



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY  
JUNE 30, 2024**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Fiduciary Net Position – Fiduciary Fund.....	21
Notes to the Basic Financial Statements .....	22
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	64
Schedule of the District's Proportionate Share of the Net Pension Liability and District Pension Contributions (SERS).....	65
Schedule of the District's Proportionate Share of the Net Pension Liability and District Pension Contributions (STRS).....	66
Schedule of the District's Proportionate Share of the Net OPEB Liability and District OPEB Contributions (SERS).....	67
Schedule of the District's Proportionate Share of the Net OPEB Liability/(Asset) and District OPEB Contributions (STRS) .....	68

**CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY  
JUNE 30, 2024**

**TABLE OF CONTENTS  
(CONTINUED)**

<b>TITLE</b>	<b>PAGE</b>
Notes to the Required Supplementary Information .....	69
Schedule of Expenditures of Federal Awards .....	75
Notes to the Schedule of Expenditures of Federal Awards.....	76
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	77
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	79
Schedule of Findings.....	83

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Cardinal Local School District  
Geauga County  
15982 East High Street  
P.O. Box 188  
Middlefield, Ohio 44062

To the Board of Education:

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Cardinal Local School District, Geauga County, Ohio (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Cardinal Local School District, Geauga County, Ohio as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required budgetary comparison schedule, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 17, 2025

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The management's discussion and analysis of Cardinal Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2024 are as follows:

- Net position of governmental activities increased \$2,700,846, which represents a 125.43% increase from 2023's net position.
- General revenues accounted for \$14,849,814 in revenue or 81.44% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,383,468 or 18.56% of total governmental activities revenues of \$18,233,282.
- The District had \$15,532,436 in expenses related to governmental activities, \$3,383,468 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$14,849,814 were adequate to provide for these programs.
- The general fund is the District's only major fund. The general fund had \$14,089,131 in revenues and \$14,140,921 in expenditures and other financing uses. The fund balance of the general fund decreased \$51,790 from a balance of \$5,930,460 to \$5,878,670.
- The District refunded the 2018 Certificates of Participation debt obligation with the issuance of \$4,110,000 in a direct financing note during fiscal year 2024.

**Using the 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 the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the 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 tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The District has one major fund. The general fund is by far the most significant fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Reporting the District as a Whole**

***Statement of Net position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole, looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and statement of activities answer this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the 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 District's 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 position and statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, food service operations and extracurricular activities.

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

***Fund Financial Statements***

Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

***Governmental Funds***

Most of the 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 fiscal 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 District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and governmental funds is reconciled in the financial statements.

**Reporting the District's Fiduciary Responsibilities**

The District also acts in a trustee capacity as an agent for organizations. These activities are reported as a custodial fund. The District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations. The fiduciary fund reported net position of \$4,150 at June 30, 2024 and June 30, 2023, and had no activity during fiscal year 2024.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the general fund budget and actual comparison, net pension liability, net OPEB liability/asset and contributions.

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2024 and June 30, 2023.

**Net Position**

	Governmental Activities	
	2024	2023
<b><u>Assets</u></b>		
Current assets	\$ 20,098,087	\$ 18,628,617
Net OPEB asset	775,789	961,386
Capital assets, net	8,566,082	7,908,363
Total assets	29,439,958	27,498,366
<b><u>Deferred outflows of resources</u></b>	3,270,017	2,892,782
<b><u>Liabilities</u></b>		
Current liabilities	1,853,443	1,820,216
Long-term liabilities:		
Due within one year	1,178,211	1,207,811
Due in more than one year:		
Net pension liability	11,223,962	11,095,803
Net OPEB liability	804,881	751,452
Other amounts	4,834,109	6,191,067
Total liabilities	19,894,606	21,066,349
<b><u>Deferred inflows of resources</u></b>	12,267,867	11,478,143
<b><u>Net Position</u></b>		
Net investment in capital assets	3,604,880	1,358,779
Restricted	2,861,286	2,442,798
Unrestricted (deficit)	(5,918,664)	(5,954,921)
Total net position (deficit)	\$ 547,502	\$ (2,153,344)

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" - that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$547,502. The net investment in capital assets at June 30, 2024 was \$3,604,880. A portion of the District's net position, \$2,861,286, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$547,502.

Total assets at fiscal year-end include a net OPEB asset reported by the State Teachers Retirement System (STRS). See Note 14 for more detail.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

At fiscal year-end, capital assets represented 29.10% of total assets and increased from the prior year with additions more than depreciation expenses. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and intangible right to use leased equipment. Capital assets are used to provide services to the students and are not available for future spending.

Current liabilities increased from amounts reported in accounts payable. Long-term liabilities increased, mostly due to an increase in unearned revenue.

The table that follows shows the change in net position for fiscal years 2024 and 2023.

	<b>Change in Net Position</b>	
	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 597,770	\$ 758,094
Operating grants and contributions	2,730,299	4,343,226
Capital grants and contributions	55,399	86,170
General revenues:		
Property taxes	10,215,802	10,764,220
Grants and entitlements	3,923,059	3,797,421
Investment earnings	347,405	149,289
Gain on sale of capital assets	204,350	300,000
Other	159,198	30,114
Total revenues	<u>18,233,282</u>	<u>20,228,534</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:	7,936,001	9,047,472
Support services:		
Pupil and Instructional Staff	1,090,993	1,276,251
Board of education, Administration, Fiscal, and Business	1,908,083	1,387,019
Operations and maintenance	1,648,473	1,902,520
Pupil transportation	1,210,452	1,344,969
Central	370,332	302,264
Operation of non-instructional services:		
Food service operations	536,584	503,380
Other non-instructional services	60,365	-
Extracurricular activities	575,045	531,619
Interest and fiscal charges	196,108	317,911
Total expenses	<u>15,532,436</u>	<u>16,613,405</u>
Changes in net position	2,700,846	3,615,129
Net position (deficit) at beginning of year	<u>(2,153,344)</u>	<u>(5,768,473)</u>
Net position (deficit) at end of year	<u>\$ 547,502</u>	<u>\$ (2,153,344)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Governmental Activities**

Net position of the District's governmental activities increased \$2,700,846.

In the area of program revenues, operating grants and contributions decreased, which is primarily attributable to additional federal subsidies received during fiscal year 2023 from food service subsidies and the Elementary and Secondary Education Emergency Relief (ESSER) program.

The primary sources of revenue for governmental activities are derived from property taxes, payments in lieu of taxes, income taxes and unrestricted grants and entitlements. These revenue sources represent 78.42% of total governmental revenue. Real estate property is reappraised every six years. Property taxes collected and available to the District are reported as revenue. Property tax revenue increased due to an increase in assessed valuation and fluctuations in the property tax advance available at fiscal year end (see Note 6 to the notes to the basic financial statements for detail). Unrestricted grants and entitlements increased due to changes in the State foundation funding model. Miscellaneous general revenues decreased in fiscal year 2024 from various refunds and reimbursements. Investment earnings increased from higher interest rates throughout fiscal year 2024.

The unique property tax structure in Ohio factors in protection for property owners against inflation through millage rollbacks that offset value increases. Since 1992, the Board has regularly placed a 9.7 mill five year limited operating levy before the voters. The replacement is calculated as a levy on the current tax duplicate unlike renewal levies that are calculated on the value of the duplicate when the issue first received voter approval. Continuing the five-year replacement process helps offset the inflation limiting effects of Ohio law. The Board last brought a 9.7 mill replacement operating levy before the voters in November 2017 which passed by a good margin. The passage of the 9.7 mill replacement levy in November 2017 along with the passage of the 5.5 mill continuing levy that was passed in May 2017, enables the District to operate at current reduced levels for the next several years.

Overall, expenses of the governmental activities decreased \$1,080,969 during fiscal year 2024. This decrease is primarily the result of capitalized purchases and fluctuations related to pension and OPEB expense.

