



**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Canton Local School District
Stark County
4526 Ridge Avenue SE
Canton, Ohio 44707

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Canton Local School District, Stark County, (the District) as of and for the year ended June 30, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 4 to the general purpose financial statements, the District changed its method of accounting and reporting for compensated absences.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 20, 2000

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Canton Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<i>Assets and Other Debits</i>			
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,920,836	\$217,673	\$34,516
Receivables:			
Taxes	11,157,800	0	0
Accrued Interest	0	0	0
Intergovernmental	22,487	38,504	6,050
Interfund	144,009	0	0
Advances to Other Funds	0	0	28,051
Prepaid Items	6,884	0	0
Inventory Held for Resale	0	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	383,062	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0
Other Debits			
Amount to be Provided from General Government Resources	0	0	0
<i>Total Assets and Other Debits</i>	\$13,635,078	\$256,177	\$68,617

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$104,889	\$0	\$84,203	\$0	\$0	\$2,362,117
0	0	0	0	0	11,157,800
0	0	157	0	0	157
31,723	11,303	0	0	0	110,067
0	0	0	0	0	144,009
0	0	0	0	0	28,051
0	0	0	0	0	6,884
5,987	0	0	0	0	5,987
0	0	0	0	0	383,062
137,295	0	0	15,136,525	0	15,273,820
0	0	0	0	2,427,836	2,427,836
<u>\$279,894</u>	<u>\$11,303</u>	<u>\$84,360</u>	<u>\$15,136,525</u>	<u>\$2,427,836</u>	<u>\$31,899,790</u>

(continued)

Canton Local School District
Combined Balance Sheet
All Fund Types and Account Groups (continued)
June 30, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<i>Liabilities, Fund Equity and Other Credits</i>			
Liabilities			
Accounts Payable	\$75,398	\$21,730	\$363
Accrued Wages and Benefits	1,889,135	0	0
Compensated Absences Payable	89,434	0	0
Interfund Payable	0	133,172	6,435
Advances from Other Funds	0	0	0
Intergovernmental Payable	297,215	7,192	0
Deferred Revenue	10,833,660	0	0
Undistributed Monies	0	0	0
Accrued Interest Payable	5,518	0	0
Notes Payable	200,000	0	0
Due to Students	0	0	0
Capital Leases Payable	0	0	0
Early Retirement Incentive Payable	0	0	0
	<u>13,390,360</u>	<u>162,094</u>	<u>6,798</u>
<i>Total Liabilities</i>			
Fund Equity and Other Credits			
Investment in General Fixed Assets	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	333,210	58,578	1,928
Reserved for Property Taxes	324,140	0	0
Reserved for Advances to Others Funds	0	0	28,051
Reserved for Budget Stabilization	357,620	0	0
Reserved for Bus Purchase Allowance	25,442	0	0
Unreserved:			
Designated for Budget Stabilization	17,881	0	0
Undesignated (Deficit)	(813,575)	35,505	31,840
	<u>244,718</u>	<u>94,083</u>	<u>61,819</u>
<i>Total Fund Equity (Deficit) and Other Credits</i>	<u>244,718</u>	<u>94,083</u>	<u>61,819</u>
	<u>13,390,360</u>	<u>162,094</u>	<u>6,798</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u>\$13,635,078</u>	<u>\$256,177</u>	<u>\$68,617</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$590	\$0	\$0	\$0	\$0	\$98,081
62,840	16,526	0	0	0	1,968,501
29,887	0	0	0	1,645,156	1,764,477
0	4,402	0	0	0	144,009
28,051	0	0	0	0	28,051
34,377	1,978	29	0	127,413	468,204
2,313	0	0	0	0	10,835,973
0	0	11,347	0	0	11,347
0	0	0	0	0	5,518
0	0	0	0	0	200,000
0	0	43,784	0	0	43,784
0	0	0	0	229,978	229,978
0	0	0	0	425,289	425,289
158,058	22,906	55,160	0	2,427,836	16,223,212
0	0	0	15,136,525	0	15,136,525
121,836	(11,603)	0	0	0	110,233
0	0	4,000	0	0	397,716
0	0	0	0	0	324,140
0	0	0	0	0	28,051
0	0	0	0	0	357,620
0	0	0	0	0	25,442
0	0	0	0	0	17,881
0	0	25,200	0	0	(721,030)
121,836	(11,603)	29,200	15,136,525	0	15,676,578
\$279,894	\$11,303	\$84,360	\$15,136,525	\$2,427,836	\$31,899,790

Canton Local School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances*
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000

	Governmental Fund	
	General	Special Revenue
Revenues		
Taxes	\$11,040,295	\$0
Intergovernmental	5,301,248	950,143
Interest	195,254	316
Tuition and Fees	249,185	0
Extracurricular Activities	0	148,641
Contributions and Donations	0	44,297
Rentals	1,807	0
Miscellaneous	19,140	3,304
<i>Total Revenues</i>	<u>16,806,929</u>	<u>1,146,701</u>
Expenditures		
Current:		
Instruction:		
Regular	6,589,712	455,530
Special	1,792,220	258,398
Vocational	1,158,832	29,253
Adult/Continuing	0	0
Support Services:		
Pupils	884,478	96,288
Instructional Staff	616,686	125,845
Board of Education	49,773	0
Administration	1,299,344	111,159
Fiscal	207,458	0
Business	320,508	0
Operation and Maintenance of Plant	1,623,962	0
Pupil Transportation	805,205	0
Central	108,265	42,881
Operation of Non-Instructional Services	484	38,099
Extracurricular Activities	302,640	113,698
Capital Outlay	1,050	5,500
Debt Service:		
Principal Retirement	300,903	0
Interest and Fiscal Charges	55,431	0
<i>Total Expenditures</i>	<u>16,116,951</u>	<u>1,276,651</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>689,978</u>	<u>(129,950)</u>
Other Financing Sources (Uses)		
Sale of Fixed Assets	6,604	0
Operating Transfers In	0	26,000
Operating Transfers Out	(26,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(19,396)</u>	<u>26,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>670,582</u>	<u>(103,950)</u>
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 4)</i>	<u>(425,864)</u>	<u>198,033</u>
<i>Fund Balances End of Year</i>	<u><u>\$244,718</u></u>	<u><u>\$94,083</u></u>

