

**CANFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

Canfield Local School District  
Mahoning County  
100 Wadsworth Street  
Canfield, Ohio 44406

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Canfield Local School District, Mahoning County, (the District) as of and for the year ended June 30, 1999, 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 Canfield Local School District, Mahoning County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

  
Jim Petro  
Auditor of State

December 6, 1999

Canfield Local School District

**Canfield Local School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups*  
*June 30, 1999*

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets and Other Debits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,417,900	\$184,883	\$593,734	\$9,580,556
Receivables:				
Taxes	9,962,319	0	1,205,371	119,141
Accounts	3,053	975	0	0
Intergovernmental	5,748	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies				
Inventory	69,591	0	0	0
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	206,612	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits</b>				
Amount Available in Debt Service Fund for Retirement of General Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<u>\$12,665,223</u>	<u>\$185,858</u>	<u>\$1,799,105</u>	<u>\$9,699,697</u>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$75,910	\$94,183	\$86,192	\$0	\$0	\$13,033,358
0	0	0	0	0	11,286,831
123	0	0	0	0	4,151
8,767	0	0	0	0	14,515
8,719	0	0	0	0	8,719
850	0	0	0	0	70,441
0	0	0	0	0	206,612
37,590	0	0	21,525,678	0	21,563,268
0	0	0	0	593,734	593,734
0	0	0	0	16,001,384	16,001,384
<u>\$131,959</u>	<u>\$94,183</u>	<u>\$86,192</u>	<u>\$21,525,678</u>	<u>\$16,595,118</u>	<u>\$62,783,013</u>

(continued)

**Canfield Local School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups (continued)*  
*June 30, 1999*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities,</b>				
<b>Fund Equity and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$353	\$0	\$0	\$19,667
Accrued Wages and Benefits	1,085,607	0	0	0
Compensated Absences Payable	36,893	0	0	0
Intergovernmental Payable	266,624	0	0	0
Deferred Revenue	9,962,319	0	1,205,371	119,141
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
Notes Payable	0	0	0	150,000
Claims Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
<b>Total Liabilities</b>	<b>11,351,796</b>	<b>0</b>	<b>1,205,371</b>	<b>288,808</b>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings (Deficit):				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	1,097	15,457	0	7,658,302
Reserved for Inventory	69,591	0	0	0
Reserved for Budget Stabilization	206,612	0	0	0
Reserved for Endowments	0	0	0	0
Unreserved:				
Designated for Underground Storage Tanks	11,000	0	0	0
Undesignated	1,025,127	170,401	593,734	1,752,587
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>1,313,427</b>	<b>185,858</b>	<b>593,734</b>	<b>9,410,889</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$12,665,223</b>	<b>\$185,858</b>	<b>\$1,799,105</b>	<b>\$9,699,697</b>

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	
\$0	\$0	\$0	\$0	\$0	\$20,020
12,298	0	0	0	0	1,097,905
19,961	0	0	0	1,323,573	1,380,427
28,747	0	0	0	123,846	419,217
6,432	0	0	0	0	11,293,263
0	0	491	0	0	491
0	0	49,572	0	0	49,572
0	0	0	0	14,205,000	14,355,000
0	117,486	0	0	0	117,486
0	0	0	0	942,699	942,699
<u>67,438</u>	<u>117,486</u>	<u>50,063</u>	<u>0</u>	<u>16,595,118</u>	<u>29,676,080</u>
0	0	0	21,525,678	0	21,525,678
64,521	(23,303)	0	0	0	41,218
0	0	0	0	0	7,674,856
0	0	0	0	0	69,591
0	0	0	0	0	206,612
0	0	33,185	0	0	33,185
0	0	0	0	0	11,000
0	0	2,944	0	0	3,544,793
<u>64,521</u>	<u>(23,303)</u>	<u>36,129</u>	<u>21,525,678</u>	<u>0</u>	<u>33,106,933</u>
<u>\$131,959</u>	<u>\$94,183</u>	<u>\$86,192</u>	<u>\$21,525,678</u>	<u>\$16,595,118</u>	<u>\$62,783,013</u>

**Canfield Local School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 1999*

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>Revenues</b>			
Taxes	\$9,126,831	\$0	\$739,092
Intergovernmental	6,184,695	268,301	96,171
Interest	149,622	293	0
Tuition and Fees	47,198	0	0
Extracurricular Activities	0	291,784	0
Contributions and Donations	440	7,690	0
Rentals	5,207	550	0
Miscellaneous	711	31,772	0
<b>Total Revenues</b>	<b>15,514,704</b>	<b>600,390</b>	<b>835,263</b>
<b>Expenditures</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	7,936,255	70,424	0
Special	1,186,517	27,344	0
Vocational	201,361	0	0
<b>Support Services:</b>			
Pupils	549,729	34,684	0
Instructional Staff	692,557	54,947	0
Board of Education	34,854	0	0
Administration	1,141,672	224,342	0
Fiscal	315,728	846	0
Business	121,149	0	0
Operation and Maintenance of Plant	1,449,581	7,801	0
Pupil Transportation	995,297	0	0
Central	106,573	11,547	0
Extracurricular Activities	412,451	181,827	0
Capital Outlay	0	0	0
<b>Debt Service:</b>			
Principal Retirement	0	0	11,880,900
Interest and Fiscal Charges	0	0	394,571
<b>Total Expenditures</b>	<b>15,143,724</b>	<b>613,762</b>	<b>12,275,471</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>370,980</b>	<b>(13,372)</b>	<b>(11,440,208)</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	0	0	13,716,646
Proceeds from Sale of Fixed Assets	6,531	0	0
Operating Transfers In	0	0	26,125
Operating Transfers Out	(26,125)	0	(2,135,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(19,594)</b>	<b>0</b>	<b>11,607,771</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>351,386</b>	<b>(13,372)</b>	<b>167,563</b>
<b>Fund Balances</b>			
Beginning of Year	933,189	199,230	426,171
Increase in Reserve for Inventory	28,852	0	0
<b>Fund Balances End of Year</b>	<b>\$1,313,427</b>	<b>\$185,858</b>	<b>\$593,734</b>