Total governmental expenses of \$15,532,436 were offset by program revenues of \$3,383,468 and general revenues of \$14,849,814. Program revenues supported 21.78% of the total governmental expenses.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$7,936,001 or 51.09% of total governmental expenses for fiscal year 2024.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2024 and 2023. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services <u>2024</u>	Net Cost of Services <u>2024</u>	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>
Program expenses:				
Instruction	\$ 7,936,001	\$ 6,692,697	\$ 9,047,472	\$ 6,932,339
Support services:				
Pupil and instructional staff	1,090,993	612,907	1,276,251	654,128
Board of education, administration, Fiscal, and business	1,908,083	1,884,360	1,387,019	1,345,337
Operations and maintenance of plant	1,648,473	865,435	1,902,520	1,147,551
Pupil transportation	1,210,452	1,028,261	1,344,969	423,359
Central	370,332	339,174	302,264	290,451
Operation of non-instructional services:				
Food service operations	536,584	195,343	503,380	134,118
Other non-instructional services	60,365	35,627	-	-
Extracurricular activities	575,045	299,056	531,619	180,721
Interest	<u>196,108</u>	<u>196,108</u>	<u>317,911</u>	<u>317,911</u>
Total expenses	<u>\$ 15,532,436</u>	<u>\$ 12,148,968</u>	<u>\$ 16,613,405</u>	<u>\$ 11,425,915</u>

The dependence upon tax revenues during fiscal year 2024 for governmental activities is apparent, as 84.33% of fiscal year 2024 instructional activities are supported through taxes and other general revenues. The District's taxpayers and unrestricted grants and entitlements from the State, are by far the primary support for District's students.

**The District's Governmental Funds**

The District's governmental funds reported a combined fund balance of \$7,890,124 which is less than last fiscal year's total of \$8,062,017. During fiscal year 2024, two funds that were formerly reported as major (ESSER and bond retirement) in fiscal year 2023 became nonmajor. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

	Fund Balance <u>June 30, 2024</u>	Fund Balance <u>June 30, 2023</u>	<u>Change</u>
General	\$ 5,878,670	\$ 5,930,460	\$ (51,790)
Other Governmental	<u>2,011,454</u>	<u>2,131,557</u>	<u>(120,103)</u>
Total	<u>\$ 7,890,124</u>	<u>\$ 8,062,017</u>	<u>\$ (171,893)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

***General Fund***

The District's general fund balance decreased \$51,790 during fiscal year 2024 compared to an increase of \$2,044,432 in fiscal year 2023. The decrease in fund balance is primarily from a decrease in property tax revenue caused by fluctuations in the advance available at fiscal year-end (see Note 6 for detail) and from transferring out \$1,163,556 to various funds to subsidize programs and debt service payments during fiscal year 2024.

The following table assists in illustrating the revenues of the general fund.

	<u>2024 Amount</u>	<u>2023 Amount</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 9,198,544	\$ 9,817,046	(6.30) %
Tuition and fees	246,933	372,360	(33.68) %
Earnings on investments	347,405	149,289	132.71 %
Intergovernmental	4,008,343	3,899,026	2.80 %
Other revenues	<u>287,906</u>	<u>156,569</u>	83.88 %
Total	<u>\$ 14,089,131</u>	<u>\$ 14,394,290</u>	(2.12) %

Taxes decreased 6.30% due to fluctuations in the property tax advance available at fiscal year-end. The District received more in State foundation funding in fiscal year 2024 than 2023, due to changes in the State foundation funding model. Other revenues increased from investment earnings and a positive change in fair value of investments due to interest rate increases throughout fiscal year 2024.

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2024 Amount</u>	<u>2023 Amount</u>	<u>Percentage Change</u>
<b><u>Expenditures</u></b>			
Instruction	\$ 7,198,560	\$ 7,625,334	(5.60) %
Support services	5,335,199	3,780,492	41.12 %
Other non-instructional services	-	1,106	(100.00) %
Extracurricular activities	342,270	325,855	5.04 %
Debt service	<u>101,336</u>	<u>108,195</u>	(6.34) %
Total	<u>\$ 12,977,365</u>	<u>\$ 11,840,982</u>	9.60 %

Support services increased due to operations and maintenance projects and pupil transportation expenditures. Other non-instructional activities decreased from less participation in community activities. Debt service expenditures represent payments on the District's direct financing note for copier equipment.

***General Fund Budgeting Highlights***

The 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.

The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. For the general fund, original and final budgeted revenues and other financing sources were \$13,951,712, and \$15,418,108. Actual revenues and other financing sources of \$15,469,342 were \$51,234 more than final budgeted revenues.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

General fund original appropriations (appropriated expenditures plus other financing uses) were \$14,801,215 and final appropriations were \$14,969,432. The District appropriated the entire amount of estimated resources available in the original budget, which accounts for the significant variance between original and final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2024 totaled \$14,722,955, which was \$246,477 less than the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

The District had \$8,566,082 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and intangible right to use leased equipment net of depreciation. The following table shows fiscal year 2024 balances compared to 2023:

	<b>Capital Assets at June 30 (Net of Depreciation/Amortization)</b>	
	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 560,094	\$ 560,094
Land improvements	1,213,615	1,321,206
Buildings and improvements	5,454,022	4,849,364
Furniture and equipment	475,153	344,213
Vehicles	820,676	769,257
Infrastructure	2,483	3,443
Intangible right to use:		
Leased equipment	40,039	60,786
Total	<u>\$ 8,566,082</u>	<u>\$ 7,908,363</u>

The District had net additions of \$1,665,765, depreciation expense of \$914,616, and disposals of \$93,430 net of accumulated depreciation. See Note 9 to the basic financial statements for detail on the District's capital assets.

***Debt Administration***

At June 30, 2024 the District had \$5,183,505 in outstanding debt. Of the total outstanding debt, \$950,927 is due within one year and \$4,834,109 is due in greater than one year. The following table summarizes the debt obligations outstanding.

**Outstanding Debt, at Year End**

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
General obligation bonds	\$ 1,295,000	\$ 1,905,000
Energy Conservation Bonds	80,000	160,000
Certificates of Participation	-	4,329,787
Direct Financing Note	3,735,000	-
Lease Payable	35,079	52,148
Financed Purchase from Direct Borrowings	38,426	93,764
Total	<u>\$ 5,183,505</u>	<u>\$ 6,540,699</u>

See Note 10 to the basic financial statements for detail on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Challenges and Opportunities for the Future**

Cardinal Local School District has been presented with financial challenges during the past decade while always looking out for opportunities for improvement at all levels. The Board of Education and administration closely monitor the District's revenues and expenditures in accordance with its financial forecast. Our ending unreserved cash balance June 30, 2023 was higher than previous years as a result of expenses being offset by federal funding including ESSER/ARP funding and strong fiscal discipline throughout the year.

Property tax collections are the largest revenue source for the school system and currently account for approximately 65 percent of our general fund revenue. A reappraisal occurred in tax year 2023 for collection in fiscal year 2024. We anticipate value increases for Class I and II property; however, there is always a risk that the District could sustain a reduction in values in the next appraisal update.

For fiscal year 2022 and moving forward, District foundation funding received from the State of Ohio, was funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. This differs from fiscal year 2021 and prior, where the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each school district. The District's state core foundation funding is then calculated. The effect of the change in State funding can be seen in the financial statements represented by lower charges for services program revenues and higher general revenues as expenditures are being paid from COVID-19 distributions from the federal government instead of the general fund.

HB166, the State budget that ended June 30, 2021, continues the Public Utility Tangible Personal Property (TPP) Fixed Rate Reimbursement phase-out contained in prior legislation, Senate Bill 208, which will lower the payment each year until complete phase out in FY24/FY25. This has significantly impacted Cardinal School District and if we cumulatively add the impact of each year's cut through FY21 we will have lost roughly \$12.28 Million in revenue since fiscal year 2012 when the phase out began.

The District was awarded funds from the Coronavirus Act, Relief and Economic Security (CARES Act), Coronavirus Response and Relief Supplemental Appropriations (CRRSA Act or ESSER II), and the American Rescue Plan (ARP Act or ESSER III). The District is planning on the most efficient ways to help students with instructional recovery because of the COVID-19 Pandemic as well as sustaining the District's long-term needs.

Furthermore, we have continued working on improving the District MOODY's credit rating. Cardinal Local School District's financial position has improved but remains narrow, and the District will continue to be challenged by declining enrollment and its dependency on voter approval of operating levies. The socioeconomic profile is average, and leverage is elevated, however fixed costs are moderate. The positive outlook of the past year reflects the District's progress toward rebuilding operating reserves. While the improved financial position minimizes the probability of a near-term default, weak enrollment trends will remain a challenge. The outlook also considers the likelihood of credit strengthening over the near term should the District continue to demonstrate structurally balanced financial operations.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Various financial reports, including this one and other pertinent information can be found on the District's website, [www.cardinalschools.org](http://www.cardinalschools.org), under the Finance Department. If you have questions about this report or need additional financial information, contact Terry Armstrong, Treasurer at Cardinal Local School District, 15982 East High Street, P.O. Box 188, Middlefield, Ohio 44062 or email at [terry.armstrong@cardinalschools.org](mailto:terry.armstrong@cardinalschools.org).

