

**CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY**

**SINGLE AUDIT**

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

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants .....	1
General Purpose Financial Statements	
Combined Balance Sheet - All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental and Similar Fiduciary Fund Types .....	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual (Budgetary Basis) All Governmental and Similar Fiduciary Fund Types .....	12
Combined Statement of Revenues, Expenses and Changes in Retained Earnings-All Proprietary Fund Types .....	20
Combined Statement of Cash Flows- All Proprietary Fund Types .....	21
Notes to the General Purpose Financial Statements .....	23
Schedule of Federal Awards Receipts and Expenditures .....	51
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	52
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	53
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	55
Schedule of Findings .....	57



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

Canton Local School District  
Stark County  
4526 Ridge Avenue S.E.  
Canton, Ohio 44707

To the Board of Education:

We have audited the accompanying general purpose financial statements of Canton Local School District, Stark County, Ohio, (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.

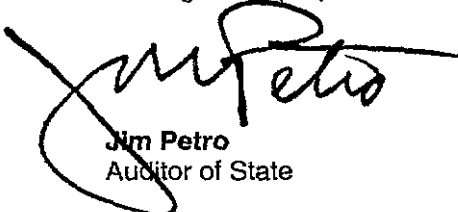
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable 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 District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 21 to the general purpose financial statements, the District changed its method of accounting and reporting for its deferred compensation plan as required by Governmental Accounting Standards Board Statement No. 32.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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



**Jim Petro**  
Auditor of State

January 20, 2000

**This Page Intentionally Left Blank**

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 1999

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
<b><u>Assets and Other Debits</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,589,199	\$ 202,912	\$ 113,281
Restricted Asset:			
Equity in Pooled Cash and Cash Equivalents	220,374	0	0
Receivable (Net Allowances for Uncollectables)			
Taxes - Current	9,613,008	0	0
Taxes - Delinquent	486,348	0	0
Accounts	0	1,188	0
Due from Other Governments	14,228	0	0
Interfund	74,073	0	0
Inventory Held for Resale	0	0	0
Material and Supplies Inventory	0	0	0
Fixed Assets (net of Accumulated Depreciation)	0	0	0
Amount to be provided for Retirement of General Long-Term Obligations	0	0	0
	\$ 11,997,230	\$ 204,100	\$ 113,281
<b>Total Assets and Other Debits</b>	<b>\$ 11,997,230</b>	<b>\$ 204,100</b>	<b>\$ 113,281</b>

The notes to the general purpose financial statements are an integral part of this statement.

PROPRIETARY FUND TYPES		FIDUCIARY FUNDS		ACCOUNT GROUPS		TOTALS (MEMO- RANDUM ONLY)
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS		
\$ 66,630	\$ 3,943	\$ 112,631	\$ 0	\$ 0	\$	2,088,596
0	0	0	0	0		220,374
0	0	0	0	0		9,613,008
0	0	0	0	0		486,348
0	0	0	0	0		1,188
49,382	7,270	0	0	0		70,880
0	0	0	0	0		74,073
8,717	0	0	0	0		8,717
2,733	0	0	0	0		2,733
53,883	0	0	14,344,005	0		14,397,888
0	0	0	0	1,629,958		1,629,958
<u>\$ 181,345</u>	<u>\$ 11,213</u>	<u>\$ 112,631</u>	<u>\$ 14,344,005</u>	<u>\$ 1,629,958</u>	<u>\$</u>	<u>28,593,763</u>

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 1999  
(Continued)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
<b><u>Liabilities, Equity and Other Credits</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 70,668	\$ 6,169	\$ 0
Accrued Wages and Benefits	1,826,926	1,592	0
Accrued Interest Payable	11,013	0	0
Compensated Absences Payable	55,274	0	0
Deferred Revenues	9,806,556	0	0
Early Retirement Incentive Payable	0	0	0
Interfund	0	39,914	12,255
Due to Other Governments	252,657	47	0
Due to Students	0	0	0
Capital Leases Payable	0	0	0
Notes Payable	400,000	0	0
	<b>12,423,094</b>	<b>47,722</b>	<b>12,255</b>
<b>Total Liabilities</b>			
<b><u>Equity and Other Credits</u></b>			
Investment in General Fixed Assets	0	0	0
Retained Earnings : Unreserved	0	0	0
Fund Balances:			
Reserved for Property Taxes	292,800	0	0
Reserved for Encumbrances	276,066	60,259	45,669
Reserved for Budget Stabilization	219,867	0	0
Reserved for Capital Acquisition	507	0	0
Unreserved - Undesignated	(1,215,104)	96,119	55,357
	<b>(425,864)</b>	<b>156,378</b>	<b>101,026</b>
<b>Total Equity and Other Credits</b>			
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$ 11,997,230</b>	<b>\$ 204,100</b>	<b>\$ 113,281</b>