See accompanying notes to the general purpose financial statements

Types	Fiduciary Fund Type	Totals (Memorandum Only)
Capital Projects	Expendable Trust	
\$0	\$0	\$11,040,295
18,660	0	6,270,051
0	1,652	197,222
0	0	249,185
0	0	148,641
0	13,075	57,372
0	0	1,807
0	0	22,444
<u>18,660</u>	<u>14,727</u>	<u>17,987,017</u>
0	0	7,045,242
0	0	2,050,618
0	0	1,188,085
0	40	40
0	0	980,766
0	0	742,531
0	0	49,773
0	0	1,410,503
0	0	207,458
0	0	320,508
0	0	1,623,962
0	0	805,205
0	0	151,146
0	312	38,895
0	0	416,338
57,867	0	64,417
0	0	300,903
0	0	55,431
<u>57,867</u>	<u>352</u>	<u>17,451,821</u>
<u>(39,207)</u>	<u>14,375</u>	<u>535,196</u>
0	0	6,604
0	0	26,000
0	0	(26,000)
<u>0</u>	<u>0</u>	<u>6,604</u>
(39,207)	14,375	541,800
<u>101,026</u>	<u>14,825</u>	<u>(111,980)</u>
<u>\$61,819</u>	<u>\$29,200</u>	<u>\$429,820</u>

Canton Local School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$10,520,295	\$10,790,075	\$269,780
Intergovernmental	5,496,465	5,281,512	(214,953)
Interest	150,000	197,742	47,742
Tuition and Fees	235,938	260,662	24,724
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Rentals	5,000	1,807	(3,193)
Miscellaneous	7,000	19,140	12,140
<i>Total Revenues</i>	<u>16,414,698</u>	<u>16,550,938</u>	<u>136,240</u>
Expenditures			
Current:			
Instruction:			
Regular	7,016,103	7,016,103	0
Special	1,875,173	1,875,173	0
Vocational	1,159,819	1,157,021	2,798
Adult/Continuing	0	0	0
Support Services:			
Pupils	878,987	878,987	0
Instructional Staff	595,271	580,485	14,786
Board of Education	104,862	99,524	5,338
Administration	1,275,675	1,260,336	15,339
Fiscal	201,707	201,707	0
Business	338,067	338,067	0
Operation and Maintenance of Plant	1,820,151	1,701,670	118,481
Pupil Transportation	855,788	838,490	17,298
Central	123,924	116,279	7,645
Operation of Non-Instructional Services	500	484	16
Extracurricular Activities	308,857	308,857	0
Capital Outlay	1,050	1,050	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>16,555,934</u>	<u>16,374,233</u>	<u>181,701</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(141,236)</u>	<u>176,705</u>	<u>317,941</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	5,000	6,604	1,604
Advances In	75,000	73,910	(1,090)
Advances Out	(50,000)	(144,094)	(94,094)
Operating Transfers In	482	0	(482)
Operating Transfers Out	(50,000)	(26,000)	24,000
<i>Total Other Financing Sources (Uses)</i>	<u>(19,518)</u>	<u>(89,580)</u>	<u>(70,062)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(160,754)</u>	<u>87,125</u>	<u>247,879</u>
<i>Fund Balances Beginning of Year</i>	<u>1,471,244</u>	<u>1,471,244</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>338,329</u>	<u>338,329</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,648,819</u></u>	<u><u>\$1,896,698</u></u>	<u><u>\$247,879</u></u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$218,880	\$218,880	\$0
887,110	911,639	24,529	0	0	0
0	316	316	0	0	0
0	0	0	0	0	0
144,238	149,829	5,591	0	0	0
43,790	44,297	507	0	0	0
0	0	0	0	0	0
1,190	3,304	2,114	0	0	0
<u>1,076,328</u>	<u>1,109,385</u>	<u>33,057</u>	<u>218,880</u>	<u>218,880</u>	<u>0</u>
490,335	477,149	13,186	0	0	0
273,336	256,758	16,578	0	0	0
32,281	32,110	171	0	0	0
0	0	0	0	0	0
95,942	95,942	0	0	0	0
151,918	151,504	414	0	0	0
0	0	0	0	0	0
141,108	117,838	23,270	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
45,166	44,864	302	0	0	0
38,620	38,298	322	0	0	0
117,499	117,290	209	0	0	0
5,500	5,500	0	0	0	0
0	0	0	200,000	200,000	0
0	0	0	18,880	18,880	0
<u>1,391,705</u>	<u>1,337,253</u>	<u>54,452</u>	<u>218,880</u>	<u>218,880</u>	<u>0</u>
<u>(315,377)</u>	<u>(227,868)</u>	<u>87,509</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
132,548	133,142	594	0	0	0
0	(39,884)	(39,884)	0	0	0
34,100	26,000	(8,100)	0	0	0
0	0	0	0	0	0
<u>166,648</u>	<u>119,258</u>	<u>(47,390)</u>	<u>0</u>	<u>0</u>	<u>0</u>
(148,729)	(108,610)	40,119	0	0	0
150,141	150,141	0	0	0	0
94,426	94,426	0	0	0	0
<u>\$95,838</u>	<u>\$135,957</u>	<u>\$40,119</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(continued)