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

STATEMENT OF NET POSITION  
JUNE 30, 2024

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 8,430,387
Receivables:	
Property taxes	11,378,047
Accounts	398
Intergovernmental	246,125
Prepayments	12,848
Materials and supplies inventory	23,184
Inventory held for resale	7,098
Net OPEB asset	775,789
Capital assets:	
Nondepreciable/amortized capital assets	560,094
Depreciable/amortized capital assets, net	8,005,988
Capital assets, net	8,566,082
Total assets	<u>29,439,958</u>
<b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding	228,226
Pension	2,563,786
OPEB	478,005
Total deferred outflows of resources	<u>3,270,017</u>
<b>Liabilities:</b>	
Accounts payable	112,472
Accrued wages and benefits payable	1,179,946
Intergovernmental payable	222,669
Accrued interest payable	30,304
Matured compensated absences payable	59,141
Vacation benefits payable	35,879
Unearned revenue	213,032
Long-term liabilities:	
Due within one year	1,178,211
Due in more than one year:	
Net pension liability	11,223,962
Net OPEB liability	804,881
Other amounts due in more than one year	4,834,109
Total liabilities	<u>19,894,606</u>
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year	9,300,053
Unamortized deferred charges on debt refunding	5,923
Pension	1,392,517
OPEB	1,569,374
Total deferred inflows of resources	<u>12,267,867</u>
<b>Net position:</b>	
Net investment in capital assets	3,604,880
Restricted for:	
Debt service	1,397,179
Capital projects	487,218
State funded programs	56,274
Federally funded programs	853
Locally funded programs	51,394
Extracurricular	92,579
OPEB	775,789
Unrestricted (deficit)	(5,918,664)
Total net position	<u>\$ 547,502</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular	\$ 4,953,869	\$ 41,853	\$ 349,054	\$ 5,399	\$ (4,557,563)
Special	2,977,886	199,985	647,013	-	(2,130,888)
Adult/continuing	1,005	-	-	-	(1,005)
Other	3,241	-	-	-	(3,241)
Support services:					
Pupil	801,872	594	308,787	-	(492,491)
Instructional staff	289,121	-	168,705	-	(120,416)
Board of education	30,940	-	-	-	(30,940)
Administration	1,199,177	20,978	2,745	-	(1,175,454)
Fiscal	624,299	-	-	-	(624,299)
Business	53,667	-	-	-	(53,667)
Operations and maintenance	1,648,473	16,425	766,613	-	(865,435)
Pupil transportation	1,210,452	5,198	176,993	-	(1,028,261)
Central	370,332	8,806	22,352	-	(339,174)
Operation of non-instructional services:					
Food service operations	536,584	131,602	209,639	-	(195,343)
Other non-instructional services	60,365	1,231	23,507	-	(35,627)
Extracurricular activities	575,045	171,098	54,891	50,000	(299,056)
Interest and fiscal charges	196,108	-	-	-	(196,108)
<b>Totals</b>	<b>\$ 15,532,436</b>	<b>\$ 597,770</b>	<b>\$ 2,730,299</b>	<b>\$ 55,399</b>	<b>(12,148,968)</b>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes					9,381,908
Debt service					471,284
Capital outlay					362,610
Grants and entitlements not restricted to specific programs					3,923,059
Investment earnings					347,405
Gain on sale of capital assets					204,350
Miscellaneous					159,198
Total general revenues					14,849,814
Change in net position					2,700,846
<b>Net position (deficit) at beginning of year</b>					<b>(2,153,344)</b>
<b>Net position at end of year</b>					<b>\$ 547,502</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 6,123,739	\$ 2,306,648	\$ 8,430,387
Receivables:			
Property taxes	10,697,722	680,325	11,378,047
Accounts	398	-	398
Interfund loans	137,447	-	137,447
Intergovernmental	1,971	244,154	246,125
Prepayments	11,735	1,113	12,848
Materials and supplies inventory	20,620	2,564	23,184
Inventory held for resale	-	7,098	7,098
Total assets	<u>\$ 16,993,632</u>	<u>\$ 3,241,902</u>	<u>\$ 20,235,534</u>
<b>Liabilities:</b>			
Accounts payable	\$ 32,189	\$ 80,283	\$ 112,472
Accrued wages and benefits payable	1,043,193	136,753	1,179,946
Matured compensated absences payable	59,141	-	59,141
Intergovernmental payable	200,395	22,274	222,669
Interfund loans payable	-	137,447	137,447
Unearned revenue	-	213,032	213,032
Total liabilities	<u>1,334,918</u>	<u>589,789</u>	<u>1,924,707</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	8,753,856	546,197	9,300,053
Delinquent property tax revenue not available	1,026,188	51,820	1,078,008
Intergovernmental revenue not available	-	42,642	42,642
Total deferred inflows of resources	<u>9,780,044</u>	<u>640,659</u>	<u>10,420,703</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory	20,620	2,564	23,184
Prepays	11,735	1,113	12,848
Restricted:			
Debt service	-	1,399,660	1,399,660
Capital improvements	-	463,003	463,003
State funded programs	-	56,274	56,274
Federally funded programs	-	108	108
Locally funded programs	-	51,394	51,394
Extracurricular	-	92,579	92,579
Assigned:			
Student instruction	72,038	-	72,038
Student and staff support	287,235	-	287,235
Extracurricular activities	371	-	371
Subsequent year appropriations	159,578	-	159,578
Unassigned (deficit)	<u>5,327,093</u>	<u>(55,241)</u>	<u>5,271,852</u>
Total fund balances	<u>5,878,670</u>	<u>2,011,454</u>	<u>7,890,124</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 16,993,632</u>	<u>\$ 3,241,902</u>	<u>\$ 20,235,534</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2024

<b>Total governmental fund balances</b>		\$ 7,890,124
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		8,566,082
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 1,078,008	
Intergovernmental receivable	42,642	
Total	<u>1,120,650</u>	1,120,650
Unamortized amounts on refundings are not recognized in the funds.		222,303
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(30,304)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.		(35,879)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	2,563,786	
Deferred inflows - pension	(1,392,517)	
Net pension liability	(11,223,962)	
Deferred outflows - OPEB	478,005	
Deferred inflows - OPEB	(1,569,374)	
Net OPEB asset	775,789	
Net OPEB liability	(804,881)	
Total	<u>(11,173,154)</u>	(11,173,154)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(1,295,000)	
Energy conservation bonds	(80,000)	
Direct financing note	(3,735,000)	
Financed purchases	(38,426)	
Leases payable	(35,079)	
Compensated absences	(828,815)	
Total	<u>(6,012,320)</u>	(6,012,320)
<b>Net position of governmental activities</b>		<u><u>\$ 547,502</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

		<i>(Formerly Major)</i>		<b>Nonmajor</b>	<b>Total</b>
	<b>General</b>	<b>ESSER</b>	<b>Bond Retirement</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Revenues:</b>					
Property taxes	\$ 9,198,544			\$ 832,905	\$ 10,031,449
Intergovernmental	4,008,343			2,667,546	6,675,889
Investment earnings	347,405			-	347,405
Tuition and fees	246,933			-	246,933
Extracurricular	85,684			122,022	207,706
Rental income	16,150			-	16,150
Charges for services	6,049			131,767	137,816
Contributions and donations	68,331			128,020	196,351
Miscellaneous	111,692			-	111,692
Total revenues	<u>14,089,131</u>			<u>3,882,260</u>	<u>17,971,391</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	4,677,234			395,017	5,072,251
Special	2,516,813			533,299	3,050,112
Adult/continuing	1,005			-	1,005
Other	3,508			-	3,508
Support services:					
Pupil	592,447			246,512	838,959
Instructional staff	119,323			170,438	289,761
Board of education	30,313			-	30,313
Administration	1,224,357			2,700	1,227,057
Fiscal	616,281			13,959	630,240
Business	48,937			671	49,608
Operations and maintenance	1,196,552			932,881	2,129,433
Pupil transportation	1,156,587			143,718	1,300,305
Central	350,402			120,911	471,313
Operation of non-instructional services:					
Food service operations	-			570,170	570,170
Other non-instructional services	-			60,365	60,365
Extracurricular activities	342,270			245,699	587,969
Facilities acquisition and construction	-			338,284	338,284
Debt service:					
Principal retirement	97,069			1,040,338	1,137,407
Interest and fiscal charges	4,267			195,054	199,321
Total expenditures	<u>12,977,365</u>			<u>5,010,016</u>	<u>17,987,381</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,111,766</u>			<u>(1,127,756)</u>	<u>(15,990)</u>
<b>Other financing sources (uses):</b>					
Sale of assets	-			297,780	297,780
Transfers in	-			1,163,556	1,163,556
Transfers (out)	(1,163,556)			-	(1,163,556)
Payment to refunding escrow agent	-			(4,563,683)	(4,563,683)
Direct financing note issuance	-			4,110,000	4,110,000
Total other financing sources (uses)	<u>(1,163,556)</u>			<u>1,007,653</u>	<u>(155,903)</u>
Net change in fund balances	(51,790)			(120,103)	(171,893)
Fund balances (deficit) as previously reported	5,930,460	(97,766)	1,368,796	860,527	8,062,017
Adjustments-changes in major funds	-	97,766	(1,368,796)	1,271,030	-
<b>Fund balances at beginning of year</b>	<u>5,930,460</u>			<u>2,131,557</u>	<u>8,062,017</u>
<b>Fund balances at end of year</b>	<u>\$ 5,878,670</u>			<u>\$ 2,011,454</u>	<u>\$ 7,890,124</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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, 2024

