focus and Basis of Accounting

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

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

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

The private purpose trust fund is reported using the economic resources measurement focus.

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 present 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.

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. The internal service fund, private purpose trust fund and agency fund also use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenue - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. 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 fiscal 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 the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

***CHARDON LOCAL SCHOOL DISTRICT***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes (should not include delinquent) for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account. Unused donated commodities are reported in the account "Inventory held for resale" within the basic financial statements.

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 the governmental funds.

F. Budgets and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2007.

***CHARDON LOCAL SCHOOL DISTRICT***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

The amounts reported as the original budgeted expenditure 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 expenditure amounts represent the final appropriation amounts passed by the Board during the year.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**G. Cash and Investments**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements, and STAROhio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as indicated in Note 3.

The School District uses Aetna U.S. Healthcare to serve as a claim administrator for its self-insurance program. The balance of this account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" and represents deposits.

For presentation on the basic financial statements, 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 considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

**I. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". Interfund balance amounts, not services provided and used, are eliminated in the statement of net assets.

**J. Inventory**

On the governmental-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used.

Inventories of the general fund consist of expendable supplies held for consumption. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale.

**K. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, laws of other governments, or enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. The School District expended all restricted assets in accordance with specific restrictions during the fiscal year. See Note 16 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**L. Capital Assets**

General capital assets are those assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

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

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

<u>Description</u>	<u>Estimated Lives</u>
<i>Land improvements</i>	<i>10 - 20 years</i>
<i>Buildings and building improvements</i>	<i>30 - 50 years</i>
<i>Furniture, fixtures and equipment</i>	<i>5 - 20 years</i>
<i>Vehicles</i>	<i>10 years</i>

**M. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District 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 vesting method. An accrual for earned sick leave is made based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all classified and non-classified employees age fifty-five (55) or greater; or aged fifty (50) with at least ten (20) years of service; or in any age with at least twenty-five (25) years of service were considered expected to become eligible to retire in accordance with GASB 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For 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 "compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

**N. 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.



**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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, laws, or regulations of other governments. Net assets restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extra-curricular programs, and for operating or capital costs for any new and innovative programs designed to enhance or promote education with the School District.

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

**O. 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 the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

**P. Interfund transactions**

Interfund transactions are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of activities.

**Q. 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.

**R. Fund Balance Reserves**

The School District records reservations for portions of fund balances, which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balance indicates the portion of fund balances that are available for appropriation in future periods. Fund balance reserves are established for encumbrances, property taxes and bus purchases.

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

**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. Neither type of transaction occurred during 2007.

**Note 2 - 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 and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presentation for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

<i>Net Change in Fund Balance</i>	
	<u>General</u>
<i>GAAP basis</i>	\$ 1,816,798
<i>Revenue accruals</i>	(618,576)
<i>Expenditure accruals</i>	(214,027)
<i>Encumbrances (Budget basis)</i>	
<i>    outstanding at year end</i>	<u>(625,958)</u>
<i>Budget basis</i>	<u>\$ 358,237</u>

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

**Note 3 - Deposits and Investments**

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

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

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

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in 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;
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;
6. The State Treasurer's investment pool (STAROhio);

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, 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.

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.

A. Cash on hand

At fiscal year-end, the School District had \$1,800 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

B. Cash in segregated accounts

At fiscal year-end, the School District had \$72,441 in cash in segregated accounts.

C. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, the carrying amount of the School District's deposits was \$146,222. The School District's bank balance of \$270,907 was exposed to custodial credit risk as follows:

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

*Uninsured and collateral held by pledging bank's trust  
department and not in the School District's name*                      \$        114,859

**D. Investments**

As of June 30, the School District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Maturity</u>	<u>Rating</u>
Repurchase agreements	\$ 121,262	3%	Daily	AAAm <sup>(1)</sup>
STAROhio	3,902,186	97%	N/A	AAAm <sup>(2)</sup>
	<u>\$ 4,023,448</u>			

<sup>(1)</sup> Standard and Poor's rating of underlying investment

<sup>(2)</sup> Standard and Poor's rating

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 Securities Exchange Commission 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, 2007.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$121,262 investment in a repurchase agreement is to be secured by the specific securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAROhio an AAAM rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

All interest is legally required to be placed in the general fund, the food service, special trust and auxiliary services special revenue funds, and the private-purpose trust fund. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$262,712, which includes \$62,627 assigned from other School District funds.

**Note 4 - 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 located in the School District. Property tax revenue received during calendar 2007 for real and public utility property taxes represents collections of calendar 2006 taxes.

Property tax payments received during calendar 2007 for tangible personal property (other than public utility property) is for calendar 2007 taxes.

2007 real property taxes are levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after April 1, 2007, and are collected in 2007 with real property taxes.

2007 tangible personal property taxes are levied after April 1, 2006 on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are twenty-five percent of true value. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 and 2007 was 18.75% and 12.5%. This will be reduced to 6.25% for 2008 and 0% for 2009.

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 later payment dates to be established.

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Tangible personal property taxes paid 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 County Treasurer collects property taxes on behalf of all taxing districts in the county, including Chardon Local School District. The County Auditor periodically remits to the School District its portion of taxes. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 was levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance at year-end was \$3,360,831 in the general fund is recognized as revenue on the fund financial statements.

On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

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

	<i>2007 First</i>		<i>2006 Second</i>	
	<u>Half Collections</u>		<u>Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<i>Agricultural/Residential and Other Real Estate</i>	\$ 626,217,750	95.52%	\$ 611,638,710	93.83%
<i>Public Utilities</i>	17,732,580	2.70%	18,062,140	2.77%
<i>Tangible Personal Property</i>	<u>11,637,930</u>	<u>1.78%</u>	<u>22,140,920</u>	<u>3.40%</u>
<i>Total Assessed Value</i>	<u>\$ 655,588,260</u>	<u>100.00%</u>	<u>\$ 651,841,770</u>	<u>100.00%</u>
<i>Tax rate per \$1,000 of assessed valuation</i>	\$ 70.88		\$ 64.88	

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

**Note 5 - Receivables**

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. Nonmajor governmental funds reported intergovernmental receivables in the amount of \$111,873.

**Note 6 - Interfund Receivables, Payables and Transfers**

Interfund balances at June 30, 2007 consisted of the following:

<i>Due to general fund from:</i>	
<i>Nonmajor governmental funds</i>	\$ 119,146

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2007, all interfund loans outstanding are anticipated to be repaid in fiscal year 2008.

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

Interfund transfers for the year ended June 30, 2007, consisted of the following:

<i>Transfers to nonmajor governmental funds from:</i>	
<i>General fund</i>	\$ 65,000

**Note 7 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:



**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

<u>Governmental Activities</u>	<u>Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 609,612	\$ -	\$ -	\$ 609,612
<i>Capital assets, being depreciated:</i>				
Land improvements	2,588,908	-	-	2,588,908
Buildings and improvements	7,662,190	-	-	7,662,190
Furniture, fixtures and equipment	2,520,481	30,796	(50,071)	2,501,206
Vehicles	2,550,263	208,385	-	2,758,648
<i>Total capital assets, being depreciated</i>	<u>15,321,842</u>	<u>239,181</u>	<u>(50,071)</u>	<u>15,510,952</u>
<i>Less: Accumulated depreciation</i>				
Land improvements	(979,119)	(72,556)	-	(1,051,675)
Buildings and improvements	(6,352,821)	(81,238)	-	(6,434,059)
Furniture, fixtures and equipment	(1,768,036)	(227,719)	50,071	(1,945,684)
Vehicles	(1,623,888)	(134,841)	-	(1,758,729)
<i>Total accumulated depreciation</i>	<u>(10,723,864)</u>	<u>(516,354)</u>	<u>50,071</u>	<u>(11,190,147)</u>
<i>Total capital assets being depreciated, net</i>	<u>4,597,978</u>	<u>(277,173)</u>	<u>-</u>	<u>4,320,805</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 5,207,590</u>	<u>\$ (277,173)</u>	<u>\$ -</u>	<u>\$ 4,930,417</u>

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$ 177,181
Special	16,085
Vocational	164
<i>Support services:</i>	
Pupils	3,762
Instructional staff	54,803
Administration	8,971
Fiscal	367
Operation and maintenance of plant	9,996
Pupil transportation	137,598
Central	13,863
Operation of non-instructional services	22,984
Extracurricular activities	70,580
<i>Total depreciation expense</i>	<u>\$ 516,354</u>

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

**Note 8 – Risk Management**

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. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$324,468, reported in the fund at year end was estimated by the third party administrator and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District purchases stop-loss coverage of \$100,000 per employee.

Changes in the fund’s claims liability during 2006 and 2007 were:

<i>Fiscal</i> <i>Year</i>	<i>Balance at</i> <i>beginning of year</i>	<i>Current</i> <i>year claims</i>	<i>Claim</i> <i>payments</i>	<i>Balance at</i> <i>end of year</i>
2006	\$ 283,499	3,096,624	(3,087,549)	292,574
2007	\$ 292,574	3,253,286	(3,221,392)	324,468

**Note 9 – Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-three days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Full time certified and non-certified employees are entitled to fifteen days sick leave with pay for each year under contract and accrue sick leave at a rate of one and one-fourth days for each month under contract. Upon retirement, certified employees receive payment for one-third of the total sick leave accumulation, up to a maximum accumulation of 210 days. Classified employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 120 days.

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

**Note 10 - Defined Benefit Pension Plans**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides basic retirement benefits, annual cost-of-living adjustments, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at [ohsers.org](http://ohsers.org).

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68% of annual covered salary was the portion used to fund pension obligations. For the fiscal year 2006, 10.58% 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 June 30, 2007, 2006, and 2005 were \$464,818, \$492,550, and \$643,352, respectively; 40.3% has been contributed for fiscal year 2007 and 100% for the fiscal years 2006 and 2005. \$277,714, representing the unpaid contribution for fiscal year 2007 is recorded as an intergovernmental payable.

**B. State Teachers Retirement System of Ohio**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, disability, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227-4090, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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.

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 became 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, 2007, plan members were required to contribute 10% of their annual covered salaries and the School District was required to contribute 14%. For fiscal year 2007, 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% 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, 2007, 2006, and 2005 were \$1,698,402, \$1,577,673, and \$1,772,100, respectively; 83.48% has been contributed for fiscal year 2007 and 100% for the fiscal years 2006 and 2005. \$280,540, representing the unpaid contribution for fiscal year 2007, is recorded as an intergovernmental payable. Contributions to the DC and Combined plans for fiscal year 2007 were \$22,981 made by the School District and \$44,038 made by the plan members.

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

**Note 11 - Postemployment Benefits**

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by the STRS based on authority granted by State statute. Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The retirement board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund from which payments for health care benefits are paid. For the School District this amount equaled \$130,646 during the 2007 fiscal year. The balance in the Health Care Stabilization Fund for the STRS was \$4.1 billion at June 30, 2007. For the year ended June 30, 2007 the net health care costs paid by the STRS were \$265,558,000 and eligible benefit recipients totaled 122,934.

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply. For the fiscal year 2007, employer contributions to fund health care benefits were 3.32% of covered payroll.