The notes to the general purpose financial statements are an integral part of this statement.



PROPRIETARY FUND TYPES		FIDUCIARY FUNDS		ACCOUNT GROUPS		TOTALS
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	(MEMO- RANDUM ONLY)	
\$ 202	\$ 0	\$ 7,467	\$ 0	\$ 0	\$	84,506
47,846	16,263	1,251	0	0		1,893,878
0	0	0	0	0		11,013
32,026	0	0	0	1,067,338		1,154,638
2,842	0	0	0	0		9,809,398
0	0	0	0	137,351		137,351
423	21,233	248	0	0		74,073
24,659	2,184	169	0	124,040		403,756
0	0	36,006	0	0		36,006
0	0	0	0	301,229		301,229
0	0	0	0	0		400,000
<b>107,998</b>	<b>39,680</b>	<b>45,141</b>	<b>0</b>	<b>1,629,958</b>		<b>14,305,848</b>
0	0	0	14,344,005	0		14,344,005
73,347	(28,467)	0	0	0		44,880
0	0	0	0	0		292,800
0	0	39,499	0	0		421,493
0	0	0	0	0		219,867
0	0	0	0	0		507
0	0	27,991	0	0		(1,035,637)
<b>73,347</b>	<b>(28,467)</b>	<b>67,490</b>	<b>14,344,005</b>	<b>0</b>		<b>14,287,915</b>
<b>\$ 181,345</b>	<b>\$ 11,213</b>	<b>\$ 112,631</b>	<b>\$ 14,344,005</b>	<b>\$ 1,629,958</b>	<b>\$</b>	<b>28,593,763</b>

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
<b>Revenues</b>			
Taxes	\$ 11,034,763	\$ 0	\$ 0
Earnings on Investments	150,443	0	0
Intergovernmental	5,376,214	752,473	109,550
Tuition and Fees	118,467	0	0
Extracurricular Activities	0	136,757	0
Other Revenues	0	2,682	0
<b>Total Revenues</b>	<b>16,679,887</b>	<b>891,912</b>	<b>109,550</b>
<b>Expenditures</b>			
Instruction:			
Regular Instruction	6,525,682	171,301	56,621
Special Instruction	1,669,825	277,856	0
Vocational Instruction	1,068,767	22,503	6,236
Adult/Continuing	0	0	0
Support Services:			
Pupils	819,881	87,269	0
Instructional Staff	539,452	90,547	0
School Administration	1,174,288	85,031	0
Fiscal	197,578	0	0
Business	308,857	0	0
Board of Education	72,174	0	0
Operations and Maintenance	1,662,394	0	0
Pupil Transportation	637,791	500	0
Central	153,392	37,998	0
Extracurricular Activities	281,277	105,432	0
Operation of Non-Instructional	0	181	0
Other Operating Expenses	0	0	0
Facilities Acquisition	6,225	0	4,365
Debt Service:			
Capital Lease and Interest	75,459	0	0
Interest on Notes Payable	40,656	0	0
<b>Total Expenditures</b>	<b>\$ 15,233,698</b>	<b>\$ 878,618</b>	<b>\$ 67,222</b>

The notes to the general purpose financial statements are an integral part of this statement.