<b>Net change in fund balances - total governmental funds</b>		<b>\$ (171,893)</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,665,765	
Current year depreciation	<u>(914,616)</u>	
Total		751,149
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(93,430)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	184,353	
Tuition	(22,760)	
Insurance proceeds	(8,900)	
Intergovernmental	<u>(95,152)</u>	
Total		57,541
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		1,137,407
Issuance of direct financing notes are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(4,110,000)
Payment to refunded bond escrow agent for the retirement of certificates of participation is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:		
Certificates of participation refunded	4,329,787	
Deferred charges on refunding	<u>233,896</u>	
Total		4,563,683
In the statement of activities, interest is accrued on outstanding debt obligations, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities.		
Decrease in accrued interest payable	5,921	
Amortization of deferred charges	<u>(2,708)</u>	
Total		3,213
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	36,026	
OPEB	<u>983,814</u>	
Total		1,019,840
Except for amounts reported as deferred inflows/outflows, changes in the net position/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	240,913	
OPEB	<u>(721,153)</u>	
Total		(480,240)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	29,364	
Vacation benefits payable	<u>(5,788)</u>	
Total		23,576
<b>Change in net position of governmental activities</b>		<b>\$ 2,700,846</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2024

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	<u>\$ 4,150</u>
<b>Liabilities:</b>	
Accounts payable	<u>\$ 4,150</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - DESCRIPTION OF THE DISTRICT**

Cardinal Local School District (the "District") operates under a locally-elected Board form of government and provides educational services as authorized by state and federal agencies. This Board controls the District's instructional/support facilities to provide services to 726 students and other community members.

The District was established February 1, 1957, through the consolidation of existing land areas and school districts and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The District serves an area of approximately 75 square miles. It is located in Geauga County, including all of Huntsburg, Middlefield and Parkman Townships and Middlefield Village. A small portion of Trumbull County, Mesopotamia Township, is also served by the District.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For Cardinal Local School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The District has no component units.

The District participates in four jointly governed organizations, one related organization, one public entity risk pool and one insurance purchasing pool. These organizations are the Auburn Vocational School District, the Lake Geauga Computer Association, Connect, Ohio Schools Council, Agriculture Career Education Community Academy, Stark County Schools Council of Government and the Ohio School Boards Association Workers' Compensation Group Rating Program.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Auburn Vocational School District

The Auburn Vocational School District is a joint vocational school district which is a jointly governed organization among eleven school districts. Each participating school district's board of education appoints one of its members to the Auburn Vocational School District's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Auburn Vocational School District is limited to its representation on the Board. Continued existence of the Auburn Vocational School District is not dependent on the District's continued participation. During fiscal year 2023, the District did not make any contributions or payments to the Auburn Career Center. Financial information can be obtained from the Auburn Vocational School District, 8221 Auburn Road, Concord Township, Ohio 44077.

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 District's continued participation. During fiscal year 2024, the District paid \$151,286 to LGCA. Financial information can be obtained from the Lake Geauga Computer Association, 8221 Auburn Road, Concord Township, Ohio 44077.

Connect

The North Coast Council became known as Connect effective April 1, 2016. The new governing Board of Directors, the Educational Service Centers of Cuyahoga, Lorain and Medina County and the Ohio Schools Council, have accepted the ownership, responsibility and liability of Connect in order to provide exemplary service to member Centers. The Superintendent/Executive Director of the three Educational Service Centers and Ohio Schools Council shall serve on Connect's Board of Directors. The purpose of Connect is applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions for member Centers. Fiscal information for Connect is available from the Treasurer of the Educational Service Center of Northeast Ohio (fiscal agent), located at 6393 Oak Tree Boulevard, Independence, Ohio 44131. The District transitioned from LGCA to Connect at the end of fiscal year 2024.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 200 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2024, the District paid \$42,935 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director at the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The District participates in the natural gas purchase program. This program allows the District to purchase natural gas at reduced rates. Constellation New Energy serves as the new supplier and program manager for the period from June 1, 2022 through June 30, 2025. There are currently 185 members in the Program. The participants make monthly payments based on estimated usage and estimated prices. Each August, these estimated payments are compared to their actual usage and actual prices for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund of their excess amount has the amount returned in November of that fiscal year.

*RELATED ORGANIZATION*

Agriculture Career Education Community Academy

The Agriculture Career Education Academy (ACE) is a body politic and corporate established on April 1, 2024, to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The ACE is directed by a four-member Board of Trustees appointed by the current board members. ACE is fiscally independent of the Cardinal Local School District Board of Education. During fiscal year 2024, the District made \$49,793 in contributions to ACE in the form of payments to vendors on their behalf. Keith Marsh serves as Superintendent and Jack Cunningham serves as the Compliance and Administrative Leadership Coordinator of ACE. Keith Marsh does not have a superintendent license or an Ohio educator license. Nichelle Cunningham, wife of Jack Cunningham, heads up Enrollment and Recruitment of ACE. Financial information can be obtained from Greg Slemmons, Treasurer, 14785 N. Thompson Avenue, Middlefield, OH, 44062.

*PUBLIC ENTITY RISK POOL*

Stark County Schools Council of Government The Stark County Schools Council of Government (Council) is a shared risk pool which is governed by an assembly which consists of one representative from each participating member. The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool.

*INSURANCE PURCHASING POOL*

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

**B. Basis of Presentation and Measurement Focus**

The District's basic financial statements consist of government-wide statements, including a statement of net position 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 position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the District that are governmental and those that are considered business-type. The District however has no business-type activities.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

Fund Financial Statements - During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

**C. Fund Accounting**

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

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

General Fund - The general fund is the operating fund of the District and is used to account and report for all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds are used to account for assets held by the District as fiscal agent. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The District's fiduciary fund is a custodial fund. The custodial fund is used to account for amounts held for the benefit of the Ohio High School Athletic Association.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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 deferred outflows of resources and current liabilities and deferred inflows of resources 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.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for net pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB, unavailable revenue and gain on refunding. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees and insurance proceeds for a claim filed prior to fiscal year end. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 13 and 14). A deferred gain on refunding results from the difference in carrying value of refunded debt and its reacquisition price.

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

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

**E. Budgetary Data**

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**F. Cash and Cash Equivalents**

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

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

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the general fund during fiscal year 2024 amounted to \$347,405, of which \$97,169 was assigned from other District funds.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Inventory**

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

**I. Deferred Charge/Gain on Refunding**

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred inflows of resources on the statement of net position.

**J. Bond Discounts**

On the government-wide financial statements, bond discounts on certificates of participation (COPS) are deferred and amortized over the term of the bonds using the straight line method. On the governmental fund statements, bond discounts on COPS are receipted in the year the bonds or COPS are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. Capital Assets**

All capital assets (except for intangible right-to-use lease assets which are discussed below) of the District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The capitalization threshold is two thousand five hundred dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
<i>Tangible Assets:</i>	
Land Improvements	15 - 35 years
Buildings and Improvements	10 - 50 years
Furniture and Equipment	5 - 15 years
Vehicles	5 - 10 years
Infrastructure	5 years
<i>Intangible Right to Use:</i>	
Lease Assets - Equipment	5 years

The District is reporting intangible right to use assets related to leased equipment. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**L. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The District records a liability for all accumulated unused vacation time when earned for all employees. Since the District's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**M. Leases Payable**

The District serves as lessee in various noncancellable leases. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds and leases are recognized as a liability on the fund financial statements when due.

**O. Unearned Revenue**

If the District receives restricted funds that were not spent by the end of the fiscal year, the amount received is classified as unearned revenue and is carried over to the next fiscal year and repaid if not spent. The District had \$213,032 in unearned revenue at fiscal year-end.