In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay has been established at \$35,800. The surcharge, added to the unallocated portion of the 14% contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$203,883, which includes a surcharge of \$59,389 during the 2007 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2006 were \$158,751,207. The target level for the health care reserve is 150% of projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$295.6 million, which is about 221% of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual claims costs. The number of participants eligible to receive benefits is 59,492.

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

**Note 12 - Long Term Obligations**

The changes in long-term obligations of the School District during the fiscal year were as follows:

<i>Governmental activities</i>	<i>Balance July 1, 2006</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance June 30, 2007</i>	<i>Due within one year</i>
<i>Other Obligations</i>					
<i>Compensated absences</i>	\$ 1,184,792	\$ 675,438	\$ (64,769)	\$ 1,795,461	\$ 333,270
<i>Capital leases</i>	<u>91,041</u>	<u>-</u>	<u>(80,450)</u>	<u>10,591</u>	<u>4,913</u>
<i>Governmental activities long-term liabilities</i>	<u>\$ 1,275,833</u>	<u>\$ 675,438</u>	<u>\$ (145,219)</u>	<u>\$ 1,806,052</u>	<u>\$ 338,183</u>

*Other Obligations:* Compensated absences are typically paid from the fund from which the employee is paid. In prior years, this fund has primarily been the general fund. Capital lease obligations are paid from the general fund.

At June 30, 2007 the School District's overall debt margin was \$59,002,943 with an unvoted debt margin of \$655,588.

**Note 13 – Capitalized Leases – Lessee Disclosure**

During a prior year, the School District entered into capitalized lease agreements for the acquisition of copiers. The terms of each agreement provide options to purchase the equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers all benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been capitalized as equipment in the amount of \$234,499 equal to the present value of the future minimum lease payments at the time of acquisition. Principal payments in the current fiscal year totaled \$80,450. The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments at year-end.

<i>Fiscal Year</i>	<i>Lease Payments</i>
2008	\$ 5,436
2009	5,436
2010	<u>454</u>
<i>Total minimum lease payments</i>	<i>11,326</i>
<i>Less: amount representing interest</i>	<i>(735)</i>
<i>Total</i>	<u><u>\$ 10,591</u></u>

## **CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

### **Note 14 – Jointly Governed Organizations**

*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. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. In fiscal year 2007, the School District paid \$87,798 to LGCA. Financial information can be obtained from Loretta Peterson, the Treasurer of the Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

*Ohio Schools' Council* 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 2007, the School District paid \$3,872 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

Energy Acquisition Corporation, a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates 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 Corporation.

**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

*Auburn Career Center* The Auburn Career Center is joint vocational school district that is a jointly governed organization among eleven school districts. Each participating school district appoints one member of the Auburn Career Center's Board of Education. The students of each participating School District may attend classes. Each participant's control over the operation of the center is limited to its representation on the board. Continued existence of the Auburn Career Center is not dependent on the District's continued participation. In fiscal year 2007, the School District paid \$1,320 to the Career Center. Financial information can be obtained by writing the Auburn Career Center, 8140 Auburn Road, Painesville, Ohio 44077

**Note 15 – Insurance Rating Pool**

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

**Note 16 – Set-Aside Requirements**

The School District is required by State statute to annually set-aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks and/or instructional materials. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the other set-asides. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

During the fiscal year ended June 30, 2007, the reserve activity was as follows:



**CHARDON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Total</u>
<i>Set-aside cash balance as of</i>			
<i>June 30, 2006</i>	\$ (210,148)	\$ -	\$ (210,148)
<i>Current year set-aside requirement</i>	494,020	494,020	988,040
<i>Current year offset</i>	(202,533)	-	(202,533)
<i>Qualifying disbursements</i>	<u>(248,213)</u>	<u>(1,162,210)</u>	<u>(1,410,423)</u>
<i>Total</i>	<u>\$ (166,874)</u>	<u>\$ (668,190)</u>	<u>\$ (835,064)</u>
<i>Balance carried forward to future years</i>	<u>\$ (166,874)</u>		<u>\$ (166,874)</u>

**Note 17 – Contingencies**

The School District is party to legal proceedings. However, the School District's management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

**Note 18 – Accountability and Compliances**

As of June 30, 2007, three funds had deficit fund balances. These deficits were caused by the application of GAAP; namely in the reporting of various liabilities attributable to the fiscal year. The deficit balances will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

The following funds had deficit balances:

	<u>Amount</u>
<u>Nonmajor special revenue funds:</u>	
<i>Ohio Reads</i>	\$ 145
<i>Title VI-B</i>	49,041
<i>Miscellaneous Federal Grants</i>	616



**Combining Statements for Nonmajor  
Governmental Funds**

## COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

### NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. A description of the School District's nonmajor special revenue funds follows:

#### Food Service

To account for all revenues and expenditures related to the provision of food services, including breakfast and lunch, for the School District students and staff.

#### Special Trust

To account for the use of donations used to provide educational experiences for the School District's elementary students.

#### Uniform School Supplies

To account for the purchase and sale of school supplies as adopted by the Board of Education for resale to students of the School District.

#### Summer School

To account for tuition received for the purpose of summer school education.

#### Adult Education

To account for tuition received for the purpose of adult/community education programs.

#### Public School Support

To account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

#### Other Grants

To account for a number of small local grants that are restricted for specific expenditures.

### Underground Storage Tanks

To account for the financial responsibility rules of the State Fire Marshall to cover deductibles.

### Athletic and Music

To account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes athletic programs as well as band, cheerleaders, drama clubs, and other similar types of activities.

### Auxiliary Services

To account for funds which provide services and materials to pupils attending non-public schools within the School District.

### Educational Management Information Systems

To account for state funds provided to assist the School District in implementing a staff, student, and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

### Data Communications

To account for revenues received from the state to be used to install and provide support costs for data communication links to connect any school to the local data acquisition site.

### SchoolNet Professional Development

To account for revenues received to provide professional development programs related to technology.

### Ohio Reads

To account for improvements in reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public school buildings, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

### Miscellaneous State Grants

To account for miscellaneous grants from the state government.

### Title VI-B

To account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

Title I

To account for federal funds for services provided to meet special educational needs of educationally deprived children.

Title VI

To account for federal funds 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

To account for federal funds for the establishment, operation and improvement programs of drug abuse prevention, early intervention, rehabilitation referral and education in schools.

Class Size Reduction

To account for monies to hire additional classroom teachers grades 1 through 3, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants

To account for federal revenues received through state agencies from the federal government or directly from the federal governments which are not classified elsewhere.

## NONMAJOR CAPITAL PROJECTS FUND

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities. The nonmajor capital project fund is:

### Permanent Improvement

To account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

**Chardon Local School District**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 699,293	\$ 169,839	\$ 869,132
Receivables:			
Taxes	-	580,195	580,195
Accounts	1,288	-	1,288
Intergovernmental	111,873	-	111,873
Prepaid items	1,027	-	1,027
Inventory held for resale	7,039	-	7,039
Materials and supplies inventory	1,996	-	1,996
Total assets	<u>\$ 822,516</u>	<u>\$ 750,034</u>	<u>\$ 1,572,550</u>
<u>Liabilities and fund equity:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 35,513	\$ -	\$ 35,513
Accrued wages	4,710	-	4,710
Interfund payable	119,146	-	119,146
Intergovernmental payable	29,072	-	29,072
Deferred revenue	88,692	580,195	668,887
Total liabilities	<u>277,133</u>	<u>580,195</u>	<u>857,328</u>
<u>Fund balance:</u>			
Reserved for encumbrances	181,178	24,850	206,028
Unreserved:			
Undesignated, reported in:			
Special revenue funds	364,205	-	364,205
Capital projects funds	-	144,989	144,989
Total fund balances	<u>545,383</u>	<u>169,839</u>	<u>715,222</u>
Total liabilities and fund balances	<u>\$ 822,516</u>	<u>\$ 750,034</u>	<u>\$ 1,572,550</u>



**Chardon Local School District**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Taxes	\$ -	\$ 305,519	\$ 305,519
Intergovernmental	2,024,786	32,891	2,057,677
Interest	22,465	-	22,465
Tuition and fees	131,550	-	131,550
Extracurricular activities	263,747	-	263,747
Gifts and donations	51,963	-	51,963
Charges for services	598,547	-	598,547
Miscellaneous	66,363	-	66,363
Total revenues	<u>3,159,421</u>	<u>338,410</u>	<u>3,497,831</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	208,259	-	208,259
Special	595,485	-	595,485
Adult/Continuing	6,824	-	6,824
Support services:			
Pupils	123,021	-	123,021
Instructional staff	7,262	-	7,262
Administration	1,718	-	1,718
Fiscal	-	5,218	5,218
Operation and maintenance of plant	1,048	23,093	24,141
Pupil transportation	203,225	-	203,225
Central	20,244	-	20,244
Operation of non-instructional services	1,940,360	-	1,940,360
Extracurricular activities	238,474	-	238,474
Capital outlay	13,172	140,260	153,432
Total expenditures	<u>3,359,092</u>	<u>168,571</u>	<u>3,527,663</u>
Excess of revenues over (under) expenditures	<u>(199,671)</u>	<u>169,839</u>	<u>(29,832)</u>
<u>Other financing sources (uses):</u>			
Transfers in	65,000	-	65,000
Net change in fund balances	(134,671)	169,839	35,168
Fund balances at beginning of year	680,054	-	680,054
Fund balances at end of year	<u>\$ 545,383</u>	<u>\$ 169,839</u>	<u>\$ 715,222</u>

**Chardon Local School District**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2007**

	Food Service	Special Trust	Uniform School Supplies	Summer School
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 37,138	\$ 11,373	\$ 38,890	\$ 55,609
Receivables:				
Accounts	-	-	-	-
Intergovernmental	23,181	-	-	-
Prepaid items	-	-	-	-
Inventory held for resale	7,039	-	-	-
Materials and supplies inventory	1,996	-	-	-
Total assets	<u>\$ 69,354</u>	<u>\$ 11,373</u>	<u>\$ 38,890</u>	<u>\$ 55,609</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages	4,410	-	-	-
Interfund payable	-	-	-	-
Intergovernmental payable	9,153	-	-	4,224
Deferred revenue	-	-	-	-
Total liabilities	<u>13,563</u>	<u>-</u>	<u>-</u>	<u>4,224</u>
Fund balances:				
Reserved for encumbrances	-	-	1,425	407
Unreserved:				
Undesignated, reported in:				
Special revenue funds	55,791	11,373	37,465	50,978
Total fund balances	<u>55,791</u>	<u>11,373</u>	<u>38,890</u>	<u>51,385</u>
Total liabilities and fund balances	<u>\$ 69,354</u>	<u>\$ 11,373</u>	<u>\$ 38,890</u>	<u>\$ 55,609</u>