Canton Local School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Expendable Trust Fund (continued)
For the Fiscal Year Ended June 30, 2000*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$0	\$0	\$0
Intergovernmental	12,610	12,610	0
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Rentals	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>12,610</u>	<u>12,610</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	88,117	59,795	28,322
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>88,117</u>	<u>59,795</u>	<u>28,322</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(75,507)</u>	<u>(47,185)</u>	<u>28,322</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	0	0	0
Advances In	6,550	6,550	0
Advances Out	0	(40,421)	(40,421)
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>6,550</u>	<u>(33,871)</u>	<u>(40,421)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(68,957)</u>	<u>(81,056)</u>	<u>(12,099)</u>
<i>Fund Balances Beginning of Year</i>	67,611	67,611	0
Prior Year Encumbrances Appropriated	<u>45,670</u>	<u>45,670</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$44,324</u></u>	<u><u>\$32,225</u></u>	<u><u>(\$12,099)</u></u>

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$10,739,175	\$11,008,955	\$269,780
0	0	0	6,396,185	6,205,761	(190,424)
1,300	1,495	195	151,300	199,553	48,253
0	0	0	235,938	260,662	24,724
0	0	0	144,238	149,829	5,591
13,000	13,075	75	56,790	57,372	582
0	0	0	5,000	1,807	(3,193)
0	0	0	8,190	22,444	14,254
<u>14,300</u>	<u>14,570</u>	<u>270</u>	<u>17,736,816</u>	<u>17,906,383</u>	<u>169,567</u>
0	0	0	7,506,438	7,493,252	13,186
0	0	0	2,148,509	2,131,931	16,578
0	0	0	1,192,100	1,189,131	2,969
7,000	7,000	0	7,000	7,000	0
0	0	0	974,929	974,929	0
0	0	0	747,189	731,989	15,200
0	0	0	104,862	99,524	5,338
0	0	0	1,416,783	1,378,174	38,609
0	0	0	201,707	201,707	0
0	0	0	338,067	338,067	0
0	0	0	1,820,151	1,701,670	118,481
0	0	0	855,788	838,490	17,298
0	0	0	169,090	161,143	7,947
4,414	4,414	0	43,534	43,196	338
0	0	0	426,356	426,147	209
0	0	0	94,667	66,345	28,322
0	0	0	200,000	200,000	0
0	0	0	18,880	18,880	0
<u>11,414</u>	<u>11,414</u>	<u>0</u>	<u>18,266,050</u>	<u>18,001,575</u>	<u>264,475</u>
<u>2,886</u>	<u>3,156</u>	<u>270</u>	<u>(529,234)</u>	<u>(95,192)</u>	<u>434,042</u>
0	0	0	5,000	6,604	1,604
0	0	0	214,098	213,602	(496)
0	0	0	(50,000)	(224,399)	(174,399)
0	0	0	34,582	26,000	(8,582)
0	0	0	(50,000)	(26,000)	24,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>153,680</u>	<u>(4,193)</u>	<u>(157,873)</u>
2,886	3,156	270	(375,554)	(99,385)	276,169
16,386	16,386	0	1,705,382	1,705,382	0
5,500	5,500	0	483,925	483,925	0
<u>\$24,772</u>	<u>\$25,042</u>	<u>\$270</u>	<u>\$1,813,753</u>	<u>\$2,089,922</u>	<u>\$276,169</u>

Canton Local School District
*Combined Statement of Revenues, Expenses and
Changes in Retained Earnings
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000*

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating Revenues			
Tuition	\$0	\$120,016	\$120,016
Sales	522,780	0	522,780
Charges for Services	26,284	0	26,284
<i>Total Operating Revenues</i>	<u>549,064</u>	<u>120,016</u>	<u>669,080</u>
Operating Expenses			
Salaries and Wages	333,679	81,204	414,883
Fringe Benefits	112,090	21,948	134,038
Purchased Services	11,440	0	11,440
Materials and Supplies	4,663	0	4,663
Cost of Sales	352,445	0	352,445
Other	582	0	582
Depreciation	9,882	0	9,882
<i>Total Operating Expenses</i>	<u>824,781</u>	<u>103,152</u>	<u>927,933</u>
<i>Operating Income (Loss)</i>	<u>(275,717)</u>	<u>16,864</u>	<u>(258,853)</u>
Non-Operating Revenues			
Donated Commodities	64,013	0	64,013
Operating Grants	242,351	0	242,351
Interest	666	0	666
<i>Total Non-Operating Revenues</i>	<u>307,030</u>	<u>0</u>	<u>307,030</u>
<i>Net Income</i>	31,313	16,864	48,177
<i>Retained Earnings (Deficit)</i>			
<i>Beginning of Year - Restated (See Note 4)</i>	<u>90,523</u>	<u>(28,467)</u>	<u>62,056</u>
<i>Retained Earnings (Deficit) End of Year</i>	<u><u>\$121,836</u></u>	<u><u>(\$11,603)</u></u>	<u><u>\$110,233</u></u>

See accompanying notes to the general purpose financial statements

Canton Local School District
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Tuition	\$0	\$0	\$0
Sales	542,000	525,209	(16,791)
Charges for Services	26,284	26,284	0
Operating Grants	239,000	257,581	18,581
Interest	0	666	666
<i>Total Revenues</i>	<u>807,284</u>	<u>809,740</u>	<u>2,456</u>
Expenses			
Salaries and Wages	285,200	283,973	1,227
Fringe Benefits	123,020	114,564	8,456
Purchased Services	13,391	11,440	1,951
Materials and Supplies	317,915	314,140	3,775
Capital Outlay	76,118	76,118	0
Other	700	582	118
<i>Total Expenses</i>	<u>816,344</u>	<u>800,817</u>	<u>15,527</u>
<i>Excess of Revenues Over (Under) Expenses Before Advances</i>	(9,060)	8,923	17,983
Advances In	0	28,051	28,051
Advances Out	0	(423)	(423)
<i>Excess of Revenues and Advances Over (Under) Expenses and Advances</i>	(9,060)	36,551	45,611
<i>Fund Equity Beginning of Year</i>	65,086	65,086	0
Prior Year Encumbrances Appropriated	1,544	1,544	0
<i>Fund Equity End of Year</i>	<u>\$57,570</u>	<u>\$103,181</u>	<u>\$45,611</u>