FIDUCIARY FUND TYPE EXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY)
\$ 0	\$ 11,034,763
1,656	152,099
0	6,238,237
0	118,467
48,150	184,907
44,993	47,675
<b>94,799</b>	<b>17,776,148</b>

8,738	6,762,342
0	1,947,681
0	1,097,506
3,000	3,000
0	907,150
0	629,999
13,674	1,272,993
0	197,578
0	308,857
0	72,174
0	1,662,394
0	638,291
0	191,390
3,394	390,103
44,950	45,131
3,627	3,627
0	10,590
0	75,459
0	40,656
<b>\$ 77,383</b>	<b>\$ 16,256,921</b>

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES

FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 1,446,189</b>	<b>\$ 13,294</b>	<b>\$ 42,328</b>
<b><u>Other Financing Sources/ (Uses)</u></b>			
Refund of Prior Year Expenditures	94,756	0	0
Refund of Prior Year Receipts	(1,193)	(136)	(13,697)
Proceeds from Sale of Assets	13,108	0	0
Operating Transfers In	0	14,750	43,418
Operating Transfers Out	(58,168)	0	0
<b>Total Other Financing Sources/ (Uses)</b>	<b>48,503</b>	<b>14,614</b>	<b>29,721</b>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,494,692	27,908	72,049
<b>FUND BALANCES, (Deficit) - July 1, 1998</b>	<b>(1,920,556)</b>	<b>128,470</b>	<b>28,977</b>
<b>FUND BALANCES, (Deficit) - June 30, 1999</b>	<b>\$ (425,864)</b>	<b>\$ 156,378</b>	<b>\$ 101,026</b>

The notes to the general purpose financial statements are an integral part of this statement.

FIDUCIARY FUND TYPE	TOTALS
EXPENDABLE TRUST	(MEMORANDUM ONLY)
\$ 17,416	\$ 1,519,227
0	94,756
0	(15,026)
0	13,108
0	58,168
0	(58,168)
<u>0</u>	<u>92,838</u>
17,416	1,612,065
<u>50,074</u>	<u>(1,713,035)</u>
<u>\$ 67,490</u>	<u>\$ (100,970)</u>

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES, BUDGET - ACTUAL (BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
<b>Revenues</b>			
Taxes	\$ 9,990,744	\$ 9,990,744	\$ 0
Tuition and Fees	301,752	316,737	14,985
Earnings on Investments	150,433	150,433	0
Extracurricular Activities	0	0	0
Intergovernmental	5,381,858	5,381,858	0
Other Revenues	12,740	12,740	0
<b>Total Revenues</b>	<b>15,837,527</b>	<b>15,852,512</b>	<b>14,985</b>
<b>Expenditures</b>			
Instruction:			
Regular Instruction	6,544,705	6,544,705	0
Special Instruction	1,705,061	1,705,061	0
Vocational Instruction	1,079,468	1,079,468	0
Adult/Continuing	0	0	0
Support Services:			
Pupils	837,384	837,384	0
Instructional Staff	541,711	541,711	0
Board of Education	76,176	76,176	0
School Administration	1,161,322	1,161,322	0
Fiscal	194,364	194,364	0
Business	316,739	316,739	0
Operations and Maintenance	1,677,833	1,677,833	0
Pupil Transportation	687,437	687,437	0
Central	156,722	156,722	0
Operation of Non-Instructional	0	0	0
Extracurricular Activities	276,185	276,185	0
Facilities Acquisition	5,675	5,675	0
Debt service:			
Capital Lease and Interest	75,459	75,459	0
Principal Retirement and Interest	0	0	0
<b>Total Expenditures</b>	<b>\$ 15,336,241</b>	<b>\$ 15,336,241</b>	<b>\$ 0</b>

The notes to the general purpose financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS			
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)		REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,017,939	\$ 1,017,939	\$ 0	\$ 0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
135,570	135,570	0	0	0	0	0	0
767,205	767,205	0	0	0	0	0	0
2,682	2,682	0	0	0	0	0	0
<b>905,457</b>	<b>905,457</b>	<b>0</b>		<b>1,017,939</b>	<b>1,017,939</b>	<b>0</b>	
194,880	194,880	0	0	0	0	0	0
279,199	279,199	0	0	0	0	0	0
41,874	41,874	0	0	0	0	0	0
0	0	0	0	0	0	0	0
88,029	88,029	0	0	0	0	0	0
100,067	100,067	0	0	0	0	0	0
0	0	0	0	0	0	0	0
91,588	91,588	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
500	500	0	0	0	0	0	0
40,474	40,474	0	0	0	0	0	0
2,721	2,721	0	0	0	0	0	0
108,436	108,436	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	1,117,939	1,117,939	0	0
<b>\$ 947,768</b>	<b>\$ 947,768</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,117,939</b>	<b>\$ 1,117,939</b>	<b>\$ 0</b>	<b>\$ 0</b>