**P. Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for athletic programs, food operations, and miscellaneous state and federal grant programs. Restricted Net Position for OPEB plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows.

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

**Q. Interfund Activity**

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**R. Interfund Balances**

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

**S. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

*Restricted* - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned amounts are established by the District Board of Education. In the general fund, assigned amounts represent intended uses established by the District Board of Education or a District official delegated that authority by resolution or by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The District Board of Education assigned fund balance for encumbrances, uniform school supplies, public school support and to cover fiscal year 2025 appropriations.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**T. Estimates**

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

**U. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2024, the District has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously reported by the District.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**B. Deficit Fund Balances**

Fund balances at June 30, 2024 included the following individual fund deficits:

<u>Nonmajor Governmental Funds</u>	<u>Deficit</u>
<i>Special Revenue:</i>	
Food service	\$ 4,084
IDEA, Part B	13,002
Title III	1,855
Title I	29,008
Recreation	3,728

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Monies held by the District are classified by State statute into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the 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 has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits with Financial Institutions**

At June 30, 2024, the carrying amount of all the Center deposits was \$2,300,683. Of the \$12,242,091 bank balance, \$250,000 was covered by the FDIC and \$2,404,221 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of the State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2024, the District's financial institution was approved for a reduced collateral rate percent of 102 percent through the OPCS.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Investments**

At June 30, 2024, the District had \$6,133,854 invested in STAR Ohio.

Interest Rate Risk - As a means of limiting its exposure to fair value losses caused by rising interest rates, the District's investment policy requires that operating funds be invested primarily in short-term investments maturing within two years from the date of purchase and that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk - Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that addresses credit risk.

**NOTE 5 - INTERFUND TRANSFERS AND BALANCES**

**A. Interfund Transfers**

Interfund transfers for the fiscal year ended June 30, 2024, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
<i>Nonmajor special revenue funds:</i>	
Food service	\$ 250,000
Special trust	15,000
Student managed activities	183
District managed activities	31,584
Title I	10,161
Bond retirement nonmajor debt service fund	<u>856,628</u>
Total transfers	<u>\$ 1,163,556</u>

Transfers are 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 and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 5 - INTERFUND TRANSFERS AND BALANCES - (Continued)**

**B. Interfund Loans Receivable/Payable**

Interfund balances at June 30, 2024, consist of the following individual fund receivables and payables:

Receivable	Payable	Amount
General fund	<i>Nonmajor special revenue funds:</i>	
	Recreation	\$ 2,500
	District managed activities	1,103
	Elementary and secondary school emergency program relief (ESSER)	26,974
	IDEA Part B	25,283
	Title III	1,855
	Title I	70,333
	Title IV	4,224
	Improving teacher quality	5,175
	Total interfund loans	<u>\$ 137,447</u>

The primary purpose of the interfund loans receivable/payable is to cover the negative cash balances at fiscal year-end in the nonmajor governmental funds. The interfund balances will be repaid once the anticipated revenues are received.

Interfund loans receivable/payable between governmental funds are eliminated for reporting on the statement of net position.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District's fiscal year runs from July through June. First half tax collections are received by the 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 property and public utility property located in the District. Real property tax revenues received in calendar year 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semi- annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 become a lien December 31, 2022, were levied after April 1, 2023 and are collected in 2024 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Geauga and Trumbull Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 6 - PROPERTY TAXES - (Continued)**

The amount available as an advance at June 30, 2024 and 2023 were:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<i>Major governmental funds:</i>		
General fund	\$ 917,678	\$ 2,217,905
<i>Nonmajor governmental funds:</i>		
Bond retirement fund	43,845	130,943
Permanent improvement fund	38,463	69,246

The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources.

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Residential/Agricultural and Other Real Estate	\$ 334,407,970	94.87	\$ 434,264,680	95.68
Public Utility Personal	18,625,040	5.13	16,902,480	4.32
Total	<u>\$ 353,033,010</u>	<u>100.00</u>	<u>\$ 451,167,160</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 59.49		\$ 58.74	

**NOTE 7 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

District property taxes were reduced under community reinvestment area agreements entered into by overlapping governments. The amount by which fiscal year 2024 property taxes were abated through community reinvestment areas in Middlefield Village and Parkman Township was approximately \$90,000.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2024, consisted of taxes, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
ESSER	\$ 48,371
IDEA Part B	50,301
Title I	136,083
Improving teacher quality	5,175
Title IV	4,224
ODEW foundation adjustments	<u>1,971</u>
Total Intergovernmental Receivable	<u><u>\$ 246,125</u></u>

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	<u>Balance 6/30/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 560,094	\$ -	\$ -	\$ 560,094
<i>Capital Assets, being depreciated:</i>				
Land Improvements	4,376,296	110,075	-	4,486,371
Buildings and Improvements	16,400,031	1,158,328	(450,639)	17,107,720
Furniture and Equipment	2,651,778	257,780	(5,514)	2,904,044
Vehicles	1,861,824	139,582	(673,127)	1,328,279
Infrastructure	4,804	-	-	4,804
Intangible Right to Use Lease - Equipment	<u>93,941</u>	<u>-</u>	<u>-</u>	<u>93,941</u>
Total Capital Assets, being depreciated	<u>25,388,674</u>	<u>1,665,765</u>	<u>(1,129,280)</u>	<u>25,925,159</u>
<i>Less Accumulated Depreciation/Amortization:</i>				
Land Improvements	(3,055,090)	(217,666)	-	(3,272,756)
Buildings and Improvements	(11,550,667)	(460,240)	357,209	(11,653,698)
Furniture and Equipment	(2,307,565)	(126,840)	5,514	(2,428,891)
Vehicles	(1,092,567)	(88,163)	673,127	(507,603)
Infrastructure	(1,361)	(960)	-	(2,321)
Intangible Right to Use Lease - Equipment*	<u>(33,155)</u>	<u>(20,747)</u>	<u>-</u>	<u>(53,902)</u>
Total Accumulated Depreciation/Amortization	<u>(18,040,405)</u>	<u>(914,616)</u>	<u>1,035,850</u>	<u>(17,919,171)</u>
<b>Total Capital Assets, being depreciated, net</b>	<u>7,348,269</u>	<u>751,149</u>	<u>(93,430)</u>	<u>8,005,988</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 7,908,363</u></u>	<u><u>\$ 751,149</u></u>	<u><u>\$ (93,430)</u></u>	<u><u>\$ 8,566,082</u></u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense/amortization was charged to governmental functions as follows:

Instruction:	
Regular	\$ 211,120
Special	12,478
Support Services:	
Instructional Staff	18,650
Board of Education	1,759
Administration	12,699
Fiscal	3,518
Business	4,576
Operation of Plant	504,919
Pupil Transportation	97,702
Central	15,320
Food Service Operations	15,412
Extracurricular Activities	<u>16,463</u>
 <i>Total Depreciation/Amortization Expense</i>	 <u><u>\$ 914,616</u></u>

\* Of the current year depreciation/amortization total of \$914,616, \$20,747 is presented in regular instruction on the Statement of Activities related to the District's intangible asset of copiers, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, Leases, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

**NOTE 10 - LONG-TERM OBLIGATIONS**

The original issue date, interest rate, original issue amount and date of maturity of each of the District's debt obligations are:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
2006 School Improvement Refunding Bonds			
Current Interest Serial Bonds	4.13%	\$ 7,020,000	December 1, 2025
2017 School Improvement Refunding Bonds			
Current Interest Serial Bonds	2.50%	3,460,000	December 1, 2025
2009 Energy Conservation Bonds			
Qualified School Construction Bonds	1.93%	1,068,252	September 15, 2024
2018 Certificates of Participation			
Term Bonds	5.25%	5,325,000	April 1, 2038*
			*Refunded February 20, 2024
2024 Direct Financing Note	5.97%	4,110,000	February 20, 2024