(continued)

See accompanying notes to the general purpose financial statements

Canton Local School District
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types (continued)
For the Fiscal Year Ended June 30, 2000*

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Tuition	\$115,983	\$115,983	\$0
Sales	0	0	0
Charges for Services	0	0	0
Operating Grants	0	0	0
Interest	0	0	0
<i>Total Revenues</i>	<u>115,983</u>	<u>115,983</u>	<u>0</u>
Expenses			
Salaries and Wages	78,560	78,560	0
Fringe Benefits	24,535	24,535	0
Purchased Services	0	0	0
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Other	0	0	0
<i>Total Expenses</i>	<u>103,095</u>	<u>103,095</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenses Before Advances</i>	12,888	12,888	0
Advances In	4,402	4,402	0
Advances Out	<u>0</u>	<u>(21,233)</u>	<u>(21,233)</u>
<i>Excess of Revenues and Advances Over (Under) Expenses and Advances</i>	17,290	(3,943)	(21,233)
<i>Fund Equity Beginning of Year</i>	3,943	3,943	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$21,233</u></u>	<u><u>\$0</u></u>	<u><u>(\$21,233)</u></u>

Totals (Memorandum Only)		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$115,983	\$115,983	\$0
542,000	525,209	(16,791)
26,284	26,284	0
239,000	257,581	18,581
0	666	666
<u>923,267</u>	<u>925,723</u>	<u>2,456</u>
363,760	362,533	1,227
147,555	139,099	8,456
13,391	11,440	1,951
317,915	314,140	3,775
76,118	76,118	0
700	582	118
<u>919,439</u>	<u>903,912</u>	<u>15,527</u>
3,828	21,811	17,983
4,402	32,453	28,051
0	(21,656)	(21,656)
8,230	32,608	24,378
69,029	69,029	0
1,544	1,544	0
<u>\$78,803</u>	<u>\$103,181</u>	<u>\$24,378</u>

Canton Local School District
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000

	Enterprise	Internal Service	Totals (Memorandum Only)
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$551,493	\$0	\$551,493
Cash Received from Quasi-External Operating Transactions with Other Funds	0	115,983	115,983
Cash Payments for Goods and Services	(323,872)	0	(323,872)
Cash Payments to Employees for Services	(283,973)	(78,560)	(362,533)
Cash Payments for Employee Benefits	(114,564)	(24,535)	(139,099)
Cash Payments for Other Operating Expenses	(582)	0	(582)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(171,498)</u>	<u>12,888</u>	<u>(158,610)</u>
Cash Flows from Noncapital Financing Activities			
Operating Grants Received	257,581	0	257,581
Advances In	28,051	4,402	32,453
Advances Out	(423)	(21,233)	(21,656)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>285,209</u>	<u>(16,831)</u>	<u>268,378</u>
Cash Flows from Capital and Related Financing Activities			
Payments for Capital Acquisitions	(76,118)	0	(76,118)
Cash Flows from Investing Activities			
Interest on Investments	666	0	666
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	38,259	(3,943)	34,316
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>66,630</u>	<u>3,943</u>	<u>70,573</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$104,889</u></u>	<u><u>\$0</u></u>	<u><u>\$104,889</u></u>

(continued)

Canton Local School District
Combined Statement of Cash Flows
All Proprietary Fund Types (continued)
For the Fiscal Year Ended June 30, 2000

	Enterprise	Internal Service	Totals (Memorandum Only)
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</i>			
<i>Operating Income (Loss)</i>	<u>(\$275,717)</u>	<u>\$16,864</u>	<u>(\$258,853)</u>
Adjustments:			
Depreciation	9,882	0	9,882
Donated Commodities Used During Year	64,013	0	64,013
Decrease/(Increase) in Assets:			
Intergovernmental Receivable	2,429	(4,033)	(1,604)
Inventory Held for Resale	2,201	0	2,201
Materials and Supplies Inventory	2,733	0	2,733
Increase/(Decrease) in Liabilities:			
Accounts Payable	388	0	388
Accrued Wages and Benefits	14,994	263	15,257
Compensated Absences Payable	(2,139)	0	(2,139)
Intergovernmental Payable	9,718	(206)	9,512
<i>Total Adjustments</i>	<u>104,219</u>	<u>(3,976)</u>	<u>100,243</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(\$171,498)</u>	<u>\$12,888</u>	<u>(\$158,610)</u>

See accompanying notes to the general purpose financial statements

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Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 1 - Description of the School District and Reporting Entity

Canton Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District is governed by a five-member board of education (the Board) elected by its citizens and is responsible for the provision of public education to residents of the School District.

The School District's facilities are staffed by 116 non-certificated employees and 165 certificated employees providing services to 2,421 students and other community members. The School District is located in Canton Township, Stark County, Ohio and serves an area of approximately 25 square miles. The School District operates three elementary schools, one middle school, and a high school.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Canton Local School District, this includes general operations, food service, student related activities of the School District, and care and upkeep of grounds and buildings.

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

The Parent Teacher Organization is excluded from the reporting entity of the School District. The School District is not involved in the budgeting or managing of the organization, it is not responsible for any debt of the organization and has no influence over the organization.