Adult Education	Public School Support	Other Grants	Underground Storage Tanks	Athletic and Music	Auxiliary Services	Educational Management Information Systems
\$ 49,301	\$ 69,305	\$ 8,995	\$ 11,000	\$ 211,175	\$ 92,302	\$ 1,062
-	859	-	-	429	-	-
-	-	-	-	-	-	-
-	168	-	-	-	823	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 49,301</u>	<u>\$ 70,332</u>	<u>\$ 8,995</u>	<u>\$ 11,000</u>	<u>\$ 211,604</u>	<u>\$ 93,125</u>	<u>\$ 1,062</u>
\$ 480	\$ 243	\$ -	\$ -	\$ 615	\$ 7,853	\$ -
-	-	-	-	-	300	-
-	-	-	-	-	-	-
-	-	-	-	44	1,684	750
-	-	-	-	-	-	-
<u>480</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>659</u>	<u>9,837</u>	<u>750</u>
3,115	6,298	50	-	15,736	84,449	-
45,706	63,791	8,945	11,000	195,209	(1,161)	312
<u>48,821</u>	<u>70,089</u>	<u>8,995</u>	<u>11,000</u>	<u>210,945</u>	<u>83,288</u>	<u>312</u>
<u>\$ 49,301</u>	<u>\$ 70,332</u>	<u>\$ 8,995</u>	<u>\$ 11,000</u>	<u>\$ 211,604</u>	<u>\$ 93,125</u>	<u>\$ 1,062</u>

(Continued)

**Chardon Local School District**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2007**

	<u>Data</u> <u>Communications</u>	<u>School Net</u> <u>Professional</u> <u>Development</u>	<u>Ohio</u> <u>Reads</u>	<u>Miscellaneous</u> <u>State</u> <u>Grants</u>
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,000
Receivables:				
Accounts	-	-	-	-
Intergovernmental	-	-	-	8,288
Prepaid items	-	-	-	-
Inventory held for resale	-	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,288</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-
Interfund payable	-	-	-	-
Intergovernmental payable	-	-	145	-
Deferred revenue	-	-	-	8,288
Total liabilities	<u>-</u>	<u>-</u>	<u>145</u>	<u>8,288</u>
<u>Fund balances:</u>				
Reserved for encumbrances	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	-	-	(145)	2,000
Total fund balances	<u>-</u>	<u>-</u>	<u>(145)</u>	<u>2,000</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,288</u>

Title VI-B	Title I	Title VI	Drug Free Schools	Class Size Reduction	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 108,847	\$ 1,675	\$ -	\$ 621	\$ -	\$ -	\$ 699,293
-	-	-	-	-	-	1,288
79,788	-	-	-	-	616	111,873
36	-	-	-	-	-	1,027
-	-	-	-	-	-	7,039
-	-	-	-	-	-	1,996
<u>\$ 188,671</u>	<u>\$ 1,675</u>	<u>\$ -</u>	<u>\$ 621</u>	<u>\$ -</u>	<u>\$ 616</u>	<u>\$ 822,516</u>
\$ 26,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,513
-	-	-	-	-	-	4,710
118,530	-	-	-	-	616	119,146
13,072	-	-	-	-	-	29,072
79,788	-	-	-	-	616	88,692
<u>237,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,232</u>	<u>277,133</u>
69,698	-	-	-	-	-	181,178
(118,739)	1,675	-	621	-	(616)	364,205
(49,041)	1,675	-	621	-	(616)	545,383
<u>\$ 188,671</u>	<u>\$ 1,675</u>	<u>\$ -</u>	<u>\$ 621</u>	<u>\$ -</u>	<u>\$ 616</u>	<u>\$ 822,516</u>

**Chardon Local School District**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2007**

	Food Service	Special Trust	Uniform School Supplies	Summer School
<u>Revenues:</u>				
Intergovernmental	\$ 175,131	\$ -	\$ -	\$ -
Interest	6,483	826	-	-
Tuition and fees	-	-	77,578	36,660
Extracurricular activities	-	-	-	-
Gifts and donations	-	9,142	-	-
Charges for services	598,547	-	-	-
Miscellaneous	7,988	-	-	-
Total revenues	<u>788,149</u>	<u>9,968</u>	<u>77,578</u>	<u>36,660</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	65,067	28,903
Special	-	-	-	-
Adult/continuing	-	-	-	-
Support services:				
Pupils	-	-	16,997	-
Instructional staff	-	-	-	-
Administration	-	-	-	1,718
Operation and maintenance of plant	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	839,335	12,116	-	-
Extracurricular activities	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>839,335</u>	<u>12,116</u>	<u>82,064</u>	<u>30,621</u>
Excess of revenues over (under) expenditures	<u>(51,186)</u>	<u>(2,148)</u>	<u>(4,486)</u>	<u>6,039</u>
<u>Other financing sources (uses):</u>				
Transfers in	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,186)	(2,148)	(4,486)	6,039
Fund balances at beginning of year	<u>56,977</u>	<u>13,521</u>	<u>43,376</u>	<u>45,346</u>
Fund balances at end of year	<u>\$ 55,791</u>	<u>\$ 11,373</u>	<u>\$ 38,890</u>	<u>\$ 51,385</u>

Adult Education	Public School Support	Other Grants	Underground Storage Tanks	Athletic and Music	Auxiliary Services	Educational Management Information Systems
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 956,379	\$ 10,822
-	-	-	-	-	15,156	-
17,312	-	-	-	-	-	-
-	34,191	-	-	229,556	-	-
-	25,570	11,994	-	5,257	-	-
-	-	-	-	-	-	-
-	46,141	-	-	12,234	-	-
<u>17,312</u>	<u>105,902</u>	<u>11,994</u>	<u>-</u>	<u>247,047</u>	<u>971,535</u>	<u>10,822</u>
-	16,372	5,291	-	-	-	-
-	-	-	-	-	-	-
6,824	-	-	-	-	-	-
-	82,454	-	-	1,878	-	-
-	131	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5,436	-	-	-	-	14,808
-	-	-	-	-	1,024,491	-
-	-	-	-	238,474	-	-
-	6,519	-	-	-	2,845	-
<u>6,824</u>	<u>110,912</u>	<u>5,291</u>	<u>-</u>	<u>240,352</u>	<u>1,027,336</u>	<u>14,808</u>
<u>10,488</u>	<u>(5,010)</u>	<u>6,703</u>	<u>-</u>	<u>6,695</u>	<u>(55,801)</u>	<u>(3,986)</u>
-	-	-	-	15,000	-	-
10,488	(5,010)	6,703	-	21,695	(55,801)	(3,986)
<u>38,333</u>	<u>75,099</u>	<u>2,292</u>	<u>11,000</u>	<u>189,250</u>	<u>139,089</u>	<u>4,298</u>
<u>\$ 48,821</u>	<u>\$ 70,089</u>	<u>\$ 8,995</u>	<u>\$ 11,000</u>	<u>\$ 210,945</u>	<u>\$ 83,288</u>	<u>\$ 312</u>

(Continued)

**Chardon Local School District**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2007**

	<u>Data</u> <u>Communications</u>	<u>School Net</u> <u>Professional</u> <u>Development</u>	<u>Ohio</u> <u>Reads</u>	<u>Miscellaneous</u> <u>State</u> <u>Grants</u>
<u>Revenues:</u>				
Intergovernmental	\$ 18,000	\$ 3,300	\$ 8,000	\$ 10,665
Interest	-	-	-	-
Tuition and fees	-	-	-	-
Extracurricular activities	-	-	-	-
Gifts and donations	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>18,000</u>	<u>3,300</u>	<u>8,000</u>	<u>10,665</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	8,145	-
Special	-	-	-	8,665
Adult/continuing	-	-	-	-
Support services:				
Pupils	18,000	-	-	-
Instructional staff	-	3,931	-	3,200
Administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	-	-	-	-
Extracurricular activities	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>18,000</u>	<u>3,931</u>	<u>8,145</u>	<u>11,865</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(631)</u>	<u>(145)</u>	<u>(1,200)</u>
<u>Other financing sources (uses):</u>				
Transfers in	-	-	-	-
Net change in fund balances	-	(631)	(145)	(1,200)
Fund balances at beginning of year, as restated	-	631	-	3,200
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (145)</u>	<u>\$ 2,000</u>



<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools</u>	<u>Class Size Reduction</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 660,743	\$ 84,674	\$ 6,460	\$ 5,660	\$ 81,481	\$ 3,471	\$ 2,024,786
-	-	-	-	-	-	22,465
-	-	-	-	-	-	131,550
-	-	-	-	-	-	263,747
-	-	-	-	-	-	51,963
-	-	-	-	-	-	598,547
-	-	-	-	-	-	66,363
<u>660,743</u>	<u>84,674</u>	<u>6,460</u>	<u>5,660</u>	<u>81,481</u>	<u>3,471</u>	<u>3,159,421</u>
-	-	-	-	81,481	3,000	208,259
500,868	81,568	4,384	-	-	-	595,485
-	-	-	-	-	-	6,824
-	-	-	2,956	-	736	123,021
-	-	-	-	-	-	7,262
-	-	-	-	-	-	1,718
-	-	-	1,048	-	-	1,048
202,190	-	-	1,035	-	-	203,225
-	-	-	-	-	-	20,244
61,288	703	2,076	-	-	351	1,940,360
-	-	-	-	-	-	238,474
3,808	-	-	-	-	-	13,172
<u>768,154</u>	<u>82,271</u>	<u>6,460</u>	<u>5,039</u>	<u>81,481</u>	<u>4,087</u>	<u>3,359,092</u>
<u>(107,411)</u>	<u>2,403</u>	<u>-</u>	<u>621</u>	<u>-</u>	<u>(616)</u>	<u>(199,671)</u>
-	-	-	-	-	-	65,000
(107,411)	2,403	-	621	-	(616)	(134,671)
58,370	(728)	-	-	-	-	680,054
<u>\$ (49,041)</u>	<u>\$ 1,675</u>	<u>\$ -</u>	<u>\$ 621</u>	<u>\$ -</u>	<u>\$ (616)</u>	<u>\$ 545,383</u>

**Individual Fund Schedules of Revenues, Expenditures and Changes  
in Fund Balance – Budget (Non-GAAP Basis) and Actual  
Governmental Funds – Nonmajor**

**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Food Service Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 181,839	\$ 144,422	\$ (37,417)
Interest	6,483	6,483	-
Charges for services	608,866	596,645	(12,221)
Miscellaneous	7,559	7,559	-
Total revenues	<u>804,747</u>	<u>755,109</u>	<u>(49,638)</u>
<u>Expenditures:</u>			
Current:			
Food service operations	839,477	808,790	30,687
Excess of revenues over (under) expenditures	<u>(34,730)</u>	<u>(53,681)</u>	<u>(18,951)</u>
<u>Other financing sources (uses):</u>			
Transfers in	-	50,000	50,000
Net change in fund balance	(34,730)	(3,681)	31,049
Fund balance at beginning of year	37,898	37,898	-
Prior year encumbrances appropriated	2,922	2,922	-
Fund balance at end of year	<u>\$ 6,090</u>	<u>\$ 37,139</u>	<u>\$ 31,049</u>

**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Special Trust Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 803	\$ 826	\$ 23
Gifts and donations	9,080	9,142	62
Total revenues	<u>9,883</u>	<u>9,968</u>	<u>85</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services	23,404	12,116	11,288
Net change in fund balance	(13,521)	(2,148)	11,373
Fund balance at beginning of year	13,521	13,521	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 11,373</u>	<u>\$ 11,373</u>