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

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

	Principal Outstanding <u>6/30/2023</u>	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding <u>6/30/2024</u>	Amounts Due in <u>One Year</u>
<i>General Obligation Bonds:</i>					
2006 School Improvement Refunding Bonds					
Current Interest Serial Bonds	\$ 505,000	\$ -	\$ (165,000)	\$ 340,000	\$ 180,000
2017 School Improvement Refunding Bonds					
Current Interest Serial Bonds	<u>1,400,000</u>	<u>-</u>	<u>(445,000)</u>	<u>955,000</u>	<u>455,000</u>
<i>Total General Obligation Bonds Payable</i>	<u>1,905,000</u>	<u>-</u>	<u>(610,000)</u>	<u>1,295,000</u>	<u>635,000</u>
<i>Energy Conservation Bonds:</i>					
2009 Qualified School Construction Bonds	<u>160,000</u>	<u>-</u>	<u>(80,000)</u>	<u>80,000</u>	<u>80,000</u>
<i>Certificates of Participation:</i>					
2018 Certificates of Participation	4,450,000	-	(4,450,000)	-	-
Unamortized Discount	<u>(120,213)</u>	<u>-</u>	<u>120,213</u>	<u>-</u>	<u>-</u>
<i>Total Certificates of Participation</i>	<u>4,329,787</u>	<u>-</u>	<u>(4,329,787)</u>	<u>-</u>	<u>-</u>
Direct Financing Note	<u>-</u>	<u>4,110,000</u>	<u>(375,000)</u>	<u>3,735,000</u>	<u>180,000</u>
Leases Payable	<u>52,148</u>	<u>-</u>	<u>(17,069)</u>	<u>35,079</u>	<u>17,501</u>
Financed Purchase from Direct Borrowings	<u>93,764</u>	<u>-</u>	<u>(55,338)</u>	<u>38,426</u>	<u>38,426</u>
Compensated Absences	<u>858,179</u>	<u>216,040</u>	<u>(245,404)</u>	<u>828,815</u>	<u>227,284</u>
Net Pension Liability					
SERS	2,842,037	-	(208,176)	2,633,861	-
STRS	<u>8,253,766</u>	<u>336,335</u>	<u>-</u>	<u>8,590,101</u>	<u>-</u>
<i>Total Net Pension Liability</i>	<u>11,095,803</u>	<u>336,335</u>	<u>(208,176)</u>	<u>11,223,962</u>	<u>-</u>
Net OPEB Liability					
SERS	<u>751,452</u>	<u>53,429</u>	<u>-</u>	<u>804,881</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 19,246,133</u>	<u>\$ 4,715,804</u>	<u>\$ (5,920,774)</u>	<u>\$ 18,041,163</u>	<u>\$ 1,178,211</u>

The general obligation bonds and direct financing note will be paid from property taxes reported within the bond retirement nonmajor debt service fund. Energy conservation bonds will be paid from the general fund. The certificates of participation were paid from the permanent improvement nonmajor capital projects fund. Compensated absences will be paid from the general and food service nonmajor special revenue funds. Lease payable will be paid from the general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the following funds: the general fund and the food service nonmajor special revenue fund. For additional information related to the net pension liability and net OPEB liability see Notes 13 and 14.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

2006 School Improvement Refunding Bonds - On June 8, 2006, the District issued \$7,484,980 in general obligation school improvement refunding bonds, which included serial and capital appreciation bonds, in the amount of \$7,020,000 and \$464,980, respectively. The proceeds of the bonds were used to advance refund \$7,485,000 of the District's outstanding 2000 School Improvement bonds. The bonds were issued at a premium of \$563,711. The bonds were issued for a 20 year period with final maturity at December 1, 2025. The final payment on the capital appreciation bonds was made in fiscal year 2015. As of June 30, 2021, the 2000 School Improvement bonds were considered fully defeased.

2017 School Improvement Refunding Bonds - On December 31, 2017, the District issued \$3,460,000 in general obligation serial bonds to partially refund bonds previously issued in 2006 for school improvements, in the amount of \$3,460,000. The bonds were issued with a fixed interest rate of 2.50 percent. The bonds were issued for an eight year period with final maturity during fiscal year 2025. The bonds will be retired through the bond retirement fund.

As of June 30, 2021, \$2,305,000 of these bonds are considered defeased and the liability for the refunded bonds has been removed from the District's financial statements. The proceeds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements.

2009 Qualified School Construction Energy Conservation Bonds - On December 22, 2009, the District issued \$1,068,252 in energy conservation qualified school construction bonds. The proceeds of the bonds were used to replace and or update the heating and cooling systems in all four school buildings, replace lighting with energy efficient light bulbs and install an energy control system. The bonds were issued for a 15 year period with final maturity at September 15, 2024.

2018 Certificates of Participation - On April 6, 2018, the District issued \$5,325,000 in Certificates of Participation (COPS) for the purpose of permanent improvements to the District buildings and grounds. The certificates of participation were issued for a twenty year period with final maturity in fiscal year 2038. The certificates will be paid from property taxes from the bond retirement debt service fund. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the District. The COPs were issued through a series of annual leases with an initial lease term of one year which includes the right to renew for twenty successive one-year terms through fiscal year 2038 subject to annual appropriations. To satisfy the trustee agreements, the District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 5.25 percent. The District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. All proceeds were spent as of June 30, 2021.

On February 20, 2024, the 2018 COPS were refunded through the issuance of a direct financing note through Huntington Bank. This refunded debt was considered defeased (in-substance) and accordingly, was removed from the statement of net position.

Direct Financing Note - On February 20, 2024, the District entered into direct financing base lease and lease-purchase agreement with Huntington Bank, National Association (Lessor) in the amount of \$4,110,000 to refund the 2018 COPS. Lease-purchase payments are due April 1 and October 1 of each year, beginning April 1, 2024 through April 1, 2038. The annual interest rate is 5.97%. Payments are being made from the bond retirement nonmajor debt service fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Under the base lease, the District will lease the project site and project facilities to the Lessor through a ground lease during the base lease term for the limited purpose of establishing in the Lessor a base leasehold interest in the project site and project facilities sufficient to facilitate the Lessor's ownership during the lease term and as security in the event of non-appropriation of lease payments or an event of default. In the event of default, as defined by the agreement, the Lessor shall have the right to sell or relet its interest in the leased property and/or assign the ground lease.

The reacquisition price of the note exceeded the net carrying amount of the old debt by \$233,896. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The net present value savings of the refunding was \$237,296.

Financed Purchase from Direct Borrowing - In prior years, the District entered into financed purchase agreements for vehicles in the amounts of \$288,484.

Leases Payable - The District has an outstanding agreement to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease.

The District's overall legal debt margin was \$40,952,704 with an unvoted debt margin of \$453,867 at June 30, 2024. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2024 are as follows:

Fiscal Year	General Obligation Bonds		Energy Conservation Bonds		From Direct Borrowings Financed Purchase	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 635,000	\$ 32,212	\$ 80,000	\$ 2,316	\$ 38,426	\$ 1,355
2026	660,000	12,851	-	-	-	-
Total	<u>\$ 1,295,000</u>	<u>\$ 45,063</u>	<u>\$ 80,000</u>	<u>\$ 2,316</u>	<u>\$ 38,426</u>	<u>\$ 1,355</u>

  

Fiscal Year	Direct Financing Note		Leases Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 180,000	\$ 222,980	\$ 17,501	\$ 1,287	\$ 950,927	\$ 260,150
2026	190,000	212,233	9,572	824	859,572	225,908
2027	200,000	200,891	7,369	324	207,369	201,215
2028	210,000	188,950	637	5	210,637	188,955
2029	225,000	176,414	-	-	225,000	176,414
2030-2034	1,340,000	664,162	-	-	1,340,000	664,162
2035-2038	1,390,000	213,427	-	-	1,390,000	213,427
Total	<u>\$ 3,735,000</u>	<u>\$ 1,879,057</u>	<u>\$ 35,079</u>	<u>\$ 2,440</u>	<u>\$ 5,183,505</u>	<u>\$ 1,930,231</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - VACATION AND SICK LEAVE**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified and confidential employees earn ten to twenty days of vacation per year, depending upon length of service. Upon approval, up to five days may be carried over into the following year. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and certified administrators do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum limit for all certified and classified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 100 days for certified and classified personnel.

**NOTE 12 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in the Schools of Ohio Risk Sharing Authority (SORSA) for property, fleet and liability insurance.

Company	Type of Coverage	Coverage
		Amount
SORSA	Fleet Insurance	\$ 15,000,000
	Property	57,462,912
	Boilers and Machinery	5,000,000
	Employee Benefits Liability, in aggregate	15,000,000
	General Liability, in aggregate	17,000,000
	General Liability, per occurrence	15,000,000
	Employee Benefits Liability, per occurrence	15,000,000
	Public Officials Bond	20,000

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

**B. Workers' Compensation**

For fiscal year 2024, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control and actuarial services to the GRP.

**C. Insurance**

The District has contracted with the Stark County Schools Council of Government's Health Benefits Program to provide employee medical, prescription drug and dental benefits. Rates are set through an annual calculation process. The District pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The board of directors has the right to return monies to an existing school district subsequent to the settlements of all expenses and claims.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 12 - RISK MANAGEMENT - (Continued)**

The District pays \$2,202 for family coverage and \$900 for single coverage per month for medical and \$255 for family coverage and \$103 for single coverage per month for dental for certified and administrative positions. The District pays \$2,321 for family coverage and \$955 for single coverage per month for medical and \$255 for family coverage and \$103 for single coverage per month for dental for classified and confidential positions.