The School District is associated with two jointly governed organizations and two public entity risk pools. These organizations are the Stark/Portage Area Computer Consortium (SPARCC), the Stark County Tax Incentive Review Council (SCTIRC), Stark County Schools Council of Governments Risk Sharing Pool Health Benefit Plan, and the Stark County Schools Council of Governments Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Canton Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds), are accounted for through governmental funds. The following are the School District's governmental fund types:

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

Special Revenue Funds Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Proprietary Fund Types Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Board of Education is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the Board of Education has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include expendable trust and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary funds operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. The budget includes proposed expenditures and the means of financing for all funds.

By no later than January 20, the Board-adopted budget is filed with the Stark County Budget Commission for rate determination.

Estimated Resources By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is to be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The allocation of appropriations among functions within a fund may be modified during the fiscal year by the Treasurer without Board of Education approval. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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

D. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2000, investments were limited to Victory Federal Money Market, Federal Home Loan Mortgage Notes, repurchase agreements, nonnegotiable certificates of deposit, and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposits are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$195,254, which includes \$29,176 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with a maturity of three months or less, at the time they are purchased by the School District, are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, 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.

F. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of food, purchased food, and school supplies held for resale and are expensed when used. Donated commodities on hand at year end are recorded as deferred revenue.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by Statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 23 for additional information regarding set-asides.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the enterprise fund is capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure.

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 capitalized. Interest incurred during the construction of general fixed assets is also not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of fund fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture, fixtures, and equipment in the proprietary fund type is computed using the straight-line method over an estimated useful life of five to ten years.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

- Venture Capital
- Vocational Education
- Teacher Development
- Education Management Information Systems

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Special Revenue Funds - Continued

Reading Improvement
Disadvantaged Pupil Impact Aid
Ohio Reads
Summer School
Drug Free Schools
Title I
Title VI
Title VI-B - Flow Through
Class Size Reduction Grant

Capital Projects Funds

School Net
Power Up
Vocational Equipment

Reimbursable Grants

Proprietary Funds

National School Lunch Program
School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately 35 percent of the School District's governmental fund operating revenue during the 2000 fiscal year.

J. Interfund Assets and Liabilities

Short-term loans made by one fund to another, or the current portion of an advance to or from another fund are classified as "Interfund Receivable" or "Interfund Payable." Long-term interfund loans are recorded as reservation of fund balance to indicate that they do not constitute available expendable resources since they are not a component of net current assets. Long-term interfund loans are classified as "Advance to/Advance from Other Funds."

K. 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 School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Capital leases are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues, and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, long-term interfund advances, budget stabilization, and bus purchase allowance.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

Designations represent tentative plans for future use of financial resources. Fund balance in the general fund includes a designation that represents the amount set-aside by the Board of Education for budget stabilization in excess of the statutory requirement.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

O. Estimates

The preparation of the 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.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned “Totals - (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 3 - Accountability

Fund balances at June 30, 2000 included the following individual fund deficits/retained earnings:

Special Revenue Funds	
Ohio Reads	\$49,425
Title I	26,452
Disadvantage Pupil Program	689
Title VI-B	653
Internal Service Fund	
Family Attention Center	11,603

The above deficits resulted from the application of generally accepted accounting principles. The general fund is liable for any deficit in these funds and provides transfers when cash is needed not when accruals occur.

Note 4 - Change in Accounting Principle and Restatement of Fund Equity

The School District changed its method of accounting for compensated absences from the vesting method to termination method for fiscal year 2000, in order to present a more accurate estimate of the outstanding liability. The fund structure was also re-evaluated. The depreciation for enterprise fixed assets was overstated in prior years. The effects of these changes on the excess of revenues and other financing sources over expenditures and other financing uses as previously reported for the year ended June 30, 1999, is as follows:

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Governmental Funds:

	<u>Special Revenue</u>	<u>Expendable Trust</u>
Excess as Previously Reported	\$27,908	\$17,416
Fund Restructure	10,865	(654)
Restated Excess for the fiscal year ended June 30, 1999	\$38,773	\$16,762

Proprietary Funds:

	<u>Enterprise</u>
Net Income as Previously Reported	\$7,824
Fixed Assets over Depreciated	17,176
Restated Amount June 30, 1999	\$25,000

These changes had the following effects on fund balance/retained earnings as it was previously reported as of June 30, 1999.

Governmental Funds:

	<u>Special Revenue</u>	<u>Expendable Trust</u>
Fund Balance June 30, 1999	\$156,378	\$67,490
Fund Restructure	41,655	(52,665)
Restated Fund Balance for the fiscal year ended June 30, 1999	\$198,033	\$14,825

Proprietary Funds:

	<u>Enterprise</u>
Retained Earnings June 30, 1999	\$73,347
Fixed Assets over Depreciated	17,176
Restated Retained Earnings July 1, 1999	\$90,523

The general long-term obligations account group liabilities increased by \$520,857, from \$1,629,958 to \$2,150,815, due to the restatement of compensated absences.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balances for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transaction (GAAP basis).
5. The School District repays short-term note debt from the Debt Service Fund (budget) as opposed to the fund that received the proceeds (GAAP). Debt Service Fund resources used to pay both principal and interest have been allocated accordingly.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
Governmental Fund Types and Expendable Trust Fund

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$670,582	(\$103,950)	\$0	(\$39,207)	\$14,375
Net Adjustment for					
Revenue Accruals	(39,599)	(37,316)	0	(6,050)	(157)
Fair Value Adjustment					
For Investments	2,488	0	0	0	0
Revenue for					
Debt Payments	(218,880)	0	218,880	0	0
Advances In	73,910	133,142	0	6,550	0
Net Adjustment for					
Expenditure Accruals	133,526	21,114	0	363	(7,062)
Debt Service Retirement					
Principal	0	0	(200,000)	0	0
Interest	18,880	0	(18,880)	0	0
Advances Out	(144,094)	(39,884)	0	(40,421)	0
Encumbrances	(409,688)	(81,716)	0	(2,291)	(4,000)
Budget Basis	<u>\$87,125</u>	<u>(\$108,610)</u>	<u>\$0</u>	<u>(\$81,056)</u>	<u>\$3,156</u>

Net Income/Excess of Revenues and Advances
Over (Under) Expenses and Advances
All Proprietary Fund Types

	<u>Enterprise</u>	<u>Internal Service</u>
GAAP Basis	\$31,313	\$16,864
Net Adjustment for		
Revenue Accruals	(10,392)	(4,033)
Advances In	28,051	4,402
Net Adjustment for		
Expense Accruals	55,946	57
Depreciation Expense	9,882	0
Capital Outlay	(76,118)	0
Advances Out	(423)	(21,233)
Encumbrances	(1,708)	0
Budget Basis	<u>\$36,551</u>	<u>(\$3,943)</u>

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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 accounts including passbook accounts.