See accompanying notes to the general purpose financial statements

<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
\$109,792	\$9,975,715
14,545	6,563,712
534,913	684,828
0	47,198
0	291,784
180,000	188,130
0	5,757
0	32,483
<u>839,250</u>	<u>17,789,607</u>
0	8,006,679
0	1,213,861
0	201,361
0	584,413
0	747,504
0	34,854
0	1,366,014
0	316,574
0	121,149
0	1,457,382
0	995,297
0	118,120
0	594,278
5,106,115	5,106,115
0	11,880,900
0	394,571
<u>5,106,115</u>	<u>33,139,072</u>
<u>(4,266,865)</u>	<u>(15,349,465)</u>
11,295,000	25,011,646
487	7,018
2,135,000	2,161,125
0	(2,161,125)
<u>13,430,487</u>	<u>25,018,664</u>
9,163,622	9,669,199
247,267	1,805,857
0	28,852
<u>\$9,410,889</u>	<u>\$11,503,908</u>

**Canfield Local School District**  
*Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 1999*

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Taxes	\$9,126,691	\$9,126,831	\$140
Intergovernmental	6,183,750	6,183,863	113
Interest	142,500	149,963	7,463
Tuition and Fees	45,600	45,586	(14)
Extracurricular Activities	0	0	0
Contributions and Donations	450	440	(10)
Rentals	5,450	5,432	(18)
Miscellaneous	700	711	11
<b>Total Revenues</b>	<b>15,505,141</b>	<b>15,512,826</b>	<b>7,685</b>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	7,951,500	7,895,237	56,263
Special	1,187,580	1,176,369	11,211
Vocational	203,280	200,441	2,839
Support Services:			
Pupils	566,865	559,254	7,611
Instructional Staff	674,740	664,546	10,194
Board of Education	37,155	34,854	2,301
Administration	1,147,235	1,139,300	7,935
Fiscal	326,980	317,542	9,438
Business	134,660	121,139	13,521
Operation and Maintenance of Plant	1,469,895	1,447,400	22,495
Pupil Transportation	1,004,120	991,204	12,916
Central	122,155	108,524	13,631
Extracurricular Activities	420,440	411,481	8,959
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>15,246,605</b>	<b>15,067,291</b>	<b>179,314</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>258,536</b>	<b>445,535</b>	<b>186,999</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	0	0	0
Proceeds from Sale of Fixed Assets	6,550	6,531	(19)
Operating Transfers In	0	0	0
Operating Transfers Out	(29,650)	(26,125)	3,525
<b>Total Other Financing Sources (Uses)</b>	<b>(23,100)</b>	<b>(19,594)</b>	<b>3,506</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>235,436</b>	<b>425,941</b>	<b>190,505</b>
<b>Fund Balances at Beginning of Year</b>	<b>2,194,166</b>	<b>2,194,166</b>	<b>0</b>
Prior Year Encumbrances Appropriated	2,955	2,955	0
<b>Fund Balances End of Year</b>	<b>\$2,432,557</b>	<b>\$2,623,062</b>	<b>\$190,505</b>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$739,088	\$739,092	\$4
268,297	268,301	4	96,150	96,171	21
290	293	3	0	0	0
0	0	0	0	0	0
292,340	292,305	(35)	0	0	0
8,025	8,022	(3)	0	0	0
550	550	0	0	0	0
31,785	31,772	(13)	0	0	0
<u>601,287</u>	<u>601,243</u>	<u>(44)</u>	<u>835,238</u>	<u>835,263</u>	<u>25</u>
114,878	81,937	32,941	0	0	0
33,478	27,344	6,134	0	0	0
0	0	0	0	0	0
34,684	34,684	0	0	0	0
74,471	54,947	19,524	0	0	0
0	0	0	0	0	0
225,811	222,562	3,249	0	0	0
846	846	0	12,000	11,554	446
0	0	0	0	0	0
7,801	7,801	0	0	0	0
0	0	0	0	0	0
11,547	11,547	0	0	0	0
201,780	185,652	16,128	0	0	0
0	0	0	0	0	0
0	0	0	11,880,900	11,880,900	0
0	0	0	383,255	383,017	238
<u>705,296</u>	<u>627,320</u>	<u>77,976</u>	<u>12,276,155</u>	<u>12,275,471</u>	<u>684</u>
<u>(104,009)</u>	<u>(26,077)</u>	<u>77,932</u>	<u>(11,440,917)</u>	<u>(11,440,208)</u>	<u>709</u>
0	0	0	11,581,650	11,581,646	(4)
0	0	0	0	0	0
0	0	0	26,100	26,125	25
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>11,607,750</u>	<u>11,607,771</u>	<u>21</u>
(104,009)	(26,077)	77,932	166,833	167,563	730
178,722	178,722	0	426,171	426,171	0
16,783	16,783	0	0	0	0
<u>\$91,496</u>	<u>\$169,428</u>	<u>\$77,932</u>	<u>\$593,004</u>	<u>\$593,734</u>	<u>\$730</u>

(continued)