**Uniform School Supplies Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 77,578	\$ 77,578	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	71,314	66,491	4,823
Support services:			
Pupils	19,877	16,997	2,880
Total expenditures	<u>91,191</u>	<u>83,488</u>	<u>7,703</u>
Net change in fund balance	(13,613)	(5,910)	7,703
Fund balance at beginning of year	43,376	43,376	-
Fund balance at end of year	<u>\$ 29,763</u>	<u>\$ 37,466</u>	<u>\$ 7,703</u>

**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Summer School Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 36,660	\$ 36,660	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	36,706	29,021	7,685
Administration	4,183	1,294	2,889
Total expenditures	40,889	30,315	10,574
Net change in fund balance	(4,229)	6,345	10,574
Fund balance at beginning of year	47,449	47,449	-
Prior year encumbrances appropriated	1,408	1,408	-
Fund balance at end of year	<u>\$ 44,628</u>	<u>\$ 55,202</u>	<u>\$ 10,574</u>

**Adult Education Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 17,312	\$ 17,312	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Adult/continuing	43,119	10,539	32,580
Net change in fund balance	(25,807)	6,773	32,580
Fund balance at beginning of year	38,242	38,242	-
Prior year encumbrances appropriated	691	691	-
Fund balance at end of year	<u>\$ 13,126</u>	<u>\$ 45,706</u>	<u>\$ 32,580</u>

**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Public School Support Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 34,191	\$ 34,191	\$ -
Gifts and donations	25,570	25,570	-
Miscellaneous	45,282	45,282	-
Total revenues	<u>105,043</u>	<u>105,043</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	23,665	17,304	6,361
Support services:			
Pupils	137,709	97,772	39,937
Instructional staff	2,225	131	2,094
Central	15,500	5,436	10,064
Total expenditures	<u>179,099</u>	<u>120,643</u>	<u>58,456</u>
Net change in fund balance	(74,056)	(15,600)	58,456
Fund balance at beginning of year	68,808	68,808	-
Prior year encumbrances appropriated	9,748	9,748	-
Fund balance at end of year	<u>\$ 4,500</u>	<u>\$ 62,956</u>	<u>\$ 58,456</u>

**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Other Grants Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Gifts and donations	\$ 11,994	\$ 11,994	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	6,472	5,691	781
Support services:			
Instructional staff	50	50	-
Administration	1,500	-	1,500
Operation and maintenance of plant	6,494	-	6,494
Total expenditures	14,516	5,741	8,775
Net change in fund balance	(2,522)	6,253	8,775
Fund balance at beginning of year	2,242	2,242	-
Prior year encumbrances appropriated	450	450	-
Fund balance at end of year	\$ 170	\$ 8,945	\$ 8,775

**Underground Storage Tanks Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	11,000	11,000	-
Fund balance at end of year	\$ 11,000	\$ 11,000	\$ -

**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Athletic and Music Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 214,359	\$ 229,556	\$ 15,197
Gifts and donations	5,257	5,257	-
Miscellaneous	12,001	11,805	(196)
Total revenues	<u>231,617</u>	<u>246,618</u>	<u>15,001</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	1,932	1,878	54
Extracurricular activities	326,520	257,334	69,186
Total expenditures	<u>328,452</u>	<u>259,212</u>	<u>69,240</u>
Excess of revenues over (under) expenditures	<u>(96,835)</u>	<u>(12,594)</u>	<u>84,241</u>
<u>Other financing sources (uses):</u>			
Advances out	(1,000)	-	1,000
Transfers in	15,000	15,000	-
Total other financing sources (uses)	<u>14,000</u>	<u>15,000</u>	<u>1,000</u>
Net change in fund balance	(82,835)	2,406	85,241
Fund balance at beginning of year	170,326	170,326	-
Prior year encumbrances appropriated	22,092	22,092	-
Fund balance at end of year	<u>\$ 109,583</u>	<u>\$ 194,824</u>	<u>\$ 85,241</u>



**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Auxiliary Services Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 956,379	\$ 956,379	\$ -
Interest	15,155	15,156	1
Total revenues	<u>971,534</u>	<u>971,535</u>	<u>1</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services	1,108,100	1,108,095	5
Net change in fund balance	(136,566)	(136,560)	6
Fund balance at beginning of year	90,852	90,852	-
Prior year encumbrances appropriated	45,709	45,709	-
Fund balance at end of year	<u>\$ (5)</u>	<u>\$ 1</u>	<u>\$ 6</u>

**Educational Management Information Systems Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 10,822	\$ 10,822	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central	14,229	14,219	10
Net change in fund balance	(3,407)	(3,397)	10
Fund balance at beginning of year	4,461	4,461	-
Fund balance at end of year	<u>\$ 1,054</u>	<u>\$ 1,064</u>	<u>\$ 10</u>

**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Data Communications Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 18,000	\$ 18,000	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	18,000	18,000	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

**SchoolNet Professional Development Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,300	\$ 3,300	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	3,931	3,931	-
Net change in fund balance	(631)	(631)	-
Fund balance at beginning of year	631	631	-
Fund balance at end of year	\$ -	\$ -	\$ -

**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Ohio Reads Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 8,000	\$ 8,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	8,000	8,000	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

**Miscellaneous State Grants Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 13,865	\$ 13,865	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	8,665	8,665	-
Support services:			
Instructional staff	3,200	3,200	-
Total expenditures	11,865	11,865	-
Net change in fund balance	2,000	2,000	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 2,000	\$ 2,000	\$ -

**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Title VI-B Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 660,744	\$ 660,743	\$ (1)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	513,923	513,913	10
Support services:			
Pupil transportation	204,063	204,063	-
Operation of non-instructional services	61,288	61,288	-
Total expenditures	779,274	779,264	10
Excess of revenues over (under) expenditures	(118,530)	(118,521)	9
<u>Other financing sources (uses):</u>			
Advances in	118,530	118,530	-
Net change in fund balance	-	9	9
Fund balance at beginning of year	2	2	-
Fund balance at end of year	\$ 2	\$ 11	\$ 9

**Title I Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 84,674	\$ 84,674	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	89,798	89,029	769
Operation of non-instructional services	703	703	-
Total expenditures	90,501	89,732	769
Net change in fund balance	(5,827)	(5,058)	769
Fund balance at beginning of year	6,733	6,733	-
Fund balance at end of year	\$ 906	\$ 1,675	\$ 769

**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Title VI Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 6,460	\$ 6,460	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	4,384	4,382	2
Operation of non-instructional services	2,076	2,076	-
Total expenditures	6,460	6,458	2
Net change in fund balance	-	2	2
Fund balance at beginning of year	(2)	(2)	-
Fund balance at end of year	\$ (2)	\$ -	\$ 2

**Drug Free Schools Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,660	\$ 5,660	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	2,956	2,956	-
Operation and maintenance of plant	1,200	1,048	152
Pupil transportation	1,035	1,035	-
Total expenditures	5,191	5,039	152
Net change in fund balance	469	621	152
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 469	\$ 621	\$ 152

**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Class Size Reduction Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 81,481	\$ 81,481	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	81,481	81,481	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

**Miscellaneous Federal Grants Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,471	\$ 3,471	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,000	3,000	-
Support services:			
Pupils	736	736	-
Operation of non-instructional services	351	351	-
Total expenditures	4,087	4,087	-
Excess of revenues over (under) expenditures	(616)	(616)	-
<u>Other financing sources (uses):</u>			
Advances in	616	616	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

**Chardon Local School District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Permanent Improvement Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 305,519	\$ 305,519	\$ -
Intergovernmental	32,891	32,891	-
Total revenues	<u>338,410</u>	<u>338,410</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Fiscal	5,218	5,218	-
Operation and maintenance of plant	156,000	47,943	108,057
Pupil transportation	143,060	140,260	2,800
Total expenditures	<u>304,278</u>	<u>193,421</u>	<u>110,857</u>
Net change in fund balance	34,132	144,989	110,857
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ 34,132</u>	<u>\$ 144,989</u>	<u>\$ 110,857</u>

**Internal Service Fund**

**Individual Fund Schedule of Revenues, Expenses and Changes in  
Fund Equity – Budget (Non-GAAP Basis) and Actual  
Self Insurance Fund**

---

**Fiduciary Funds**

**Individual Fund Schedule of Revenues, Expenses and Changes in  
Fund Equity – Budget (Non-GAAP Basis) and Actual  
Scholarships Private Purpose Trust Fund**

**Statement of Changes in Assets and Liabilities – Agency Fund**



**Chardon Local School District**  
**Schedule of Revenues, Expenses and Changes in**  
**Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Self Insurance Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 4,072,676	\$ 4,072,676	\$ -
<u>Expenses:</u>			
Purchased services	693,590	548,524	145,066
Claims	3,424,248	3,210,797	213,451
Total expenses	4,117,838	3,759,321	358,517
Net change in fund equity	(45,162)	313,355	358,517
Fund equity at beginning of year	475,018	475,018	-
Prior year encumbrances appropriated	394	394	-
Fund equity at end of year	<u>\$ 430,250</u>	<u>\$ 788,767</u>	<u>\$ 358,517</u>

**Chardon Local School District**  
**Schedule of Revenues, Expenses and Changes in**  
**Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2007**

**Scholarship Fund**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Interest	\$ 7,474	\$ 8,161	\$ 687
Gifts and donations	500	500	-
Total revenues	<u>7,974</u>	<u>8,661</u>	<u>687</u>
<u>Expenses:</u>			
Other	<u>27,678</u>	<u>2,200</u>	<u>25,478</u>
Net change in fund equity	(19,704)	6,461	26,165
Fund equity at beginning of year	153,836	153,836	-
Fund equity at end of year	<u>\$ 134,132</u>	<u>\$ 160,297</u>	<u>\$ 26,165</u>

**Chardon Local School District**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended June 30, 2007**

	Beginning Balance <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2007</u>
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 76,050	\$ 107,156	\$ 110,140	\$ 73,066
Prepaid items	-	87	-	87
Total assets	<u>\$ 76,050</u>	<u>\$ 107,243</u>	<u>\$ 110,140</u>	<u>\$ 73,153</u>
<u>Liabilities:</u>				
Accounts payable	\$ 88	\$ 37	\$ 88	\$ 37
Due to students	75,962	107,156	110,002	73,116
Total liabilities	<u>\$ 76,050</u>	<u>\$ 107,193</u>	<u>\$ 110,090</u>	<u>\$ 73,153</u>



---

## STATISTICAL SECTION



## Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	<b>S2 - S8</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax.	<b>S9 - S14</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	<b>S15 - S17</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	<b>S18 - S19</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	<b>S20 - S26</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that fiscal year.