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

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

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

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

6. The State Treasurer's investment pool (STAROhio); and
7. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits At fiscal year end, the carrying amount of the School District's deposits was (\$293,642) and the bank balance was \$188,104. \$127,455 of the bank balance was covered by federal depository insurance. \$60,649 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institutions trust department or agent in the School District's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments The School District's investments are required to be categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District invests in the Victory Federal Money Market Mutual Funds and STAROhio, the State Treasurer's Investment Pool, which are not classified by degree of credit risk since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Victory Federal Money Market Mutual Funds		\$509,830	\$509,830
Federal Home Loan Mortgage Notes	\$990,900	990,900	990,900
Repurchase Agreements	34,901	34,901	34,901
STAROhio		1,503,190	1,503,190
GASB Statement No. 3	\$1,025,801	\$3,038,821	\$3,038,821

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

The classification of cash and cash equivalents, and investments on the combined general purpose financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined general purpose financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$2,745,179	\$0
Investments which are part of the Cash Management Pool:		
Victory Federal Money Market Mutual Funds	(509,830)	509,830
Federal Home Loan Mortgage Notes	(990,900)	990,900
Repurchase Agreements	(34,901)	34,901
STAROhio	(1,503,190)	1,503,190
GASB Statement No. 3	(\$293,642)	\$3,038,821

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2000 for real and public utility property taxes represents collections of calendar year 1999 taxes. Property tax payments received during calendar year 2000 for tangible personal property (other than public utility property) is for calendar year 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value listed as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at eighty-eight percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

The assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$152,749,550	51.45%	\$152,955,590	51.73%
Public Utility Personal	91,693,271	30.89	91,693,271	31.01
Tangible Personal Property	52,421,980	17.66	51,013,640	17.26
Total	\$296,864,801	100.00%	\$295,662,501	100.00%
Tax rate per \$1,000 of assessed valuation	\$47.70		\$47.70	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Stark County. The county auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000 are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance to the general fund at June 30, 2000, was \$324,140.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 8 - Receivables

Receivables at June 30, 2000, consisted of taxes, accounts (rent, billings for user charged services, and student fees), 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.

A summary of the principal items of intergovernmental receivables follows:

General Fund	
Tuition	\$17,277
Ohio Department of Education	3,310
Ohio Department of Education Drivers Education	<u>1,900</u>
Total General Fund	<u>22,487</u>
Special Revenue Funds	
Title VI-B	16,483
Vocational Education	11,219
Miscellaneous Federal Grants	<u>10,802</u>
Total Special Funds	<u>38,504</u>
Capital Projects Fund	
Vocational Education Equipment	<u>6,050</u>
Enterprise Fund	
Food Service	<u>31,723</u>
Internal Service Fund	
Family Attention Center	<u>11,303</u>
<i>Total Intergovernmental Receivables</i>	<u><u>\$110,067</u></u>

Note 9 - Fixed Assets

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture, Fixtures, and Equipment	\$672,131
Less: Accumulated Depreciation	<u>(534,836)</u>
Net Fixed Assets	<u><u>\$137,295</u></u>

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land, Buildings, and Improvements	\$9,392,656	\$0	\$0	\$9,392,656
Furniture, Fixtures, and Equipment	3,691,299	539,217	6,604	4,223,912
Vehicles	0	145,586	0	145,586
Textbooks and Library Books	1,260,050	114,321	0	1,374,371
Totals	<u>\$14,344,005</u>	<u>\$799,124</u>	<u>\$6,604</u>	<u>\$15,136,525</u>

There was no significant construction in progress at June 30, 2000.

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School contracted with Nationwide Insurance for education liability policy and Indiana Insurance for commercial auto coverage and property, general and excess liability insurance. Indiana Insurance also covers boiler and machinery, inland marine, audio/visual equipment, and musical instruments. Coverages under these policies are as follows.

Company	Type of Coverage	Coverage Amount
Indiana Insurance	Commercial Property	\$53,705,018
	Computers and Equipment	1,154,487
	Musical Instruments	310,413
	Commercial Auto - Garage Operations	1,000,000
	Non Auto - Garage Operations	1,000,000
	Uninsured Motorists Bodily Injury	1,000,000
	Uninsured Motorist Property Damage	7,500
Nationwide Insurance	General Liability, in aggregate	5,000,000
	General Liability, per occurrence	1,000,000
	Fire Damage	100,000
	Medical Expense	5,000

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

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

B. Employee Health Benefits

The School District has contracted with Stark County Schools Council of Government (a shared risk pool) (Note 18) to provide employee medical/surgical benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The School District's Board of Education pays the entire cost of a monthly premium. For fiscal year 2000, the School District cost for paid premium was \$517.26 for family coverage and \$212.56 for single coverage, per month. Dental insurance is also provided by the School District to all employees through the Stark County Schools Council of Government.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance of the Directors has the right to hold monies for an exiting school district subsequent to the settlement of all expenses and claims.