**Canfield Local School District**  
*Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types (continued)  
For the Fiscal Year Ended June 30, 1999*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$109,791	\$109,792	\$1
Intergovernmental	14,500	14,545	45
Interest	535,000	534,913	(87)
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	180,000	180,000	0
Rentals	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>839,291</b>	<b>839,250</b>	<b>(41)</b>
<b>Expenditures</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	110,000	110,000	0
Special	0	0	0
Vocational	0	0	0
<b>Support Services:</b>			
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	25,312	25,312	0
Pupil Transportation	0	0	0
Central	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	13,916,864	12,616,559	1,300,305
<b>Debt Service:</b>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>14,052,176</b>	<b>12,751,871</b>	<b>1,300,305</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(13,212,885)</b>	<b>(11,912,621)</b>	<b>1,300,264</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	13,580,000	13,580,000	0
Proceeds from Sale of Fixed Assets	500	487	(13)
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>13,580,500</b>	<b>13,580,487</b>	<b>(13)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>367,615</b>	<b>1,667,866</b>	<b>1,300,251</b>
<b>Fund Balances at Beginning of Year</b>	<b>247,267</b>	<b>247,267</b>	<b>0</b>
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balances at End of Year</b>	<b>\$614,882</b>	<b>\$1,915,133</b>	<b>\$1,300,251</b>

See accompanying notes to the general purpose financial statements

Totals  
(Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$9,975,570	\$9,975,715	\$145
6,562,697	6,562,880	183
677,790	685,169	7,379
45,600	45,586	(14)
292,340	292,305	(35)
188,475	188,462	(13)
6,000	5,982	(18)
32,485	32,483	(2)
<u>17,780,957</u>	<u>17,788,582</u>	<u>7,625</u>
8,176,378	8,087,174	89,204
1,221,058	1,203,713	17,345
203,280	200,441	2,839
601,549	593,938	7,611
749,211	719,493	29,718
37,155	34,854	2,301
1,373,046	1,361,862	11,184
339,826	329,942	9,884
134,660	121,139	13,521
1,503,008	1,480,513	22,495
1,004,120	991,204	12,916
133,702	120,071	13,631
622,220	597,133	25,087
13,916,864	12,616,559	1,300,305
11,880,900	11,880,900	0
383,255	383,017	238
<u>42,280,232</u>	<u>40,721,953</u>	<u>1,558,279</u>
<u>(24,499,275)</u>	<u>(22,933,371)</u>	<u>1,565,904</u>
25,161,650	25,161,646	(4)
7,050	7,018	(32)
26,100	26,125	25
(29,650)	(26,125)	3,525
<u>25,165,150</u>	<u>25,168,664</u>	<u>3,514</u>
665,875	2,235,293	1,569,418
3,046,326	3,046,326	0
19,738	19,738	0
<u>\$3,731,939</u>	<u>\$5,301,357</u>	<u>\$1,569,418</u>

**Canfield Local School District**  
*Combined Statement of Revenues,  
Expenses and Changes in Retained Earnings/Fund Balance  
All Proprietary Fund Types and Similar Trust Fund  
For the Fiscal Year Ended June 30, 1999*

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Operating Revenues</b>				
Tuition	\$11,612	\$0	\$0	\$11,612
Sales	549,318	0	0	549,318
Charges for Services	0	327,119	0	327,119
Interest	0	0	1,829	1,829
Contributions and Donations	0	0	575	575
<b>Total Operating Revenues</b>	<b>560,930</b>	<b>327,119</b>	<b>2,404</b>	<b>890,453</b>
<b>Operating Expenses</b>				
Salaries	228,137	0	0	228,137
Fringe Benefits	47,298	0	0	47,298
Purchased Services	5,051	13,912	0	18,963
Materials and Supplies	81,141	0	750	81,891
Cost of Sales	278,411	0	0	278,411
Depreciation	5,432	0	0	5,432
Claims	0	329,728	0	329,728
Other	1,582	0	560	2,142
<b>Total Operating Expenses</b>	<b>647,052</b>	<b>343,640</b>	<b>1,310</b>	<b>992,002</b>
<b>Operating Income (Loss)</b>	<b>(86,122)</b>	<b>(16,521)</b>	<b>1,094</b>	<b>(101,549)</b>
<b>Non-Operating Revenues</b>				
Federal Donated Commodities	34,831	0	0	34,831
Interest	1,025	3,982	0	5,007
Operating Grants	52,137	0	0	52,137
<b>Total Non-Operating Revenues</b>	<b>87,993</b>	<b>3,982</b>	<b>0</b>	<b>91,975</b>
<b>Net Income (Loss)</b>	<b>1,871</b>	<b>(12,539)</b>	<b>1,094</b>	<b>(9,574)</b>
<b>Retained Earnings (Deficit)/ Fund Balance Beginning of Year (Restated Note 3)</b>	<b>62,650</b>	<b>(10,764)</b>	<b>35,035</b>	<b>86,921</b>
<b>Total Retained Earnings (Deficit)/ Fund Balance End of Year</b>	<b>\$64,521</b>	<b>(\$23,303)</b>	<b>\$36,129</b>	<b>\$77,347</b>

See accompanying notes to the general purpose financial statements

**Canfield Local School District**  
*Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
 All Proprietary Fund Types and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 1999*

	Enterprise Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Tuition	\$11,600	\$11,612	\$12
Sales	547,450	550,264	2,814
Charges for Services	0	0	0
Interest	1,020	1,025	5
Contributions and Donations	0	0	0
Operating Grants	51,330	51,331	1
<i>Total Revenues</i>	<u>611,400</u>	<u>614,232</u>	<u>2,832</u>
<b>Expenses</b>			
Salaries	199,000	196,969	2,031
Fringe Benefits	77,600	76,252	1,348
Purchased Services	5,500	5,051	449
Materials and Supplies	355,000	323,073	31,927
Capital Outlay	10,000	8,194	1,806
Other	2,000	1,582	418
<i>Total Expenses</i>	<u>649,100</u>	<u>611,121</u>	<u>37,979</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(37,700)	3,111	40,811
<i>Fund Equity Beginning of Year</i>	<u>72,799</u>	<u>72,799</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$35,099</u>	<u>\$75,910</u>	<u>\$40,811</u>