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES, BUDGET - ACTUAL (BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

	GENERAL FUND		VARIANCE FAVORABLE / (UNFAVORABLE)
	REVISED BUDGET	ACTUAL	
<b>Excess (Deficit) of Revenues Over (Under) Expenditures</b>	\$ 501,286	\$ 516,271	\$ 14,985
<b><u>Other Financing Sources/ (Uses)</u></b>			
Proceeds From Sale of Assets	13,133	13,133	0
Refund of Prior Year Expenditures	5,130	5,130	0
Refund of Prior Year Receipts	(1,193)	(1,193)	0
Advances In	75,294	75,294	0
Advances Out	(75,977)	(75,977)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(58,168)	(58,168)	0
<b>Total Other Financing Sources/ (Uses)</b>	<b>(41,781)</b>	<b>(41,781)</b>	<b>0</b>
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	459,505	474,490	14,985
<b>FUND BALANCES - July 1, 1998</b>	666,836	666,836	0
Prior year Carry Over Encumbrances	329,918	329,918	0
<b>FUND BALANCES - June 30, 1999</b>	<b>\$ 1,456,259</b>	<b>\$ 1,471,244</b>	<b>\$ 14,985</b>

The notes to the general purpose financial statements are an integral part of this statement.



SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
\$ (42,311)	\$ (42,311)	\$ 0	\$ (100,000)	\$ (100,000)	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
(136)	(136)	0	0	0	0
41,702	41,702	0	0	0	0
0	(44,806)	(44,806)	0	0	0
14,750	14,750	0	0	0	0
0	0	0	0	0	0
<b>56,316</b>	<b>11,510</b>	<b>(44,806)</b>	<b>0</b>	<b>0</b>	<b>0</b>
14,005	(30,801)	(44,806)	(100,000)	(100,000)	0
130,362	130,362	0	100,000	100,000	0
39,229	39,229	0	0	0	0
<b>\$ 183,596</b>	<b>\$ 138,790</b>	<b>(44,806)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES, BUDGET - ACTUAL (BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

CAPITAL PROJECTS FUND			
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
<b>Revenues</b>			
Taxes	\$ 0	\$ 0	\$ 0
Tuition and Fees	0	0	0
Earnings on Investments	0	0	0
Extracurricular Activities	0	0	0
Intergovernmental	109,550	109,550	0
Other Revenues	0	0	0
<b>Total Revenues</b>	<b>109,550</b>	<b>109,550</b>	<b>0</b>
<b>Expenditures</b>			
Instruction:			
Regular Instruction	92,377	92,377	0
Special Instruction	0	0	0
Vocational Instruction	10,791	10,791	0
Adult/Continuing	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
School Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operations and Maintenance	5,358	5,358	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional	0	0	0
Extracurricular Activities	0	0	0
Facilities Acquisition	4,365	4,365	0
Debt Service:			
Capital Lease and Interest	0	0	0
Principal Retirement	0	0	0
<b>Total Expenditures</b>	<b>\$ 112,891</b>	<b>\$ 112,891</b>	<b>\$ 0</b>

The notes to the general purpose financial statements are an integral part of this statement.