C. Workers' Compensation

The School District participates in the Stark County Schools Council of Governments Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performances is compared to the overall savings percent of the GRP. A participant will then either receive money from or be required to contributed to the "Equity Pooling Fund". This "Equity Pooling Fund" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

Note 11 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made to certified and classified employees for one-fourth of accrued, but unused sick leave credit up to a maximum 64 and 65 days, respectively.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Stark County Council of Governments Health Benefits Program. Coverage in the amount of \$50,000 is provided for all certified and classified employees.

C. Special Termination Benefit Payable

The School District approved an Early Retirement Incentive Plan, which runs from June 30, 1995 through June 30, 2000. Participation is open to all certified employees who are at least fifty years of age, are employed and currently contributing to the State Teachers's Retirement System (STRS), qualify for retirement with the years purchased by the Board and agree to retire within ninety days after notifications that credit has been purchased. The credit purchased may not exceed the lesser of one-fifth of an individual's accumulated service credit or two years of service credit for those teachers who are eligible to retire. The number of employees participating in the plan in any one year is limited to eight total staff. The Board is paying the liability for purchased credits in installments.

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

The Canton Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the Canton Local School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.50 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS's Retirement Board. The Canton Local School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$117,894, \$182,012, and \$203,796; respectively; 49.63 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$59,379 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

B. State Teachers Retirement System

The Canton Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members are required to contribute 9.3 percent of their annual covered salaries. The Canton Local School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$482,760, \$470,769, and \$831,548, respectively; 82.74 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$83,308 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, two members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

Note 13 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$643,680 for fiscal year 2000.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999 (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2000 fiscal year equaled \$182,200.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999, (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

Note 14 - Notes Payable

During fiscal year 2000, the School District did not issue any new notes. The School District's note activity, including amounts outstanding and interest rates, is as follows:

	Balance 6/30/99	Additions	Reductions	Balance 6/30/00
General Fund				
1996 Tax Anticipation Note 4.75%				
12/19/96 - 12/01/00	\$400,000	\$0	(\$200,000)	\$200,000

The note is backed by the full faith and credit of Canton Local School District. On December 1, 2000, the School District will completely repay the \$200,000 note principal and \$9,500 interest.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 15 - Long-term Obligations

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Compensated Absences	\$1,588,195	\$193,039	(\$136,078)	\$1,645,156
Pension Obligation	124,040	127,413	(124,040)	127,413
Capital Leases	301,229	0	(71,251)	229,978
Early Retirement Incentive	137,351	517,590	(229,652)	425,289
<i>Total General Long-Term Obligations</i>	<u>\$2,150,815</u>	<u>\$838,042</u>	<u>(\$561,021)</u>	<u>\$2,427,836</u>

The intergovernmental payable represents pension obligations paid outside the available period. This liability will be paid from the fund from which the employees' salaries are paid. Compensated absences and early retirement incentive will also be paid from the fund from which the employees' salaries are paid. Capital lease obligations will be paid from the general fund because it utilizes the assets.

Note 16 - Capital Leases - Lessee Disclosure

In prior years, the School District entered into capitalized leases for furniture, fixtures and equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of furniture, fixtures and equipment have been capitalized in the general fixed assets account group in the amount of \$383,718. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments during fiscal year 2000 totaled \$71,251 in the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Fiscal Year Ending June 30,	GLTOAG
2001	\$88,013
2002	25,107
2003	25,107
2004	25,107
2005	25,107
2006-2009	87,870
Total	276,311
Less: Amount Representing Interest	(46,333)
Present Value of Net Minimum Lease Payments	\$229,978

Note 17 - Jointly Governed Organizations

A. Stark/Portage Area Computer Consortium The Stark/Portage Area Computer Consortium (SPARCC) is a jointly governed organization created as a regional council of governments pursuant to State Statutes made up of public school districts and county boards of education from Stark, Portage, and Carroll Counties. The primary function of SPARCC is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by SPARCC include student scheduling, registration, grade reporting, and test scoring. Each member district pays an annual fee for the services provided by SPARCC.

SPARCC is primarily governed by a five-member executive Board comprised of the fiscal agent's superintendent and four additional superintendents within the Consortium. The Stark County Educational Service Center serves as the fiscal agent of the Consortium and receives funding from the State Department of Education. The continued existence of SPARCC is not dependent on the District's continued participation and no equity interest exists. Canton Local School District paid \$33,130 to SPARCC during fiscal year 2000 for services. Financial information can be obtained by writing the Stark/Portage Area Computer Consortium, 2100 38th Street NW, Canton, Ohio 44709.

B. Stark County Tax Incentive Review Council Stark County Tax Incentive Review Council (SCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State statutes. SCTIRC has 24 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, ten members appointed by township trustees, one member from the county auditor's office and six members appointed by boards of education located within the enterprise zones of Stark County. The SCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this Council. The continued existence of the SCTIRC is not dependent upon the School District's continued participation and no measurable equity interest exists.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 18 - Public Entity Risk Pools

A. Risk Sharing Pool The Stark County Schools Council of Governments Health Benefit Plan is a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services.

B. Insurance Purchasing Pool The Stark County Schools Council of Governments Workers' Compensation Group Rating Plan has created a group insurance pool for the purpose of creating a group rating plan for workers' compensation. The group is comprised of the treasurers of the members who have been appointed by the respective governing body of each member.

The intent of the pool is to achieve a reduced rate for the District by the group with other members of the group. The injury claim history of all participating members are used to calculate a common rate for the group. An annual fee is paid to Comp Management, Inc. to administer the group and to manage any injury claims. Premium savings created by the group are prorated to each member annually based on its payroll percent of the group.