(continued)

**Canfield Local School District**  
*Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
 All Proprietary Fund Types and Similar Trust Fund (continued)  
 For the Fiscal Year Ended June 30, 1999*

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Tuition	\$0	\$0	\$0
Sales	0	0	0
Charges for Services	327,118	327,119	1
Interest	3,982	3,982	0
Contributions and Donations	0	0	0
Operating Grants	0	0	0
<i>Total Revenues</i>	<u>331,100</u>	<u>331,101</u>	<u>1</u>
<b>Expenses</b>			
Salaries	0	0	0
Fringe Benefits	0	0	0
Purchased Services	14,000	13,912	88
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Other	353,000	345,224	7,776
<i>Total Expenses</i>	<u>367,000</u>	<u>359,136</u>	<u>7,864</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(35,900)	(28,035)	(7,865)
<i>Fund Equity at Beginning of Year</i>	<u>122,218</u>	<u>122,218</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u>\$86,318</u>	<u>\$94,183</u>	<u>\$7,865</u>

Nonexpendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$11,600	\$11,612	\$12
0	0	0	547,450	550,264	2,814
0	0	0	327,118	327,119	1
1,825	1,829	4	6,827	6,836	9
575	575	0	575	575	0
0	0	0	51,330	51,331	1
<u>2,400</u>	<u>2,404</u>	<u>4</u>	<u>944,900</u>	<u>947,737</u>	<u>2,837</u>
0	0	0	199,000	196,969	2,031
0	0	0	77,600	76,252	1,348
2,500	750	1,750	22,000	19,713	2,287
0	0	0	355,000	323,073	31,927
0	0	0	10,000	8,194	1,806
1,000	560	440	356,000	347,366	8,634
<u>3,500</u>	<u>1,310</u>	<u>(16,455)</u>	<u>1,019,600</u>	<u>971,567</u>	<u>48,033</u>
(1,100)	1,094	16,451	(110,600)	(51,865)	50,870
<u>35,035</u>	<u>35,035</u>	<u>0</u>	<u>230,052</u>	<u>230,052</u>	<u>0</u>
<u>\$33,935</u>	<u>\$36,129</u>	<u>\$2,194</u>	<u>\$155,352</u>	<u>\$206,222</u>	<u>\$50,870</u>

**Canfield Local School District**  
*Combined Statement of Cash Flows*  
*All Proprietary Fund Types and Similar Trust Fund*  
*For the Fiscal Year Ended June 30, 1999*

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$550,264	\$0	\$0	\$550,264
Cash Received from Tuition Payments	11,612	0	0	11,612
Cash Received from Quasi-External Operating Transactions with Other Funds	0	327,119	0	327,119
Cash Received from Contributions and Donations	0	0	575	575
Cash Payments to Suppliers for Goods and Services	(328,124)	(13,912)	(750)	(342,786)
Cash Payments to Employees for Services	(196,969)	0	0	(196,969)
Cash Payments for Employee Benefits	(76,252)	0	0	(76,252)
Cash Payments for Claims	0	(345,224)	0	(345,224)
Cash Payments for Other Operating Expenses	(1,582)	0	(560)	(2,142)
<b><i>Net Cash Used for Operating Activities</i></b>	<b>(41,051)</b>	<b>(32,017)</b>	<b>(735)</b>	<b>(73,803)</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating Grants Received	51,331	0	0	51,331
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for Capital Acquisitions	(8,194)	0	0	(8,194)
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	1,025	3,982	1,829	6,836
<b><i>Net Increase (Decrease) in Cash and Cash Equivalents</i></b>	<b>3,111</b>	<b>(28,035)</b>	<b>1,094</b>	<b>(23,830)</b>
<b><i>Cash and Cash Equivalents Beginning of Year</i></b>	<b>72,799</b>	<b>122,218</b>	<b>35,035</b>	<b>230,052</b>
<b><i>Cash and Cash Equivalents End of Year</i></b>	<b>\$75,910</b>	<b>\$94,183</b>	<b>\$36,129</b>	<b>\$206,222</b>

(continued)

**Canfield Local School District**  
*Combined Statement of Cash Flows*  
*All Proprietary Fund Types and Similar Trust Fund (continued)*  
*For the Fiscal Year Ended June 30, 1999*

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</b>				
<b>Operating Income (Loss)</b>	(\$86,122)	(\$16,521)	\$1,094	(\$101,549)
<i>Adjustments:</i>				
Depreciation	5,432	0	0	5,432
Donated Commodities Used During Year	34,831	0	0	34,831
Interest	0	0	(1,829)	(1,829)
<i>(Increase)/Decrease in Assets:</i>				
Accounts Receivable	946	0	0	946
Inventory Held for Resale	1,518	0	0	1,518
Materials and Supplies Inventory	131	0	0	131
<i>Increase/(Decrease) in Liabilities:</i>				
Accrued Wages and Benefits	(2,281)	0	0	(2,281)
Compensated Absences Payable	4,701	0	0	4,701
Intergovernmental Payable	(207)	0	0	(207)
Claims Payable	0	(15,496)	0	(15,496)
<b>Total Adjustments</b>	<b>45,071</b>	<b>(15,496)</b>	<b>(1,829)</b>	<b>27,746</b>
<b>Net Cash Used for Operating Activities</b>	<b>(\$41,051)</b>	<b>(\$32,017)</b>	<b>(\$735)</b>	<b>(\$73,803)</b>

Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Fund to Balance Sheet:

Cash and Cash Equivalents - All Fiduciary Funds:	
Cash and Cash Equivalents	\$86,192
Cash and Cash Equivalents - Agency Funds	(50,063)
Cash and Cash Equivalents - Nonexpendable Trust Fund	\$36,129

See accompanying notes to the general purpose financial statements

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 1 - Description of the School**

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

The School District operates under a locally elected five-member Board form of government. Each member is elected to a four year term. The School District provides educational services as mandated by State and/or federal agencies. The Board of Education controls the School District's four instructional support facilities staffed by 113 classified employees, 168 certified employees and 10 administrators who provide services to 3,072 students and other community members.