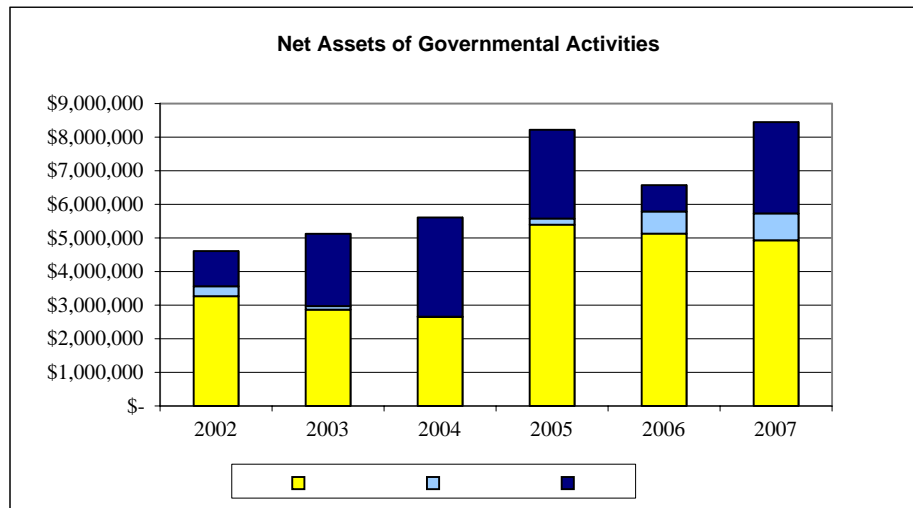
**Chardon Local School District**

**Net Assets by Component (1)**

**Last Six Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u> (Restated)	<u>2006</u>	<u>2007</u>
Invested in capital assets, net of related debt	\$ 3,260,406	\$ 2,859,538	\$ 2,638,877	\$ 5,387,989	\$ 5,116,549	\$ 4,919,826
Restricted for:						
Capital projects	94,930	34,022	-	30,135	-	169,839
Other purposes	201,611	75,206	13,995	149,136	664,436	634,075
Unrestricted (deficit)	1,044,533	2,152,868	2,948,548	2,651,778	786,108	2,720,134
<b>Total net assets</b>	<u>\$ 4,601,480</u>	<u>\$ 5,121,634</u>	<u>\$ 5,601,420</u>	<u>\$ 8,219,038</u>	<u>\$ 6,567,093</u>	<u>\$ 8,443,874</u>

(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.





## Chardon Local School District

### Changes in Net Assets of Governmental Activities (1) Last Six Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>						
Regular instruction	\$ 10,574,221	\$ 11,344,415	\$ 11,664,536	\$ 12,126,287	\$ 12,607,477	\$ 12,684,994
Special instruction	1,940,607	2,419,958	2,729,466	2,836,763	2,990,936	3,330,649
Vocational instruction	243,240	259,367	270,495	288,599	277,802	186,154
Adult/continuing	15,644	26,866	8,387	8,702	9,983	6,824
Other	210,426	152,132	287,605	417,464	712,170	503,030
Pupil support	1,325,621	1,475,300	1,397,641	1,546,627	1,880,071	1,318,471
Instructional staff support	908,405	1,067,277	1,139,146	1,341,780	1,032,816	1,219,398
Board of education	48,091	34,747	40,053	16,369	119,938	21,037
Administration	1,944,781	2,079,458	2,196,666	2,362,960	2,276,719	2,425,222
Fiscal	705,015	662,530	843,137	777,657	776,210	835,067
Business	323,909	345,242	350,333	339,355	301,891	353,529
Operation and maintenance of plant	2,516,021	2,425,376	2,556,721	2,424,506	2,633,064	2,360,151
Pupil transportation	1,686,187	2,058,271	2,110,543	2,279,696	2,318,070	2,516,402
Central	217,090	179,906	136,260	207,287	228,121	239,062
Operation of non-instructional services	1,729,828	1,804,957	1,876,670	2,007,557	1,956,595	2,023,509
Extracurricular activities	591,572	647,373	675,547	627,813	709,401	699,230
Interest and fiscal charges	11,861	-	-	-	4,794	2,534
<i>Total expenses</i>	<u>\$ 24,992,519</u>	<u>\$ 26,983,175</u>	<u>\$ 28,283,206</u>	<u>\$ 29,609,422</u>	<u>\$ 30,836,058</u>	<u>\$ 30,725,263</u>
<b>Program Revenues</b>						
Charges for services:						
Regular instruction	\$ 142,932	\$ 192,262	\$ 115,100	\$ 118,631	\$ 373,996	\$ 203,660
Special instruction	14,745	-	135,880	137,944	-	56,257
Vocational instruction	1,861	-	-	-	-	-
Adult/continuing	30,299	19,910	22,383	-	17,367	17,312
Other	1,626	-	-	-	-	-
Pupil support	8,042	132,821	96,384	100,549	89,387	102,072
Instructional staff support	-	-	109,028	112,159	620	-
Administration	-	-	-	-	-	135
Fiscal	33,256	-	-	448	-	-
Operation and maintenance of plant	162,249	-	-	-	49,629	9,369
Pupil transportation	21,008	9,395	-	230,154	-	-
Central	-	-	-	-	-	5,295
Operation of non-instructional services	588,369	593,858	609,461	1,563,459	643,756	606,535
Extracurricular activities	229,073	205,931	271,843	26,591	264,071	297,749
Operating grants and contributions:						
Regular instruction	92,514	96,121	135,667	144,176	303,211	365,004
Special instruction	262,968	174,241	157,801	325,145	469,492	587,635
Adult/continuing	4,000	-	-	13,303	-	-
Pupil support	145,046	6,935	317,093	513,247	438,079	21,425
Instructional staff support	25,309	-	12,063	4,140	3,925	6,517
Administration	-	-	-	-	3,950	-
Operation and maintenance of plant	653	-	-	1,090	1,328	1,189
Pupil transportation	67,424	-	66,076	77,165	116,830	199,355
Central	8,120	11,866	11,917	10,341	11,094	10,822
Operation of non-instructional services	1,036,783	1,015,948	1,100,980	227,157	1,176,381	1,224,703
Extracurricular activities	12,802	-	-	-	19,445	-
Capital grants and contributions:						
Pupil support	-	21,000	34,550	-	-	-
Instructional staff support	-	48,022	-	-	-	-
Pupil transportation	-	-	-	-	25,011	91,147
<i>Total program revenues</i>	<u>\$ 2,889,079</u>	<u>\$ 2,528,310</u>	<u>\$ 3,196,226</u>	<u>\$ 3,605,699</u>	<u>\$ 4,007,572</u>	<u>\$ 3,806,181</u>

**Chardon Local School District**

**Changes in Net Assets of Governmental Activities (1)**

**Last Six Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net expense	\$ (22,103,440)	\$ (24,454,865)	\$ (25,086,980)	\$ (26,003,723)	\$ (26,828,486)	\$ (26,919,082)
<b>General revenues</b>						
Property taxes levied for:						
General purposes	\$ 15,547,509	\$ 16,544,623	\$ 17,019,271	\$ 17,719,020	\$ 17,108,128	\$ 19,445,182
Capital outlay	-	-	-	-	-	305,519
Grants and entitlements not restricted to specific programs	7,599,207	8,034,861	8,286,068	7,849,437	7,740,702	8,504,813
Payment in lieu taxes	-	-	-	-	18,406	17,231
Investment earnings	133,212	93,636	67,045	132,730	210,668	262,712
Miscellaneous	256,436	395,954	194,382	94,179	98,637	260,406
<b>Total general revenues</b>	<u>\$ 23,536,364</u>	<u>\$ 25,069,074</u>	<u>\$ 25,566,766</u>	<u>\$ 25,795,366</u>	<u>\$ 25,176,541</u>	<u>\$ 28,795,863</u>
<b>Change in net assets</b>	<u>\$ 1,432,924</u>	<u>\$ 614,209</u>	<u>\$ 479,786</u>	<u>\$ (208,357)</u>	<u>\$ (1,651,945)</u>	<u>\$ 1,876,781</u>

(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

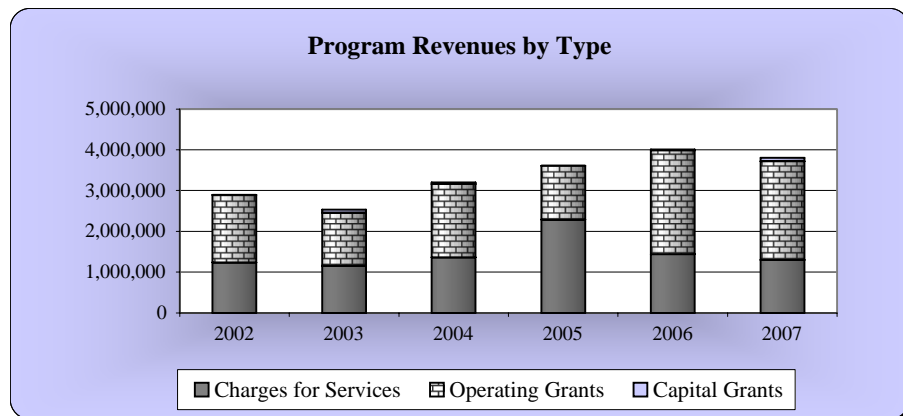
**Chardon Local School District**

**Program Revenues of Governmental Activities by Function (1)**

Last Six Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental activities:</b>						
<i>Function</i>						
Regular instruction	\$ 235,446	\$ 288,383	\$ 250,767	\$ 262,807	\$ 677,207	\$ 568,664
Special instruction	277,713	174,241	293,681	463,089	469,492	643,892
Vocational	1,861	-	-	-	-	-
Adult/continuing	34,299	19,910	22,383	13,303	17,367	17,312
Other	1,626	-	-	-	-	-
Pupil support	153,088	160,756	448,027	613,796	527,466	123,497
Instructional staff support	25,309	48,022	121,091	116,299	4,545	6,517
Administration	-	-	-	-	3,950	135
Fiscal	33,256	-	-	448	-	-
Operation and maintenance of plant	162,902	-	-	1,090	50,957	10,558
Pupil transportation	88,432	9,395	66,076	307,319	141,841	290,502
Central	8,120	11,866	11,917	10,341	11,094	16,117
Operation of non-instructional services	1,625,152	1,609,806	1,710,441	1,790,616	1,820,137	1,831,238
Extracurricular activities	241,875	205,931	271,843	26,591	283,516	297,749
<b>Total program revenues</b>	<b>\$ 2,889,079</b>	<b>\$ 2,528,310</b>	<b>\$ 3,196,226</b>	<b>\$ 3,605,699</b>	<b>\$ 4,007,572</b>	<b>\$ 3,806,181</b>

(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.



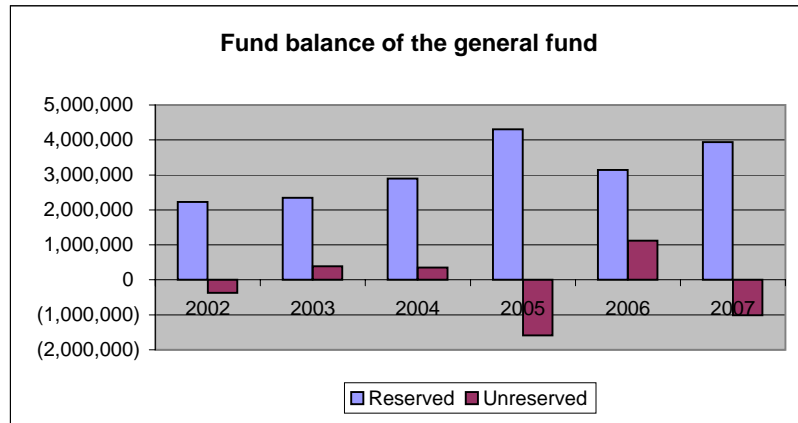
**Chardon Local School District**

**Fund Balances, Governmental Funds (1)**

**Last Six Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund						
Reserved	\$ 2,231,368	\$ 2,349,648	\$ 2,893,137	\$ 4,301,570	\$ 3,139,511	\$ 3,942,359
Unreserved	(370,205)	386,416	355,572	(1,584,880)	(2,021,595)	(1,007,645)
<i>Total general fund</i>	<u>1,861,163</u>	<u>2,736,064</u>	<u>3,248,709</u>	<u>2,716,690</u>	<u>1,117,916</u>	<u>2,934,714</u>
All other governmental funds						
Reserved	268,728	167,845	83,741	179,058	73,956	206,028
Unreserved, undesignated, Reported in:						
Special revenue funds	304,676	196,293	317,845	291,438	606,098	364,205
Capital projects funds	604	34,022	-	30,135	-	144,989
<i>Total all other governmental funds</i>	<u>574,008</u>	<u>398,160</u>	<u>401,586</u>	<u>500,631</u>	<u>680,054</u>	<u>715,222</u>
<i>Total governmental funds</i>	<u>\$ 2,435,171</u>	<u>\$ 3,134,224</u>	<u>\$ 3,650,295</u>	<u>\$ 3,217,321</u>	<u>\$ 1,797,970</u>	<u>\$ 3,649,936</u>

(1) Modified accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.