EXPENDABLE TRUST FUNDS				TOTALS (MEMORANDUM ONLY)			
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)		REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	
\$ 0	\$ 0	\$ 0		\$ 11,008,683	\$ 11,008,683	\$ 0	
0	0	0		301,752	316,737	14,985	
1,560	1,656	96		151,993	152,089	96	
48,150	48,150	0		183,720	183,720	0	
0	0	0		6,258,613	6,258,613	0	
44,993	44,993	0		60,415	60,415	0	
<b>94,703</b>	<b>94,799</b>	<b>96</b>		<b>17,965,176</b>	<b>17,980,257</b>	<b>15,081</b>	
8,096	8,096	0		6,840,058	6,840,058	0	
0	0	0		1,984,260	1,984,260	0	
0	0	0		1,132,133	1,132,133	0	
8,500	8,500	0		8,500	8,500	0	
0	0	0		925,413	925,413	0	
0	0	0		641,778	641,778	0	
0	0	0		76,176	76,176	0	
13,242	13,242	0		1,266,152	1,266,152	0	
0	0	0		194,364	194,364	0	
0	0	0		316,739	316,739	0	
0	0	0		1,683,191	1,683,191	0	
0	0	0		687,937	687,937	0	
0	0	0		197,196	197,196	0	
77,287	77,287	0		80,008	80,008	0	
3,394	3,394	0		388,015	388,015	0	
0	0	0		10,040	10,040	0	
0	0	0		75,459	75,459	0	
0	0	0		1,117,939	1,117,939	0	
<b>\$ 110,519</b>	<b>\$ 110,519</b>	<b>\$ 0</b>		<b>\$ 17,625,358</b>	<b>\$ 17,625,358</b>	<b>\$ 0</b>	

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES, BUDGET - ACTUAL (BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999  
(Continued)

	CAPITAL PROJECTS FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
<b>Excess (Deficit) of Revenues Over (Under) Expenditures</b>	\$ (3,341)	\$ (3,341)	\$ 0
<b><u>Other Financing Sources/ (Uses)</u></b>			
Proceeds from Sale of Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	(13,697)	(13,697)	0
Advances In	12,370	12,370	0
Advances Out	0	(1,359)	(1,359)
Operating Transfers In	43,418	43,418	0
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources/ (Uses)</b>	<b>42,091</b>	<b>40,732</b>	<b>(1,359)</b>
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	38,750	37,391	(1,359)
<b>FUND BALANCES - July 1, 1998</b>	29,893	29,893	0
Prior Year Carry Over Encumbrances	327	327	0
<b>FUND BALANCES - June 30, 1999</b>	<b>\$ 68,970</b>	<b>\$ 67,611</b>	<b>\$ (1,359)</b>

The notes to the general purpose financial statements are an integral part of this statement.

EXPENDABLE TRUST FUND				TOTALS (MEMORANDUM ONLY)			
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)		REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	
\$ (15,816)	\$ (15,720)	\$ 96		\$ 339,818	\$ 354,899	\$ 15,081	
0	0	0		13,133	13,133	0	
0	0	0		5,130	5,130	0	
0	0	0		(15,026)	(15,026)	0	
0	0	0		129,366	129,366	0	
0	(1,226)	(1,226)		(75,977)	(123,368)	(47,391)	
0	0	0		58,168	58,168	0	
0	0	0		(58,168)	(58,168)	0	
<b>0</b>	<b>(1,226)</b>	<b>(1,226)</b>		<b>56,626</b>	<b>9,235</b>	<b>(47,391)</b>	
(15,816)	(16,946)	(1,130)		396,444	364,134	(32,310)	
34,903	34,903	0		961,994	961,994	0	
17,095	17,095	0		386,569	386,569	0	
<b>\$ 36,182</b>	<b>\$ 35,052</b>	<b>(1,130)</b>		<b>\$ 1,745,007</b>	<b>\$ 1,712,697</b>	<b>(32,310)</b>	

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999

	ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	TOTALS (MEMORANDUM ONLY)
<b><u>Operating Revenues</u></b>			
Food Services	\$ 458,761	\$ 0	\$ 458,761
Tuition	0	78,479	78,479
Classroom Materials and Fees	46,852	0	46,852
<b>Total Operating Revenues</b>	<b>505,613</b>	<b>78,479</b>	<b>584,092</b>
<b><u>Operating Expenses</u></b>			
Salaries	311,244	74,990	386,234
Fringe Benefits	74,710	22,243	96,953
Materials and Supplies	324,818	300	325,118
Purchased Services	12,270	168	12,438
Depreciation	7,197	0	7,197
Other Operating Expenses	4,401	51	4,452
<b>Total Operating Expenses</b>	<b>734,640</b>	<b>97,752</b>	<b>832,392</b>
Operating (Loss)	(229,027)	(19,273)	(248,300)
<b><u>Nonoperating Revenues</u></b>			
Intergovernmental Revenue	212,503	0	212,503
Miscellaneous	23,728	0	23,728
Sale of Fixed Assets	620	0	620
<b>Total Nonoperating Revenues</b>	<b>236,851</b>	<b>0</b>	<b>236,851</b>
<b>Net Income (Loss)</b>	<b>7,824</b>	<b>(19,273)</b>	<b>(11,449)</b>
Retained Earnings (Deficit) - July 1, 1998	65,523	(9,194)	56,329
<b>Retained Earnings (Deficit) - June 30, 1999</b>	<b>\$ 73,347</b>	<b>\$ (28,467)</b>	<b>\$ 44,880</b>