The School District is located in Canfield, Ohio, Mahoning County. The enrollment for the School District during the 1999 fiscal year was 3,072. The School District operates two (K-4) elementary schools, one middle school (5-8) and a high school (9-12).

***Reporting Entity***

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

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

The School District is associated with two jointly governed organization and two public entity risk pools. These organizations are the Mahoning County Joint Vocational School, the Area Cooperative Computerized Educational Service System (ACCESS), the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Mahoning County Schools Employee Insurance Consortium. These organizations are presented in Notes 9 and 19 to the general purpose financial statements.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting 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 and interpretations issued on or before November 30, 1989, to its proprietary activities 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 that are not recorded in the funds because they do not directly affect net expendable available financial 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 or fiduciary 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 established to account for the proceeds of specific revenue sources (other than expendable trusts or 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*** 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 and trust funds).

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**A. Basis Of Presentation - Fund Accounting (Continued)**

**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 had 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 governments and other funds. These include nonexpendable trust and agency funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial in nature (assets equal liabilities) and thus 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 or trust 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 or trust 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 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 and nonexpendable trust 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 and nonexpendable trust funds operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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***B. Measurement Focus and Basis of Accounting (Continued)***

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 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 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, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 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 and nonexpendable trust funds. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in 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 object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**C. Budgetary Data (Continued)**

**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. The budget includes proposed expenditures and the means of financing for all funds. 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.

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

**Estimated Resources** Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the 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 statement reflect the amounts in the final amended certificate issued during fiscal year 1999.

**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 enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels 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, or alter total function appropriations within a fund, or alter object appropriations within functions, 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. 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. Expenditures plus encumbrances may not legally exceed appropriations. 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.

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

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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***D. Cash and Cash Equivalents***

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 records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 1999, investments were limited to STAROhio, the State Treasurer's Investment Pool and repurchase agreements. All investments of the School District had a maturity of two years or less. 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 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, 1999.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$149,622, which includes \$121,865 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 an original 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 original maturity of more than three months that are not made from the pool are considered to be investments.

***E. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute by the School District to create a reserve for budget stabilization. See Note 24 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

***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. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, recreational materials and school supplies held for resale and are expensed when used.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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***G. 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 proprietary funds are 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 hundred 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. 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 vehicles and furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life that ranges from five to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

***H. 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  
School Bus Purchase Reimbursement

**Non-Reimbursable Grants**

*Special Revenue Funds*

Professional Development Block Grant  
Education Management Information Systems  
Title VI-B  
Drug Free Schools  
Title VI  
School Net  
Textbook Subsidy  
Venture Capital

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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***H. Intergovernmental Revenues (Continued)***

*Capital Projects Fund*  
School Net Plus

**Reimbursable Grants**

*General Fund*  
Driver Education Reimbursement

*Proprietary Funds*  
National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to approximately thirty-seven percent of the School District's operating revenues in governmental funds during the 1999 fiscal year.

***I. 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.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified, certified and administrative employees after ten years of service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable 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.

***J. 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, 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 obligation account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after year end are considered not to have been made with current available financial resources. Bonds and long-term loans are recognized as a liability of the general long-term obligations account group until due or until resources have been accumulated in the fund for payment early in the following year.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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***J. Accrued Liabilities and Long-term Obligations (Continued)***

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

Under Ohio Law, a debt retirement fund may be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

***K. 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.

***L. 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, inventories of supplies and materials, budget stabilization and contributions to nonexpendable trust funds that must be kept intact. A designation of fund equity has been established for the potential liability in case of leaks in underground storage tanks

The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

***M. Estimates***

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

***N. Totals 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.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 3 - Restatement of Prior Year Balance**

Total fund balance in the nonexpendable trust fund was overstated at June 30, 1998, by \$88, therefore, decreasing fund balance from \$35,123 to \$35,035.

**Note 4 - Fund Deficits**

The self-insurance internal service fund deficit balance \$23,303 resulted from the recognition of accrued liabilities. The general fund is responsible to cover deficit fund balances by means of a transfer. However, this is done when cash is needed rather than when accruals occur.

**Note 5 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance/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 (Non-GAAP Basis) and Actual, All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, All Proprietary Fund Types and Similar Trust Fund 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 balance for governmental fund types and as note disclosures in the proprietary fund types (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 transactions (GAAP basis).
5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
For the Fiscal Year Ended June 30, 1999

**Note 5 - Budgetary Basis of Accounting (Continued)**

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$351,386	(\$13,372)	\$167,563	\$9,163,622
Net Adjustment for				
Revenue Accruals	(1,878)	853	0	0
Proceeds of Notes	0	0	(2,135,000)	2,285,000
Transfer In	0	0	0	(2,135,000)
Net Adjustment for				
Expenditure Accruals	77,883	1,897	0	19,667
Transfer Out	0	0	2,135,000	0
Encumbrances	(1,450)	(15,455)	0	(7,665,423)
Budget Basis	<u>\$425,941</u>	<u>(\$26,077)</u>	<u>\$167,563</u>	<u>\$1,667,866</u>

Net Income (Loss)/Excess of Revenues  
Over (Under) Expenses and Operating Transfers  
All Proprietary Fund Types and Similar Trust Fund

	Enterprise	Internal Service	Nonexpendable Trust
GAAP Basis	\$1,871	(\$12,539)	\$1,094
Net Adjustment for Revenue Accruals	140	0	0
Net Adjustment for Expense Accruals	3,862	(15,496)	0
Capital Outlay	(8,194)	0	0
Depreciation Expense	5,432	0	0
Budget Basis	<u>\$3,111</u>	<u>(\$28,035)</u>	<u>\$1,094</u>

**Note 6 - Deposits and Investments**

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

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

Inactive deposits are public deposits that the School District's 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.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 6 - Deposits and Investments (Continued)**

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or 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;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under certain circumstances, corporate debt interests rated in either of the two highest rating classification by at least two nationally recognized rating agencies.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
For the Fiscal Year Ended June 30, 1999

**Note 6 - Deposits and Investments (Continued)**

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 until maturity.