**Chardon Local School District**

**Changes in Fund Balances, Governmental Funds (1)**

**Last Nine Fiscal Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>									
Property and other local taxes	\$ 12,057,216	\$ 11,964,463	\$ 14,264,615	\$ 15,216,737	\$ 16,640,931	\$ 16,969,515	\$ 17,744,778	\$ 16,818,974	\$ 19,307,977
Intergovernmental	7,147,494	7,542,974	8,444,393	9,080,536	9,208,155	9,978,186	10,083,666	10,206,445	10,857,744
Interest	212,447	236,747	225,846	131,498	88,745	65,889	137,948	224,809	285,177
Tuition and fees	114,571	127,062	192,915	145,484	277,285	281,073	354,828	383,045	272,135
Extracurricular activities	202,795	173,805	263,501	268,899	250,365	303,122	315,936	308,184	314,450
Gifts and donations	-	-	51,466	-	-	-	-	85,861	51,963
Charges for services	-	-	-	-	-	-	633,269	643,756	598,547
Rent	-	-	69,220	-	-	-	-	49,629	9,368
Payment in lieu of taxes	5,720	5,999	-	-	8,038	6,809	-	18,406	17,231
Miscellaneous	217,357	284,082	397,867	279,384	335,222	238,505	152,396	131,974	326,771
<i>Total revenues</i>	<u>19,957,600</u>	<u>20,335,132</u>	<u>23,909,823</u>	<u>25,122,538</u>	<u>26,808,741</u>	<u>27,843,099</u>	<u>29,422,821</u>	<u>28,871,083</u>	<u>32,041,363</u>
<b>Expenditures</b>									
Current:									
Instruction:									
Regular	8,837,248	9,145,744	9,261,686	9,891,179	11,094,258	11,533,965	12,153,334	12,299,340	12,297,574
Special	1,519,893	1,907,401	2,162,798	1,890,224	2,422,089	2,755,242	2,839,783	2,976,139	3,266,052
Vocational	209,116	213,471	202,198	237,428	252,416	270,350	284,668	288,034	206,319
Adult/Continuing	-	-	-	-	152,132	-	8,702	9,983	6,824
Other	42,007	86,277	-	210,426	-	287,605	417,464	712,170	504,035
Support services:									
Pupil	827,807	957,480	1,158,895	1,301,886	1,461,699	1,428,229	1,642,369	1,869,191	1,285,701
Instructional staff	772,964	763,298	801,190	991,557	1,025,616	1,099,359	1,304,986	964,695	1,150,269
Board of education	43,257	36,874	51,710	41,151	34,559	39,198	16,369	70,618	70,357
Administration	1,608,332	1,672,156	1,838,176	1,897,271	2,078,100	2,218,221	2,385,786	2,280,900	2,275,162
Fiscal	632,471	764,460	630,525	701,718	663,506	794,907	775,290	772,363	827,612
Business	268,896	298,745	266,331	318,878	346,152	354,069	337,196	298,830	349,660
Operation and maintenance									
of plant	1,766,499	1,924,341	1,999,208	2,052,630	2,215,889	2,436,638	2,402,728	2,591,100	2,375,656
Pupil transportation	1,482,149	1,602,288	2,172,874	1,806,780	2,119,803	2,051,939	2,310,426	2,134,145	2,389,308
Central	108,736	114,074	126,067	217,195	164,688	135,028	209,844	207,450	222,657
Operation of non-instructional									
services	853,325	872,841	1,021,646	878,691	946,740	994,091	2,003,358	1,917,161	2,011,396
Extracurricular activities	500,236	473,789	604,636	560,321	573,474	613,809	630,589	637,892	628,650
Capital outlay	536,413	532,532	1,037,114	411,608	288,875	239,001	-	197,179	239,181

(continued)

**Chardon Local School District**

**Changes in Fund Balances, Governmental Funds (1)**

**Last Nine Fiscal Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt service:									
Principal retirement	15,000	-	-	-	-	-	-	73,206	80,450
Interest and fiscal charges	622	-	6,704	11,861	-	-	-	4,794	2,534
<i>Total expenditures</i>	<u>20,024,971</u>	<u>21,365,771</u>	<u>23,341,758</u>	<u>23,420,804</u>	<u>25,839,996</u>	<u>27,251,651</u>	<u>29,722,892</u>	<u>30,305,190</u>	<u>30,189,397</u>
<i>Excess of revenues over (under) expenditures</i>	<u>(67,371)</u>	<u>(1,030,639)</u>	<u>568,065</u>	<u>1,701,734</u>	<u>968,745</u>	<u>591,448</u>	<u>(300,071)</u>	<u>(1,434,107)</u>	<u>1,851,966</u>
<b>Other financing sources (uses)</b>									
Sale of capital assets	5,716	60,310	-	1,327	-	5,268	4,002	-	-
Refund of prior year expenditures	52,186	-	-	-	-	-	-	-	-
Refund of prior year receipts	(3,624)	-	-	-	-	-	-	-	-
Inception of capital lease	-	-	-	-	-	-	-	14,756	-
Transfers in	33,000	20,000	216,582	511,832	37,489	27,329	127,225	133,314	65,000
Transfers out	<u>(53,000)</u>	<u>(140,000)</u>	<u>(271,845)</u>	<u>(801,832)</u>	<u>(337,301)</u>	<u>(107,974)</u>	<u>(127,225)</u>	<u>(133,314)</u>	<u>(65,000)</u>
<i>Total other financing sources (uses)</i>	<u>34,278</u>	<u>(59,690)</u>	<u>(55,263)</u>	<u>(288,673)</u>	<u>(299,812)</u>	<u>(75,377)</u>	<u>4,002</u>	<u>14,756</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ (33,093)</u>	<u>\$ (1,090,329)</u>	<u>\$ 512,802</u>	<u>\$ 1,413,061</u>	<u>\$ 668,933</u>	<u>\$ 516,071</u>	<u>\$ (296,069)</u>	<u>\$ (1,419,351)</u>	<u>\$ 1,851,966</u>
Debt service as a percentage of noncapital expenditures	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.3%	0.3%

5-8

(1) Modified accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

Note: For 1999 - 2001, Governmental Funds includes governmental fund types and expendable trust funds; for 2002 - 2007, Governmental Funds includes general, debt service, special revenue, capital projects and permanent funds.

# Chardon Local School District

## Assessed and Estimated Actual Value of Taxable Property Last Ten Collection Years

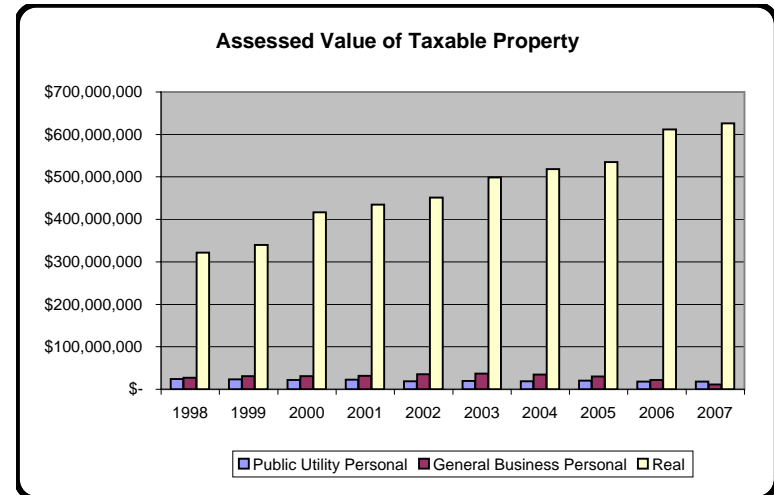
Collection Year	Real Property			Tangible Personal Property		Tangible Personal Property		Total		
	Assessed Value		Estimated Actual Value	Public Utility		General Business		Assessed Value	Estimated Actual Value	Ratio
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			
1998	\$ 281,897,240	\$ 39,881,080	\$ 919,366,629	\$ 23,776,900	\$ 27,019,205	\$ 27,426,470	\$ 109,705,880	\$ 372,981,690	\$ 1,056,091,713	35.32%
1999	297,317,190	42,844,370	971,890,171	23,339,420	26,522,068	30,861,280	123,445,120	394,362,260	1,121,857,360	35.15%
2000	364,351,930	52,118,780	1,189,916,314	21,512,370	24,445,875	31,105,800	124,423,200	469,088,880	1,338,785,389	35.04%
2001	434,768,020	-	1,242,194,343	22,718,540	25,816,523	31,319,220	125,276,880	488,805,780	1,393,287,746	35.08%
2002	451,161,920	-	1,289,034,057	19,116,360	21,723,136	35,455,180	141,820,720	505,733,460	1,452,577,914	34.82%
2003	498,998,630	-	1,425,710,371	19,450,910	22,103,307	36,624,010	146,496,040	555,073,550	1,594,309,718	34.82%
2004	518,061,990	-	1,480,177,114	18,756,460	21,314,159	34,401,850	137,607,400	571,220,300	1,639,098,673	34.85%
2005	535,357,380	-	1,529,592,514	20,353,160	23,128,591	30,248,210	120,992,840	585,958,750	1,673,713,945	35.01%
2006	611,638,710	-	1,747,539,171	18,062,140	20,525,159	22,140,920	88,563,680	651,841,770	1,856,628,011	35.11%
2007	626,217,750	-	1,789,193,571	17,732,580	20,150,659	11,637,930	46,551,720	655,588,260	1,855,895,950	35.32%

9-5

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

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

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



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

***Chardon Local School District***

**Property Tax Rates - Direct and Overlapping Governments**

**Last Ten Collection Years**

Collection Year	School Levy	JVS	County Levy	City Levy	Library Levy	Total	Debt service	
							Included in total levy	
							School	County
2006	69.88	1.50	15.10	11.00	1.00	98.48	-	0.50
2005	64.88	1.50	15.10	11.00	1.00	93.48	-	0.50
2004	64.88	1.50	15.10	11.00	1.00	93.48	-	0.30
2003	64.88	1.50	15.10	11.00	1.00	93.48	-	0.30
2002	64.88	1.50	14.60	11.00	1.00	92.98	-	0.30
2001	64.88	1.50	14.40	11.00	1.00	92.78	-	0.30
2000	60.10	1.50	13.65	11.00	1.00	87.25	-	0.30
1999	60.10	1.50	13.45	11.00	1.00	87.05	-	0.30
1998	60.10	1.50	13.45	11.00	1.00	87.05	-	0.30
1997	60.10	1.50	13.45	9.20	1.00	85.25	-	0.30

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

Note: Data is presented on a collection year basis (not fiscal year) because that is the manner in which the information is maintained by the County. Property tax rates are per \$1,000 of assessed valuation.