The District provides \$40,000 life insurance and accidental death and dismemberment insurance to all full-time employees through MetLife Insurance Company, in an amount equal to the employee's annual salary.

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability/Asset***

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions/OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in intergovernmental payable/ on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - The District's non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The District's contractually required contribution to SERS was \$299,277 for fiscal year 2024. Of this amount, \$37,058 is reported as intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all of their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. New members, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$684,537 for fiscal year 2024. Of this amount, \$118,708 is reported as intergovernmental payable.

***Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.05254490%	0.03712874%	
Proportion of the net pension liability current measurement date	<u>0.04766720%</u>	<u>0.03988914%</u>	
Change in proportionate share	<u>-0.00487770%</u>	<u>0.00276040%</u>	
Proportionate share of the net pension liability	\$ 2,633,861	\$ 8,590,101	\$ 11,223,962
Pension expense	\$ 128,719	\$ 592,434	\$ 721,153

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 113,209	\$ 313,178	\$ 426,387
Changes of assumptions	18,656	707,440	726,096
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	427,489	427,489
Contributions subsequent to the measurement date	<u>299,277</u>	<u>684,537</u>	<u>983,814</u>
Total deferred outflows of resources	<u>\$ 431,142</u>	<u>\$ 2,132,644</u>	<u>\$ 2,563,786</u>
	SERS	STRS	Total
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 19,062	\$ 19,062
Net difference between projected and actual earnings on pension plan investments	37,022	25,747	62,769
Changes of assumptions	-	532,500	532,500
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>269,455</u>	<u>508,731</u>	<u>778,186</u>
Total deferred inflows of resources	<u>\$ 306,477</u>	<u>\$ 1,086,040</u>	<u>\$ 1,392,517</u>

\$983,814 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$ (129,218)	\$ (202,962)	\$ (332,180)
2026	(169,071)	(442,627)	(611,698)
2027	121,716	953,477	1,075,193
2028	<u>1,961</u>	<u>54,179</u>	<u>56,140</u>
Total	<u>\$ (174,612)</u>	<u>\$ 362,067</u>	<u>\$ 187,455</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

### *Actuarial Assumptions - SERS*

Actuarial cost method	Entry age normal (level percent of payroll)
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**CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

**Discount Rate** - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 3,887,440	\$ 2,633,861	\$ 1,577,954

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

\* Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 13,209,675	\$ 8,590,101	\$ 4,683,207

**Assumption and Benefit Changes Since the Prior Measurement Date** - The discount rate remained at 7.00% for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

See Note 13 for a description of the net OPEB liability (asset).

***Plan Description - School Employees Retirement System (SERS)***

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$36,026.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$36,026 for fiscal year 2024 and is reported as intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability/asset was measured as of June 30, 2023, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB			
liability/asset prior measurement date	0.05352180%	0.03712874%	
Proportion of the net OPEB			
liability/asset current measurement date	<u>0.04885630%</u>	<u>0.03988914%</u>	
Change in proportionate share	<u>-0.00466550%</u>	<u>0.00276040%</u>	
Proportionate share of the net			
OPEB liability	\$ 804,881	\$ -	\$ 804,881
Proportionate share of the net			
OPEB asset	\$ -	\$ (775,789)	\$ (775,789)
OPEB expense	\$ (147,195)	\$ (93,718)	\$ (240,913)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 1,675	\$ 1,212	\$ 2,887
Net difference between projected and actual earnings on OPEB plan investments	6,242	1,385	7,627
Changes of assumptions	272,156	114,285	386,441
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	42,479	2,545	45,024
Contributions subsequent to the measurement date	<u>36,026</u>	<u>-</u>	<u>36,026</u>
Total deferred outflows of resources	<u>\$ 358,578</u>	<u>\$ 119,427</u>	<u>\$ 478,005</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 415,106	\$ 118,330	\$ 533,436
Changes of assumptions	228,595	511,855	740,450
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>257,539</u>	<u>37,949</u>	<u>295,488</u>
Total deferred inflows of resources	<u>\$ 901,240</u>	<u>\$ 668,134</u>	<u>\$ 1,569,374</u>

\$36,026 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	\$ (169,140)	\$ (256,793)	\$ (425,933)
2026	(135,544)	(105,456)	(241,000)
2027	(84,638)	(40,746)	(125,384)
2028	(64,822)	(55,165)	(119,987)
2029	(58,570)	(50,444)	(109,014)
Thereafter	<u>(65,974)</u>	<u>(40,103)</u>	<u>(106,077)</u>
Total	<u>\$ (578,688)</u>	<u>\$ (548,707)</u>	<u>\$ (1,127,395)</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%

Investment rate of return:

Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation

Municipal bond index rate:

Current measurement date	3.86%
Prior measurement date	3.69%

Single equivalent interest rate, net of plan investment expense,  
including price inflation:

Current measurement date	4.27%
Prior measurement date	4.08%

Medical trend assumption:

Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

In 2023, the following mortality assumptions were used:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**Healthy Retirees** - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

**Disabled Retirees** - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

**Contingent Survivors** - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

**Actives** - PUB-2010 General Amount Weighted Below Median Employee mortality table.

**Mortality Projection** - Mortality rates are projected using a fully generational projection with Scale MP-2020.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,028,868	\$ 804,881	\$ 628,258

  

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 591,318	\$ 804,881	\$ 1,087,880

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2023		June 30, 2022	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**Assumption Changes Since the Prior Measurement Date** - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

**Benefit Term Changes Since the Prior Measurement Date** - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

\* Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

**Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 656,604	\$ 775,789	\$ 879,586
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 884,403	\$ 775,789	\$ 664,965



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 15 - ENCUMBRANCES**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

	<u>Amount</u>
General	\$ 322,248
Other Governmental Funds	<u>251,907</u>
Total	<u><u>\$ 574,155</u></u>

**NOTE 16 - SET-ASIDES**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the fiscal year end set aside amount for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Improvements Reserve</u>
Set-Aside Reserve Balance as of June 30, 2023	\$ -
Current Year Set-aside Requirement	207,930
Current Year Offsets	<u>(207,930)</u>
Total	<u>-</u>
Set-aside Balance Carried	
Forward to Future Fiscal Years	<u><u>\$ -</u></u>
Set-Aside Reserve Balance as of June 30, 2024	<u><u>\$ -</u></u>

Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 17 - CONTINGENCIES - (Continued)**

**B. Foundation Funding**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODEW has finalized the impact of enrollment adjustments for June 30, 2024.

**C. Litigation**

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

**NOTE 18 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the District received COVID-19 funding. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

## REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
Budgetary revenues and other financing sources	\$ 13,951,742	\$ 15,418,108	\$ 15,469,342	\$ 51,234
Budgetary expenditures and other financing uses	<u>14,801,215</u>	<u>14,969,432</u>	<u>14,722,955</u>	<u>(246,477)</u>
Net change in fund balance	(849,473)	448,676	746,387	297,711
<b>Budgetary fund balance at beginning of year</b>	4,737,616	4,737,616	4,737,616	-
<b>Prior year encumbrances appropriated</b>	<u>247,903</u>	<u>247,903</u>	<u>247,903</u>	-
<b>Budgetary fund balance at end of year</b>	<u><u>\$ 4,136,046</u></u>	<u><u>\$ 5,434,195</u></u>	<u><u>\$ 5,731,906</u></u>	<u><u>\$ 297,711</u></u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY AND  
DISTRICT PENSION CONTRIBUTIONS

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

<b>Fiscal Year (1)</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.04766720%	\$ 2,633,861	\$ 1,908,343	138.02%	76.06%
2023	0.05254490%	2,842,037	1,876,357	151.47%	75.82%
2022	0.05684560%	2,097,438	1,995,879	105.09%	82.86%
2021	0.05462730%	3,613,165	1,897,043	190.46%	68.55%
2020	0.05377430%	3,217,410	1,906,200	168.79%	70.85%
2019	0.05857350%	3,354,613	2,146,963	156.25%	71.36%
2018	0.06181950%	3,693,578	1,965,250	187.94%	69.50%
2017	0.06730500%	4,926,104	2,102,364	234.31%	62.98%
2016	0.07055940%	4,026,187	2,114,530	190.41%	69.16%
2015	0.72375000%	3,662,858	2,025,771	180.81%	71.70%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 299,277	\$ (299,277)	\$ -	\$ 2,137,693	14.00%
2023	267,168	(267,168)	-	1,908,343	14.00%
2022	262,690	(262,690)	-	1,876,357	14.00%
2021	279,423	(279,423)	-	1,995,879	14.00%
2020	265,586	(265,586)	-	1,897,043	14.00%
2019	257,337	(257,337)	-	1,906,200	13.50%
2018	289,840	(289,840)	-	2,146,963	13.50%
2017	275,135	(275,135)	-	1,965,250	14.00%
2016	294,331	(294,331)	-	2,102,364	14.00%
2015	278,695	(278,695)	-	2,114,530	13.18%