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

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

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was (\$1,822,982) and the bank balance was \$109,446. The entire amount of the bank balance was covered by federal depository insurance.

**Investments** The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	<u>\$109,430</u>	\$109,430	\$109,430
STAROhio		<u>14,953,522</u>	<u>14,953,522</u>
Total		<u>\$15,062,952</u>	<u>\$15,062,952</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting." A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	<u>\$13,239,970</u>	<u>\$0</u>
Investment:		
STAROhio	(14,953,522)	14,953,522
Repurchase Agreements	<u>(109,430)</u>	<u>109,430</u>
GASB Statement 3	<u>(\$1,822,982)</u>	<u>\$15,062,952</u>

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

**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 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 1999 for real and public utility property taxes represents collections of calendar year 1998 taxes. Property tax payments received during calendar year 1999 for tangible personal property (other than public utility property) is for calendar year 1999 taxes.

1999 real property tax are levied after April 1, 1999, on the assessed value listed as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 1999 public utility taxes became a lien December 31, 1998, are levied after April 1, 1999, and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the values as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

The assessed value upon which fiscal year 1999 taxes were collected are:

	<u>1998 Second- Half Collections</u>		<u>1999 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$307,361,150	90.83%	\$319,417,430	91.63%
Public Utility Personal	13,527,170	4.00	14,458,460	4.15
Tangible Personal Property	17,495,930	5.17	14,727,010	4.22
	<u>\$338,384,250</u>	<u>100.00%</u>	<u>\$348,602,900</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$48.65		\$51.00	

The School District approved a \$2.5 mill bond issue at the May 1998 election, which will generate approximately \$21,787,675 over 25 years. Collections on the levy began in fiscal year 1999.

Real property taxes are payable annually or semi-annually. If paid annually, payments 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 statue permits late payments 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, payments are 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 Mahoning County. The County Auditor periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 7 - Property Taxes (Continued)**

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Canfield Local School District. The County Auditor periodically remit to the School District its portion of taxes. Accrued property taxes receivable represented delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. 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.

**Note 8 - Receivables**

Receivables at June 30, 1999, consisted of taxes, accounts (rent 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 year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Drivers' Education	\$2,700
Parochial Schools	1,728
County Reimbursement	<u>1,320</u>
Total General Fund	5,748
Food Service Enterprise Fund:	
Federal and State School Lunch Program	<u>8,767</u>
Total Intergovernmental Receivables	<u><u>\$14,515</u></u>

**Note 9 - Jointly Governed Organizations**

***A. Mahoning County Joint Vocational School***

The Mahoning County Joint Vocational School is a political subdivision of the State of Ohio operated under the direction of a Board consisting of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative from each of the two city school districts. During fiscal year 1999 no monies were received from the School District. To obtain financial information write to the Treasurer at the Mahoning County Joint Vocational School, 7300 North Palmyra Road, Canfield, Ohio, 44406.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
For the Fiscal Year Ended June 30, 1999

**Note 9 - Jointly Governed Organizations (Continued)**

***B. Area Cooperative Computerized Educational Service System***

The Area Cooperative Computerized Educational Service System (ACCESS) is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based on a per pupil charge. Canfield Local School District contributed \$43,167 to ACCESS during fiscal year 1999. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507.

**Note 10 - Fixed Assets**

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

	<b>Totals</b>
Furniture and Equipment	\$150,704
Vehicles	25,687
Less accumulated depreciation	(138,801)
Net Fixed Assets	\$37,590

A summary of the changes in general fixed assets during fiscal year 1999 follows:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Land	\$110,950	\$0	\$0	\$110,950
Buildings	10,472,440	0	0	10,472,440
Furniture and Equipment	4,323,258	771,788	0	5,095,046
Vehicles	1,377,571	206,550	110,902	1,473,219
Construction in Progress	0	4,374,023	0	4,374,023
<b>Total</b>	<b>\$16,284,219</b>	<b>\$5,352,361</b>	<b>\$110,902</b>	<b>\$21,525,678</b>

**Note 11 - 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 1999, the School District contracted with Utica National Insurance for property, inland marine, commercial crime, and boiler and machinery with a \$1,000 deductible.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 11 - Risk Management (Continued)**

**A. Property and Liability (Continued)**

Professional liability is protected by Nationwide Insurance with a \$2,000,000 single occurrence, \$5,000,000 aggregate and no deductible. Vehicles are also covered by Nationwide Insurance and have a \$250 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability.

Settled claims have never exceeded this commercial coverage. There has not been a significant reduction in coverage from the prior year.

**B. Workers' Compensation**

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (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 performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc., provides administrative, cost control and actuarial services to the GRP.

**C. Employee Medical Benefits**

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits since 1982. The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County school districts. Rates are set through annual calculation process. The Canfield Local School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays ninety-five percent of the monthly medical/surgical premiums of \$408.00 for family coverage and \$167.00 for single coverage per employee.