**Chardon Local School District**  
**Property Tax Levies and Collections (1)**  
**Last Ten Collection Years**

<u>Collection Year (2)</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections to Current Tax Levy</u>	<u>Delinquent Tax Collections (3)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>
1997	\$ 12,691,458	\$ 12,421,446	97.87%	\$ 224,685	\$ 12,646,131	99.64%
1998	13,175,578	12,848,967	97.52	218,048	13,067,015	99.18
1999	13,676,065	13,306,702	97.30	247,971	13,554,673	99.11
2000	14,126,172	13,637,173	96.54	295,604	13,932,777	98.63
2001	17,063,561	16,564,524	97.08	430,111	16,994,635	99.60
2002	17,344,877	16,923,569	97.57	354,839	17,278,408	99.62
2003	17,626,819	17,128,757	97.17	394,079	17,522,836	99.41
2004	18,048,291	17,382,058	96.31	535,558	17,917,616	99.28
2005	18,486,895	17,875,965	96.70	697,343	18,573,308	100.47
2006	18,796,481	18,044,327	96.00	534,780	18,579,107	98.84

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2007 information cannot be presented because all collections have not been made by June 30, 2007.
- (3) The County does not identify delinquent tax collections by tax year.

**Chardon Local School District**

**Principal Taxpayers**

**Real Estate Tax**

**2007 and 1998 (1)**

Name of Taxpayer	Assessed Value	2007	
		Rank	Percent of Real Property Assessed Value
Heather Hill, Inc.	\$ 3,559,440	1	0.57%
Maple Leaf playa LLC	2,913,020	2	0.47%
Structural North America	2,819,320	3	0.45%
GP Carrollton 4200, LLC	2,378,570	4	0.38%
Wal Mart Stores East	2,137,460	5	0.34%
Aveni Chardon LTD	1,984,780	6	0.32%
The Four C's Partnership	1,742,830	7	0.28%
Rhein Chemical Corp	1,516,910	8	0.24%
Seventh Ave Properties	1,376,560	9	0.22%
Center Six Corp	1,271,840	10	0.20%
Totals	<u>\$ 21,700,730</u>		<u>3.47%</u>
Total assessed valuation	<u>\$ 626,217,750</u>		

Name of Taxpayer	Assessed Value	1998	
		Rank	Percent of Real Property Assessed Value
Maple Leaf Plaza	\$ 2,542,650	1	0.79%
William Conway	2,123,210	2	0.66%
Structural North America	1,533,010	3	0.48%
Center Six Corp.	1,496,050	4	0.46%
Burlington Group, Inc.	1,385,060	5	0.43%
Chardon Hills Apts.	1,265,250	6	0.39%
Chardon Plaza	1,144,840	7	0.36%
Walter C. Best	974,880	8	0.30%
PHC Operating Corp.	868,000	9	0.27%
Best Sand Corp.	780,290	10	0.24%
Totals	<u>\$ 14,113,240</u>		<u>4.39%</u>
Total assessed valuation	<u>\$ 321,778,320</u>		

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

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

**Chardon Local School District**

**Principal Taxpayers**

**Tangible Personal Property Tax**

**2007 and 1998 (1)**

<u>Name of Taxpayer</u>	<u>2007</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Tangible Personal Property Assessed Value</u>
Eltech Systems Corp	\$ 3,477,590	1	29.88%
Essef Corporation	2,440,690	2	20.97%
Best Sand Corp	1,490,880	3	12.81%
Rhein Chemical Corp	1,243,970	4	10.69%
Mikolsky Inc	1,036,680	5	8.91%
Chardon Rubber Co.	926,240	6	7.96%
Cinetic Landis Grinding	780,260	7	6.70%
Junction Auto Sales	664,050	8	5.71%
ACO Polymer Products	653,680	9	5.62%
Classic Ford Mercury	619,230	10	5.32%
<b>Totals</b>	<b>\$ 13,333,270</b>		<b>114.57%</b>
<b>Total assessed valuation</b>	<b>\$ 11,637,930</b>		

<u>Name of Taxpayer</u>	<u>1998</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Tangible Personal Property Assessed Value</u>
Eltech System Corp.	\$ 3,749,050	1	13.67%
Best Sand Corp.	2,733,460	2	9.97%
Essef Corp.	2,706,170	3	9.87%
Unova Industrial	1,551,630	4	5.66%
Elastochem. Inc.	1,490,530	5	5.43%
Chardon Rubber Co.	1,006,150	6	3.67%
Lawson Ford & Mercury	827,930	7	3.02%
Junction Auto Sales, Inc.	698,500	8	2.55%
Chardon Metal Products	572,370	9	2.09%
Key Corporate Capital	494,240	10	1.80%
<b>Totals</b>	<b>\$ 15,830,030</b>		<b>57.72%</b>
<b>Total assessed valuation</b>	<b>\$ 27,426,470</b>		

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

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

**Chardon Local School District**

**Principal Taxpayers**

**Public Utilities Tax**

**2007 and 1998 (1)**

<u>Name of Taxpayer</u>	<u>2007</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating	\$ 24,882,750	1	140.32%
Western Reserve Telephone	9,459,060	2	53.34%
East Ohio Gas	6,355,930	3	35.84%
Alltel Communications	4,146,820	4	23.39%
Totals	<u>\$ 44,844,560</u>		<u>252.89%</u>
Total assessed valuation	<u>\$ 17,732,580</u>		

<u>Name of Taxpayer</u>	<u>1998</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating	\$ 14,232,630	1	59.86%
Western Reserve Telephone	6,180,340	2	25.99%
East Ohio Gas	2,073,200	3	8.72%
Totals	<u>\$ 22,486,170</u>		<u>94.57%</u>
Total assessed valuation	<u>\$ 23,776,900</u>		

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

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

***Chardon Local School District***

**Ratio of Outstanding Debt By Type**

**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income	Ratio of Net Debt to Assessed Value	Per Capita
	General Obligation Bonds	Notes Payable				
1998	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
1999	-	-	-	0.00%	0.00%	-
2000	-	-	-	0.00%	0.00%	-
2001	-	-	-	0.00%	0.00%	-
2002	-	-	-	0.00%	0.00%	-
2003	-	-	-	0.00%	0.00%	-
2004	-	-	-	0.00%	0.00%	-
2005	-	-	-	0.00%	0.00%	-
2006	-	-	-	0.00%	0.00%	-
2007	-	-	-	0.00%	0.00%	-

**Source:** School District Financial Records.

**Chardon Local School District**  
**Computation of Direct and Overlapping Bonded Debt**  
**June 30, 2007**

<u>Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Net General Tax Supported Debt (1)</u>	<u>Percent Overlapping</u>	<u>Amount Applicable Chardon Local School District</u>
Direct:				
Chardon Local School District	\$ 655,588,260	\$ -	100.00%	\$ -
Overlapping:				
Geauga County	3,027,466,700	9,413,586	21.65%	2,038,041
City of Chardon	162,984,275	2,345,000	24.86%	582,967
Total overlapping:		<u>11,758,586</u>		<u>2,621,008</u>
Total direct and overlapping debt:		<u>\$ 11,758,586</u>		<u>\$ 2,621,008</u>

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

(1) All debt reported as of December 31, 2006, except for Chardon Local School District which is reported as of June 30, 2007.

**Chardon Local School District**  
**Computation of Legal Debt Margin**  
**Last Nine Fiscal Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Tax Valuation	\$ 394,362,260	\$ 469,088,880	\$ 488,805,780	\$ 505,733,460	\$ 555,073,550	\$ 571,220,300	\$ 585,958,750	\$ 651,841,770	\$ 655,588,260
Debt Limit - 9% of Taxable Valuation (1)	35,492,603	42,217,999	43,992,520	45,516,011	49,956,620	51,409,827	52,736,288	58,665,759	59,002,943
Amount of Debt Applicable to Debt Limit									
General Obligation Bonds	-	-	-	-	-	-	-	-	-
Various Purpose Notes	-	-	-	-	-	-	-	-	-
Less Amount Available in Debt Service	-	-	-	-	-	-	-	-	-
Amount of Debt Subject to Limit	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 35,492,603	\$ 42,217,999	\$ 43,992,520	\$ 45,516,011	\$ 49,956,620	\$ 51,409,827	\$ 52,736,288	\$ 58,665,759	\$ 59,002,943
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 394,362	\$ 469,089	\$ 488,806	\$ 505,733	\$ 555,074	\$ 571,220	\$ 585,959	\$ 651,842	\$ 655,588
Amount of Debt Subject to Limit	-	-	-	-	-	-	-	-	-
Unvoted Legal Debt Margin	\$ 394,362	\$ 469,089	\$ 488,806	\$ 505,733	\$ 555,074	\$ 571,220	\$ 585,959	\$ 651,842	\$ 655,588
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Source:** School District Financial Records.

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

## *Chardon Local School District*

### Demographic and Economic Statistics

#### Last Ten Years

Year	Population (1)	Personal Income (2)	Per Capita Personal Income	Unemployment Rate (3)
1998	18,573	\$ 504,177,820	\$ 27,146	3.5%
1999	18,573	520,090,662	28,003	3.0%
2000	19,252	570,434,067	29,630	2.8%
2001	20,219	543,746,064	26,893	2.9%
2002	20,219	589,669,128	29,164	4.3%
2003	20,219	549,844,564	27,194	4.2%
2004	20,219	556,615,468	27,529	3.9%
2005	20,219	623,884,788	30,856	4.8%
2006	20,219	n/a	n/a	4.4%
2007	20,219	n/a	n/a	4.2%

**Sources:** (1) U.S. Bureau of Census, Census of Population.

(2) Ohio Department of Taxation.

(3) U.S. Department of Labor.