(1) Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY AND  
DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

<b>Fiscal Year (1)</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.03988914%	\$ 8,590,101	\$ 5,160,364	166.46%	80.02%
2023	0.03712874%	8,253,766	4,813,893	171.46%	78.88%
2022	0.04014538%	5,132,948	4,946,386	103.77%	87.78%
2021	0.04213434%	10,195,012	5,119,657	199.13%	75.48%
2020	0.04139532%	9,154,326	5,063,150	180.80%	77.40%
2019	0.04141072%	9,105,288	4,687,329	194.25%	77.31%
2018	0.04620047%	10,975,021	4,724,907	232.28%	75.30%
2017	0.04866490%	16,289,610	4,717,786	345.28%	66.80%
2016	0.05018326%	13,869,187	4,650,129	298.25%	72.10%
2015	0.05071851%	12,336,497	5,202,323	237.13%	74.70%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 684,537	\$ (684,537)	\$ -	\$ 4,889,550	14.00%
2023	722,451	(722,451)	-	5,160,364	14.00%
2022	673,945	(673,945)	-	4,813,893	14.00%
2021	692,494	(692,494)	-	4,946,386	14.00%
2020	716,752	(716,752)	-	5,119,657	14.00%
2019	708,841	(708,841)	-	5,063,150	14.00%
2018	656,226	(656,226)	-	4,687,329	14.00%
2017	661,487	(661,487)	-	4,724,907	14.00%
2016	660,490	(660,490)	-	4,717,786	14.00%
2015	651,018	(651,018)	-	4,650,129	14.00%

(1) Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY AND  
DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT AND TEN FISCAL YEARS

<b>Fiscal Year (1) (2)</b>	<b>District's Proportion of the Net OPEB Liability</b>	<b>District's Proportionate Share of the Net OPEB Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2024	0.04885630%	\$ 804,881	\$ 1,908,343	42.18%	30.02%
2023	0.05352180%	751,452	1,876,357	40.05%	30.34%
2022	0.05858590%	1,108,785	1,995,879	55.55%	24.08%
2021	0.05589970%	1,214,886	1,897,043	64.04%	18.17%
2020	0.05521610%	1,388,568	1,906,200	72.84%	15.57%
2019	0.05929620%	1,645,036	2,146,963	76.62%	13.57%
2018	0.06280940%	1,685,640	1,965,250	85.77%	12.46%
2017	0.06809790%	1,941,042	2,102,364	92.33%	11.49%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 36,026	\$ (36,026)	\$ -	\$ 2,137,693	2.00%
2023	34,672	(34,672)	-	1,908,343	1.82%
2022	33,900	(33,900)	-	1,876,357	1.81%
2021	31,405	(31,405)	-	1,995,879	1.57%
2020	28,280	(28,280)	-	1,897,043	1.49%
2019	45,420	(45,420)	-	1,906,200	2.38%
2018	45,323	(45,323)	-	2,146,963	2.11%
2017	34,588	(34,588)	-	1,965,250	1.76%
2016	40,986	(40,986)	-	2,102,364	1.95%
2015	50,482	(50,482)	-	2,114,530	2.39%

(1) Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/(ASSET) AND  
DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT AND TEN FISCAL YEARS

<b>Fiscal Year (1) (2)</b>	<b>District's Proportion of the Net OPEB Liability/(Asset)</b>	<b>District's Proportionate Share of the Net OPEB Liability/(Asset)</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)</b>
2024	0.03988914%	\$ (775,789)	\$ 5,160,364	15.03%	168.52%
2023	0.03712874%	(962,386)	4,813,893	19.99%	230.73%
2022	0.04014538%	(846,432)	4,946,386	17.11%	174.73%
2021	0.04213434%	(740,510)	5,119,657	14.46%	182.10%
2020	0.04139532%	(685,607)	5,063,150	13.54%	174.74%
2019	0.04141072%	(665,429)	4,687,329	14.20%	176.00%
2018	0.04620047%	1,802,571	4,724,907	38.15%	47.10%
2017	0.04866490%	2,602,612	4,717,786	55.17%	37.30%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ -	\$ -	\$ -	\$ 4,889,550	0.00%
2023	-	-	-	5,160,364	0.00%
2022	-	-	-	4,813,893	0.00%
2021	-	-	-	4,946,386	0.00%
2020	-	-	-	5,119,657	0.00%
2019	-	-	-	5,063,150	0.00%
2018	-	-	-	4,687,329	0.00%
2017	-	-	-	4,724,907	0.00%
2016	-	-	-	4,717,786	0.00%
2015	-	-	-	4,650,129	0.00%

(1) Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - BUDGETARY PROCESS**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis is as follows:

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ 746,387
Net adjustment for revenue accruals	(1,426,380)
Net adjustment for expenditure accruals	404,150
Funds budgeted elsewhere	(23,850)
Adjustments for encumbrances	<u>247,903</u>
GAAP basis	<u><u>\$ (51,790)</u></u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the uniform school supplies fund, Ace Charters, and the public school support fund.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**PENSION**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

*Changes in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

**STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Education and Workforce:</i>			
<i>Nutrition Cluster:</i>			
School Breakfast Program	10.553	2024	\$45,068
National School Lunch Program	10.555	2024	135,915
COVID-19 - National School Lunch Program	10.555	2024	25,081
Non-Cash Food Commodities	10.555	2024	19,894
<b>Total Nutrition Cluster</b>			<b>225,958</b>
<b>Total U.S. Department of Agriculture</b>			<b>225,958</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through Ohio Department of Education and Workforce:</i>			
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) III	84.425D	2023	699,843
COVID-19 - American Rescue Plan (ARP) ESSER	84.425U	2024	526,574
<b>Sub-Total Education Stabilization Fund</b>			<b>1,226,417</b>
IDEA-B, Special Education Grants to State	84.027A	2023	22,441
IDEA-B, Special Education Grants to State	84.027A	2024	273,537
<b>Sub-Total IDEA-B, Special Education Grants to States</b>			<b>295,978</b>
Title I, Grants to Local Educational Agencies	84.010A	2023	57,259
Title I, Grants to Local Educational Agencies	84.010A	2024	375,585
<b>Sub-Total Title I, Grants to Local Educational Agencies</b>			<b>432,844</b>
Title II, Part A - Improving Teacher Quality State Grants	84.367A	2023	993
Title II, Part A - Improving Teacher Quality State Grants	84.367A	2024	105,670
<b>Sub-Total Title II, Improving Teacher Quality State Grants</b>			<b>106,663</b>
Title VI-A Student Support and Academic Enrichment Program	84.424A	2023	51,628
<b>Sub-Total Title VI-A Student Support and Academic Enrichment Program</b>			<b>51,628</b>
<b>Total U.S. Department of Education</b>			<b>2,113,530</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$2,339,488</b>

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

**CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Cardinal Local School District (the District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, or changes in net position, of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE E – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.





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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Cardinal Local School District  
Geauga County  
15982 East High Street  
P.O. Box 188  
Middlefield, Ohio 44062

To the Board of Education:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Cardinal Local School District, Geauga County, Ohio (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 17, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. 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*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 17, 2025

# OHIO AUDITOR OF STATE KEITH FABER

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Columbus, Ohio 43215  
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800-282-0370

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Cardinal Local School District  
Geauga County  
15982 East High Street  
P.O. Box 188  
Middlefield, Ohio 44062

To the Board of Education:

### Report on Compliance for the Major Federal Program

#### *Opinion on the Major Federal Program*

We have audited Cardinal Local School District's (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Cardinal Local School District's major federal program for the year ended June 30, 2024. Cardinal Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Cardinal Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

#### *Basis for Opinion on the Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 17, 2025

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**CARDINAL LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	AL# 84.425D – COVID – 19 – ESSER III; AL# 84.425U – COVID – 19 – ARP ESSER
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None

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

None

# OHIO AUDITOR OF STATE KEITH FABER



**CARDINAL LOCAL SCHOOL DISTRICT**

**GEAUGA COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/27/2025**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)