The School District has elected to provide vision, dental, and prescription drug benefits through a self-insurance program. The School District maintains an insurance reserve internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Professional Risk Management, located in Youngstown, Ohio, reviews all claims which are then paid by the School District. The School District pays into the insurance reserve internal service fund \$10.00 for family vision coverage or \$5.00 for single vision coverage per employee per month, \$40.00 for dental per month and \$85.00 for family and \$35.00 for single prescription drug coverage per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
For the Fiscal Year Ended June 30, 1999

***C. Employee Medical Benefits (Continued)***

The claims liability of \$117,486 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount during fiscal year 1998 and 1999 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
1998	\$16,256	\$411,472	\$294,746	\$132,982
1999	132,982	329,728	345,224	117,486

**Note 12 - Employee Benefits**

***A. Life Insurance***

The School District provides life insurance to all regular employees. Coverage is one times the annual salary for administrators, one times the annual salary for certified employees with a minimum of \$25,000 and a maximum of \$50,000, and \$20,000 for classified employees. Life insurance is provided through the Ohio National Financial Services.

***B. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn twelve to twenty days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Administrators earn 20 days of vacation annually. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month with accumulation of up to 250 days for classified employees and up to 260 days for teachers and administrators. Upon retirement, classified employees receive payment for forty percent of the total sick leave accumulation up to a maximum of 55 days for administration. Bus drivers and teachers receive payments for fifty percent of the total sick leave accumulation up to a maximum of 60 days. Administrators receive payment for fifty percent of the total sick leave accumulation up to 75 days.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 13 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$116,143, \$185,031, and \$185,446, respectively, 63.03 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$68,115 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

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

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, 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. That 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, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations 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, 1999, 1998, and 1997 were \$424,937, \$790,296, and \$742,329, respectively, 84.32 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$79,020 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 14 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$671,943 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 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, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. 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 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including surcharge, during the 1999 fiscal year equaled \$221,573.

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 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
For the Fiscal Year Ended June 30, 1999

**Note 15 - Long Term Obligations**

Changes in long-term obligations of the School District during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
<i>General Long-Term Obligations:</i>				
1991 \$208,998 Energy Conservation Note 6.25%	\$83,599	\$0	(\$20,900)	\$62,699
1999 \$880,000 Energy Conservation Note 4.75%	0	880,000	0	880,000
<i>Total Energy Conservation Notes</i>	<u>83,599</u>	<u>880,000</u>	<u>(20,900)</u>	<u>942,699</u>
1997 School Improvement Note 4.125%	1,860,000	0	(1,860,000)	0
1997 School Improvement Note 4.50%	100,000	0	(100,000)	0
1998 School Improvement Note 3.50%	0	19,800,000	(9,900,000)	9,900,000
1998 School Improvement Note 3.85%	0	1,605,000	0	1,605,000
1998 School Improvement Note 3.50%	0	2,650,000	0	2,650,000
1998 School Improvement Note 4.25%	0	50,000	0	50,000
<i>Total School Improvement Notes</i>	<u>1,960,000</u>	<u>24,105,000</u>	<u>(11,860,000)</u>	<u>14,205,000</u>
Compensated Absences	1,348,279	0	(24,706)	1,323,573
Pension Obligation	110,648	123,846	(110,648)	123,846
<i>Total General Long-Term Obligations</i>	<u>\$3,502,526</u>	<u>\$25,108,846</u>	<u>(\$12,016,254)</u>	<u>\$16,595,118</u>

Compensated absences and the pension obligation will be paid from the fund from which the employee is paid. The remaining fund balance in the debt service fund will be used to retire the school improvement notes and the energy conservation notes. The school improvement notes were issued with a premium of \$26,646.

School improvement notes that were rolled over prior to issuance of the financial statements and have a new maturity beyond the end of the year in which the report is issued, have been reported in the general long-term obligations account group and will be paid from the debt service fund.

The School District's overall legal debt margin was \$31,374,261 at June 30, 1999. The principal and interest requirements to retire the energy conservation notes outstanding at June 30, 1999, are as follows:

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
For the Fiscal Year Ended June 30, 1999

**Note 15 - Long Term Obligations (Continued)**

Fiscal year Ending June 30, 1999	Energy Conservation Notes	
	Principal	Interest
2000	62,455	45,719
2001	64,428	42,439
2002	66,495	39,065
2003	47,762	35,593
2004	50,031	33,324
2005-2009	288,139	128,634
2010-2014	363,389	53,384
<i>Total</i>	<u>\$942,699</u>	<u>\$378,158</u>

**Note 16 - Short Term Obligation**

The School District's note activity for the fiscal year ended June 30, 1999, is as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
<b>Capital Projects Fund:</b>				
School Improvement Notes 3.85%	\$0	\$150,000	\$0	\$150,000

This note is backed by the full faith and credit of the School District and matures within one year. The note is reflected in the fund which received the proceeds.

**Note 17 - Segment Information for Enterprise Funds**

The School District maintains three Enterprise funds to account for the operations of food service, uniform school supplies and adult education. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds of the Canfield Local School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform School Supplies	Adult Education	Totals
Operating Revenues	\$476,496	\$72,822	\$11,612	\$560,930
Depreciation	5,432	0	0	5,432
Operating Income (Loss)	(87,858)	(2,377)	4,113	(86,122)

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
For the Fiscal Year Ended June 30, 1999

	Food Service	Uniform School Supplies	Adult Education	Totals
Donated Commodities	34,831	0	0	34,831
Operating Grants	\$52,137	\$0	\$0	\$52,137
Net Income (Loss)	135	(2,377)	4,113	1,871
Plant Additions	8,194	0	0	8,194
Net Working Capital	23,629	23,064	6,632	53,325
Total Assets	102,263	23,064	6,632	131,959
Total Equity	34,825	23,064	6,632	64,521

**Note 18 - 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 Ohio General Assembly 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, 1999, the School District received \$4,928,486 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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 19 - Public Entity Risk Pools**

**A. Insurance Purchasing Pool**

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

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
For the Fiscal Year Ended June 30, 1999

**Note 19 - Public Entity Risk Pools (Continued)**

***B. Shared Risk Pool***

The Mahoning County Schools Employee Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County School Districts. 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 as the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services.