Note 19 - Segment Information for Enterprise Funds

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and vocational rotary. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the Canton Local School District as of and for the fiscal year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Vocational Rotary</u>	<u>Totals</u>
Operating Revenues	\$480,035	\$42,745	\$26,284	\$549,064
Depreciation	6,054	0	3,828	9,882
Operating Income (Loss)	(292,043)	(6,130)	22,456	(275,717)
Donated Commodities	64,013	0	0	64,013
Operating Grants	242,351	0	0	242,351
Net Income (Loss)	14,987	(6,130)	22,456	31,313
Fixed Asset Additions	51,973	0	24,145	76,118
Long-Term Compensated Absences	29,887	0	0	29,887
Net Working Capital	(16,526)	25,947	5,007	14,428
Total Assets	211,153	26,464	42,277	279,894
Total Equity	53,612	25,947	42,277	121,836
Encumbrances at June 30, 2000	398	1,129	181	1,708

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 20 - Interfund Transactions

Interfund balances at June 30, 2000, consist of the following:

Fund	Interfund Receivable	Interfund Payable	Advances to Other Funds	Advances from Other Funds
General	\$144,009	\$0	\$0	\$0
Special Revenue				
Athletic	0	879	0	0
Ohio Reads	0	60,000	0	0
Title VI-B	0	16,513	0	0
Vocational Education	0	11,219	0	0
Title I	0	39,173	0	0
Miscellaneous Federal	0	5,388	0	0
Capital Projects				
Permanent Improvement	0	0	28,051	0
Vocational Education	0	6,435	0	0
Enterprise				
Food Service	0	0	0	28,051
Internal Service				
Family Attention Center	0	4,402	0	0
Total	<u>\$144,009</u>	<u>\$144,009</u>	<u>\$28,051</u>	<u>\$28,051</u>

The permanent improvement capital projects fund loaned \$28,051 to the food service enterprise fund to help purchase the pizza system for Canton South High School cafeteria. The loan is to be repaid within four years.

Note 21 - State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$4,323,802 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

Note 22 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 School District at June 30, 2000.

B. Litigation

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

Note 23 - Set Aside Requirements

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end 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 School District is also required to set aside money for budget stabilization.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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

	Textbooks/ Instructional Materials Reserve	Capital Improvements Reserve	Budget Stabilization Reserve
Set-aside Reserved Balance as of June 30, 1999	\$0	\$507	\$219,867
Current Year Set-aside Qualifying Disbursements	413,259 (418,880)	413,259 (759,563)	137,753 0
Totals	<u>(5,621)</u>	<u>(345,797)</u>	<u>357,620</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$5,621)</u>	<u>\$0</u>	<u>\$357,620</u>
Set-aside Reserved Balance as of June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$357,620</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. Although the School 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. The total reserve balance for the three set-asides at the end of the fiscal year was \$357,620.

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**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	Not Available	10.550	\$0	\$63,484	\$0	\$64,012
School Breakfast Program	05-PU-00	10.553	31,416	0	31,416	0
National School Lunch Program	04-PU-00	10.555	212,462	0	212,462	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>243,878</u>	<u>63,484</u>	<u>243,878</u>	<u>64,012</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed through the Ohio Department of Education:</i>						
Special Education Grants to States	6B-SF-00	84.027	160,980	0	164,225	0
Title 1 Grants to Local Educational Agencies	C1-S1-00	84.010	217,645	0	260,527	0
Innovative Education Program Strategies	C2-S1-00	84.298	5,549	0	6,848	0
Class Size Reduction (B)	CR-S1-00	84.340	77,114	0	76,944	0
Vocational Education	20-C1-00-00	84.048	73,178	0	70,468	0
Goals 2000-State and Local Education Systemic Improvement Grants	G2-S2-00	84.276	132,539	0	174,141	0
Safe and Drug Free Schools and Communities State Grants	DR-S1-00	84.186	10,737	0	12,405	0
Total U.S. Department of Education			<u>677,742</u>	<u>0</u>	<u>765,558</u>	<u>0</u>
Total Federal Assistance			<u><u>\$921,620</u></u>	<u><u>\$63,484</u></u>	<u><u>\$1,009,436</u></u>	<u><u>\$64,012</u></u>

The accompanying Notes to this schedule are an integral part of this schedule.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2000**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



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JIM PETRO, AUDITOR OF STATE

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

Canton Local School District
Stark County
4526 Ridge Avenue SE
Canton, Ohio 44707

To the Board of Education:

We have audited the general purpose financial statements of the Canton Local School District, Stark County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 20, 2000 in which we noted the District changed its method of accounting and reporting for compensated absences. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-11276-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above to be a material weakness.

Stark County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 20, 2000.

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

Jim Petro
Auditor of State

December 20, 2000



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

Canton Local School District
Stark County
4526 Ridge Avenue SE
Canton, Ohio 44707

To the Board of Education:

Compliance

We have audited the compliance of the Canton Local School District, Stark County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

However, we noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to management of the District in a separate letter dated December 20, 2000.

Internal Control Over Compliance

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

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

However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 20, 2000.

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

Jim Petro
Auditor of State

December 20, 2000

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster-CFDA #10.550, 10.553,10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Finding Number	2000-11276-001
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Fixed Asset Detail

Although the District has procedures in place to identify and record current year fixed asset additions and deletions, the District does not have policies and procedures which require posting of current year fixed asset activity to the detailed master fixed asset listing. Nor does the District have policies and procedures which provide for a periodic physical inventory and reconciliation of the physical inventory to the detailed master listing. Consequently, the District's detailed master fixed asset listing has not been updated for several years.

Policies and procedures should be implemented which require annual posting of fixed asset activity to the detailed master listing, and conducting a periodic physical inventory and reconciliation of the physical inventory to the detailed master listing. This would help ensure better accountability of the District's assets in determining coverage amounts for risk management purposes and for financial statement reporting purposes.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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CANTON LOCAL SCHOOL DISTRICT

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 13, 2001**