**Chardon Local School District**

**Principal Employers  
2006 and 1999**

		2006		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
Kraftmaid	Manufacturer	2,879	1	31.95%
Geauga Lake Amusement Park	Amusement Park	1,728	2	19.17%
Geauga County	Government	1,086	3	12.05%
University Hospital	Hospital	745	4	8.27%
Great Lakes Cheese	Packaging	542	5	6.01%
Kenston Local School District	Education	535	6	5.94%
Chardon Local School District	Education	427	7	4.74%
Dillen Products	Manufacturer	408	8	4.53%
Johnson Rubber	Manufacturer	341	9	3.78%
Walmart - Middlefield	Retailer	321	10	3.56%
<b>Total</b>		<b>9,012</b>		<b>100.00%</b>

		1999		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
Kraftmaid	Manufacturer	2,862	1	30.63%
Six Flags, Inc.	Amusement Park	2,300	2	24.61%
Geauga County	Government	1,028	3	11.00%
Duramax, Inc	Manufacturer	803	4	8.59%
University Hospital	Hospital	605	5	6.47%
Dillen Products	Manufacturer	408	6	4.37%
Great Lakes Cheese	Packaging	400	7	4.28%
Carlisle Engineered Products	Manufacturer	380	8	4.07%
Kinetico Inc.	Manufacturer	290	9	3.10%
Burton Rubber Processing	Manufacturer	269	10	2.88%
<b>Total</b>		<b>9,345</b>		<b>100.00%</b>

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

***Chardon Local School District***  
**School District Employees by Function/Program**  
**Last Four Fiscal Years**

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Regular instruction				
Elementary classroom teachers	67	67	69.5	66
Middle/Jr High classroom teachers	37	38	39.5	38
High school classroom teachers	50	50	51	48
Special instruction				
Academically gifted teachers	2	2	2	2
Muti handicapped teachers				
Severe behavior handicapped teachers	3	3	3	4
Developmentally handicapped teachers	5	5	5	5
Specific learning disabled teachers	7	8	9.5	11
Disadvantaged youth	1.5	1.5	1.5	1
Home economics	4	4	4	3
Vocational instruction				
High school classroom teachers	0	0	0	0
Pupil support services				
Guidance counselors	6	7	8.5	7
Librarians	6	6	8	6
Health services	6	6	6	5
Speech and language pathologists	3	3	3	3
Aides	11	12	16	20
Computer	1	1	1	1
Other	1	1	1	1
Administrators				
Elementary	4	4	4	4
Middle School	2	2	2	2
High school	3	3	3	3
Operation of plant				
Custodians & Maintenance	22	23	25	22
Pupil transportation				
Director	1.5	1.5	1.5	2
Bus drivers	34	35	37.5	36
Bus aides	3	3	3.5	1
Maintenance	4	4	5	5
Food service program				
Director	1	1	1	1
Cooks	17	18	20	21

**Method:** Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee. The count is performed on September 1 of each year.

Information prior to 2004 is not available.

**Source:** School District records.

***Chardon Local School District***

**Operating Statistics**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>	<u>Percentage of students receiving free or reduced lunches</u>
1998	n/a	3,037	n/a	n/a	n/a	n/a	7.14%
1999	n/a	3,065	n/a	n/a	n/a	n/a	7.02%
2000	n/a	3,046	n/a	n/a	n/a	n/a	7.22%
2001	n/a	3,096	n/a	n/a	164.1	18.9	9.04%
2002	\$ 24,992,519	3,124	\$8,000	0.03%	178.0	17.6	10.23%
2003	\$ 26,983,175	3,209	\$8,409	0.03%	168.0	19.1	10.06%
2004	\$ 28,283,206	3,273	\$8,641	0.03%	168.6	19.4	10.75%
2005	\$ 29,609,422	3,272	\$9,049	0.03%	167.2	19.6	12.72%
2006	\$ 30,836,058	3,319	\$9,291	0.03%	172.6	19.2	12.76%
2007	\$ 30,725,263	3,293	\$9,330	0.04%	170.5	19.3	11.00%

**Source:** School District Records, Ohio Department of Education.

# Chardon Local School District

## Building Statistics

### Last Ten Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Chardon High School</b>										
Constructed in 1951, 1953, 1957, 1964, 1974										
Total Building Square Footage	127,098	127,098	127,098	127,098	127,098	127,098	127,098	127,098	127,098	127,098
Enrollment Grades 9-12	970	973	939	991	997	1,051	1,091	1,131	1,151	1,125
Student Capacity	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105
Regular Instruction Classrooms	n/a	n/a	n/a	45	45	45	45	45	45	45
Regular Instruction Teachers	56	54	54	54	56	56	56	57	56	49
Special Instruction Classrooms	n/a	n/a	n/a	3	3	3	3	3	3	3
Special Instruction Teachers	2	2	4	5	6	6	6	5	6	7
<b>Chardon Middle School</b>										
Constructed in 1965, 1974										
Total Building Square Footage	89,224	89,224	89,224	89,224	89,224	89,224	89,224	89,224	89,224	89,224
Enrollment Grades 6-8	685	747	739	743	810	782	793	780	793	782
Student Capacity	730	730	730	730	730	730	730	730	730	730
Regular Instruction Classrooms	n/a	n/a	n/a	45	45	45	45	45	45	45
Regular Instruction Teachers	41	40	44	42	46	43	45	43	45	43
Special Instruction Classrooms	n/a	n/a	n/a	3	3	3	3	3	3	3
Special Instruction Teachers	5	6	5	6	7	7	4	7	5	5
<b>Hambden Elementary School</b>										
Constructed in 1922, 1949, 1964										
Total Building Square Footage	20,859	20,859	20,859	20,859	20,859	20,859	20,859	20,859	20,859	20,859
Enrollment Grades K-5	254	279	289	275	277	275	284	291	321	306
Student Capacity	300	300	300	300	300	300	300	300	300	300
Regular Instruction Classrooms	n/a	n/a	n/a	11	11	11	11	11	11	11
Regular Instruction Teachers	17	15	16	16	16	17	17	16	16	12
Special Instruction Classrooms	n/a	n/a	n/a	2	2	2	2	2	2	2
Special Instruction Teachers	n/a	n/a	n/a	1	2	2	2	2	2	2
<b>Maple Elementary School</b>										
Constructed in 1958, 1964										
Total Building Square Footage	26,520	26,520	26,520	26,520	26,520	26,520	26,520	26,520	26,520	26,520
Enrollment Grades K-5	321	295	295	293	289	275	301	301	296	269
Student Capacity	343	343	343	343	343	343	343	343	343	343
Regular Instruction Classrooms	n/a	n/a	n/a	18	18	18	18	18	18	18
Regular Instruction Teachers	18	17	19	18	18	18	18	18	18	14
Special Instruction Classrooms	n/a	n/a	n/a	3	3	3	3	3	3	3
Special Instruction Teachers	1	2	2	3	3	4	4	3	3	3
<b>Munson Elementary School</b>										
Constructed in 1955, 1959, 1974										
Total Building Square Footage	31,228	31,228	31,228	31,228	31,228	31,228	31,228	31,228	31,228	31,228
Enrollment Grades K-5	417	346	344	317	329	362	403	415	435	422
Student Capacity	475	475	475	475	475	475	475	475	475	475
Regular Instruction Classrooms	n/a	n/a	n/a	19	19	19	19	19	19	19
Regular Instruction Teachers	26	22	26	26	23	23	24	23	22	20
Special Instruction Classrooms	n/a	n/a	n/a	2	2	2	2	2	2	2
Special Instruction Teachers	n/a	n/a	2	2	3	3	3	3	3	3
<b>Park Elementary School</b>										
Constructed in 1938										
Total Building Square Footage	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300
Enrollment Grades K-5	243	321	298	320	296	304	329	347	352	319
Student Capacity	409	409	409	409	409	409	409	409	409	409
Regular Instruction Classrooms	n/a	n/a	n/a	15	15	15	15	15	15	15
Regular Instruction Teachers	14	13	19	17	16	17	18	18	17	14
Special Instruction Classrooms	n/a	n/a	n/a	n/a	5	5	5	5	5	5
Special Instruction Teachers	1	1	1	1	2	2	2	2	2	2

Source: School District Records.

***Chardon Local School District***

**Teachers' Salaries**

**Last Seven Fiscal Years**

<u>Fiscal Year</u>	<u>Chardon Local School District Average Salary</u>	<u>Statewide Average Salary (4)</u>
2001	\$ 46,537	\$ 42,995
2002	45,780	43,755
2003	51,379	45,645
2004	53,668	47,659
2005	56,351	49,438
2006	55,903	50,772
2007	56,337	53,536

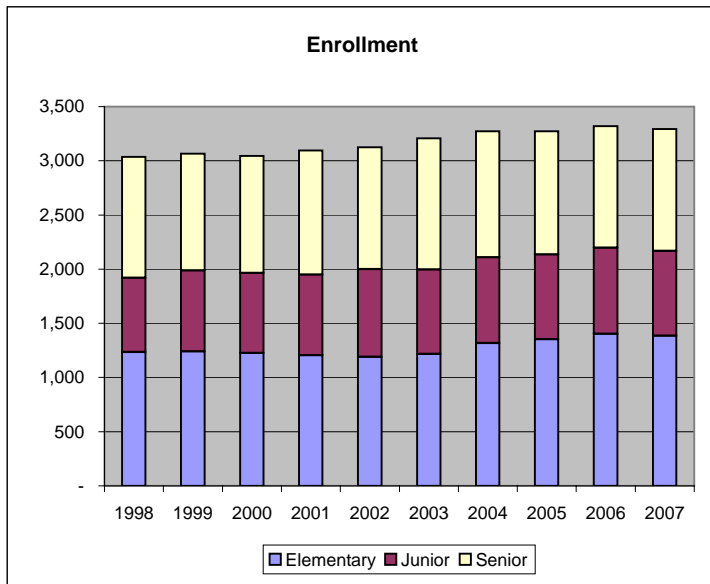
**Source:** Ohio Department of Education.

Information prior to 2001 is not available.

**Chardon Local School District**

**Enrollment Statistics  
Last Ten Fiscal Years**

Fiscal Year	Elementary Schools	Middle High School	Senior High School	Total
1998	1,235	685	1,117	3,037
1999	1,241	747	1,077	3,065
2000	1,226	739	1,081	3,046
2001	1,205	743	1,148	3,096
2002	1,191	810	1,123	3,124
2003	1,216	782	1,211	3,209
2004	1,317	793	1,163	3,273
2005	1,354	780	1,138	3,272
2006	1,404	793	1,122	3,319
2007	1,386	782	1,125	3,293



**Source:** Ohio Department of Education, School District Records.

***Chardon Local School District***  
**Average Number of Students per Teacher**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Local SD Average</u>	<u>State Average</u>
1998	20.3	20.4
1999	19.9	18.6
2000	19.8	18.1
2001	19.8	18.0
2002	20.1	16.9
2003	20.5	16.5
2004	20.9	18.5
2005	21.2	18.5
2006	21.0	18.6
2007	22.4	19.6

**Source:** Ohio Department of Education.

***Chardon Local School District***

**Attendance and Graduation Rates**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>School District Attendance Rate</u>	<u>State Average</u>	<u>School District Graduation Rate</u>	<u>State Average</u>
1998	96.1%	93.6%	88.0%	80.2%
1999	95.8%	93.5%	88.6%	80.6%
2000	96.3%	93.6%	92.2%	80.6%
2001	95.8%	93.9%	93.8%	81.1%
2002	96.2%	94.3%	95.9%	82.7%
2003	95.6%	94.5%	97.6%	84.3%
2004	96.0%	94.5%	95.7%	85.9%
2005	95.8%	94.3%	96.1%	86.2%
2006	95.7%	94.1%	98.5%	86.1%
2007	95.6%	94.1%	n/a	n/a

**Source:** Ohio Department of Education Local Report Cards.





**Mary Taylor, CPA**  
Auditor of State

**CHARDON LOCAL SCHOOL DISTRICT**

**GEAUGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 25, 2008**