**Note 20 - Contingencies**

***A. Grants***

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

***B. Litigation***

The Canfield Local School District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The School District management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

**Note 21 - Contractual Commitments**

At June 30, 1999, the School District had the following contractual purchase commitments:

Company	Amount Remaining on Contract
Terreri Construction	\$7,120
Conti, Inc.	250,954
Ellyson Contractors	119,720
Entertech Co.	464,249
Hanahan Strollo	7,073
Ricciutti Balog and Assoc.	106,880
Santon Electric	211,884
Tri-Area Electric	108,106
Western Reserve Co.	41,491
York Mahoning Inc.	240,353
Honeywell	12,000
Waller-Duman	382,660
Samuels Contractors	1,237,056
Johnson and Assoc.	1,416,530
Hively Construction	1,982,901
Kreindler Construction	421,582
Norstan	14,714
Hardrives Inc.	36,810
Country Roads	110,985
<b>Total</b>	<b>\$7,173,068</b>

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 22 - Subsequent Events**

On September 30, 1999, the School District retired \$12,550,000 of school improvement notes and reissued \$12,550,000 at an interest rate of 3.94%. The School District also retired \$1,605,000 of school improvement notes and reissued \$1,325,000 at an interest rate of 3.94% on the same date.

On September 24, 1999, the School District retired \$50,000 of school improvement notes.

**Note 23 - Year 2000 Issue**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations.

Canfield Local School District has completed an inventory of their computer systems and other equipment necessary to conducting School District operations. It is unknown as of June 30, 1999, what effects, if any, failing to remediate any such systems will have upon School District operations. The School District has four school buildings with power, heating and air conditioning systems which have extensive efficiency utilization measures within the systems.

The School District uses the State of Ohio Uniform Accounting System software for its financial reporting, and the State of Ohio Uniform School Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

Northwest Ohio Computer Association, State Software Development Team states,

"The payroll procession software supported with the OECN State Software is compliant with year 2000."

"The accounting software supported with the OECN State Software is be compliant with year 2000."

"The education management information system software supported with the OECN State Software is compliant with Year 2000."

"The equipment inventory and vehicle inventory system software supported with the OECN State Software will be compliant with the Year 2000, beginning with March 1999 release of SAAS V2.1."

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the School District through EMIS. The State is responsible for remediating these systems.

Property tax billing, collection and remittance for the School District is handled by Mahoning County. The County is responsible for remediating this system and has stated that "Year 2000 compliant software upgrades will be completed by the first quarter of 1999". The County is solely responsible for any associated costs.

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
For the Fiscal Year Ended June 30, 1999

**Note 23 - Year 2000 Issue (Continued)**

The School District's banking institution, Farmers National Bank, provides financial transaction services for the School District. The Bank has stated that they "have substantially completed testing of all mission critical systems and have implemented all necessary changes and modifications." Farmers National Bank is solely responsible for remediating these systems including all associated costs.

The Ohio Edison Company (OEC) provides electricity to the School District. OEC is responsible for remediating their systems (including associated costs) and has stated that "all critical systems will be Year 2000 ready by September of 1999."

Columbia Gas provides natural gas to the School District. Columbia Gas is responsible for remediating their systems (including associated costs) and has stated that "remediation and testing will be completed by the end of the second quarter of 1999."

The School District has assessed the changes needed in the heating and air-conditioning systems, all computer equipment, and other areas (clock systems, fire alarm systems, vocational equipment, etc.). These respective vendors have stated that "these systems were found to be Year 2000 compliant."

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the School District is or will be Year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be year 2000 ready.

**Note 24 - Set-Aside Calculation and Fund Reserves**

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.

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.

	Budget Stabilization Reserve	Textbook/ Instructional Materials	Capital Improvements
Set-aside balance as of June 30, 1998	\$82,206	\$0	\$0
Current year set-aside requirement	124,406	248,813	248,813
Qualifying offsets	0	0	(12,550,000)
Qualifying disbursements	0	(478,805)	0
Total	206,612	(229,992)	(12,301,187)
Cash balance carried forward to FY 1999	\$206,612	\$0	\$0

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

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

Board of Education  
Canfield Local School District  
Mahoning County  
100 Wadsworth Street  
Canfield, Ohio 44406

To the Board of Education:

We have audited the financial statements of Canfield Local School District, Mahoning County, (the District), as of and for the year ended June 30, 1999, and have issued our report thereon dated December 6, 1999. 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 Canfield Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

Canfield Local School District  
Mahoning County  
Report of Independent Accountants on Compliance and Internal Control  
Required by *Government Auditing Standards*  
Page -2-

However, we 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 6, 1999.

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



**Jim Retro**  
Auditor of State

December 6, 1999

**CANFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
JUNE 30, 1999**

<b>SCHEDULE OF PRIOR AUDIT FINDINGS</b>
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<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid;
<b>1998-11150-001</b>	Section 5705.38, Revised Code, requires the Board of Education to adopt the original appropriations. Section 5705.40, Revised Code, states that any appropriation measure may be amended or supplemented as long as the School District complies with the same provisions of the law that are used in making the original appropriation.	YES	The School District has corrected this situation.
<b>1998-11150-002</b>	Section 5705.41 (B) Revised Code, states that no expenditure of money is to be made unless it has been properly appropriated.	Yes	The School District has corrected this situation.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

CANFIELD LOCAL SCHOOL DISTRICT  
MAHONING 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.

By: \_\_\_\_\_ *Susan Babbitt* \_\_\_\_\_  
Clerk of the Bureau

Date: \_\_\_\_\_ **JAN 11 2000**