The notes to the general purpose financial statements are an integral part of this statement.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 1999**

	ENTERPRISE FUND	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)
<b><u>Cash Flows from Operating Activities</u></b>			
Operating (Loss)	\$ (229,027)	\$ (19,273)	\$ (248,300)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used By) Operating Activities:			
Depreciation Expense	7,197	0	7,197
<i>(Increase) Decrease in Assets:</i>			
Due from Other Governments	(21,943)	23,323	1,380
Inventory Held for Resale	11,117	0	11,117
Material and Supplies Inventory	(467)	0	(467)
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	(2,007)	0	(2,007)
Accrued Wages and Benefits	89	5,162	5,251
Compensated Absences Payable	(6,839)	0	(6,839)
Deferred Revenues	(12,808)	0	(12,808)
Interfund Payable	78	(6,208)	(6,130)
Due to Other Governments	(1,473)	690	(783)
Total Adjustments	(27,056)	22,967	(4,089)
Net cash provided by (used in) operating activities	(256,083)	3,694	(252,389)
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Intergovernmental Revenue	212,503	0	212,503
Miscellaneous	23,728	0	23,728
Net cash provided by noncapital financing activities	236,231	0	236,231
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Sale of Fixed Assets	620	0	620
Capital asset acquisitions	(26,845)	0	(26,845)
Net Cash used in capital and related financing activities	(26,225)	0	(26,225)
Net increase in cash and cash equivalents	(46,077)	3,694	(42,383)
Cash and Cash Equivalents - July 1, 1998	112,707	249	112,956
<b>Cash and Cash Equivalents - June 30, 1999</b>	<b>\$ 66,630</b>	<b>\$ 3,943</b>	<b>\$ 70,573</b>

The notes to the general purpose financial statements are an integral part of this statement.

**This Page Intentionally Left Blank**



CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

1. Description of the School District and Reporting Entity

The Canton Local School District (the 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 District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District is governed by a five-member board of education (the Board) elected by its citizens and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM), as of October 1, 1998, was 2,453. The District employed 165 certified employees and 116 non-certified employees.

A reporting entity is comprised 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 Canton Local, this includes more than instructions to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District does not have any component units.

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

The District is associated with certain organizations which are defined as Jointly Governed Organizations and Public Entity Risk Pools. These organizations include the Stark/Portage Area Computer Consortium (SPARCC), the Stark County Tax Incentive Review Council (SCTIRC), the Stark County Schools Council of Governments Risk Sharing Pool and the Stark County Schools Council of Governments Workers' Compensation Group Rating Plan. See Notes 10 and 16.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

2. Summary of Significant Accounting Policies

The general purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as it applies to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for established governmental accounting and financial reporting principles. Under the guidelines of Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary funds and Other Governmental Units That Use Proprietary Fund Accounting, the District has elected not to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

A. Basis of Presentation

Fund Accounting

The 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 District functions or activities.

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

For financial statement presentation purposes, the various funds of the 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 District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

General Fund

The General Fund is the operating fund of the 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

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

Capital Projects Funds

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

Debt Service Funds

These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Proprietary Fund Types**

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

Enterprise Funds

Enterprise Funds are used to account for District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been 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 Funds

Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

**Fiduciary Fund Types**

Fiduciary Funds are used to account for assets not owned by the District, but held for a separate entity.

*Trust Funds*

These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. This includes Expendable Trust Funds.

*Agency Funds*

These funds are used to account for assets held by the District as an agent. Agency Funds are custodial in nature (Assets equal Liabilities) and do not involve measurement of results of operations.

**Account Groups**

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

*General Fixed Assets Account Group*

This account group is established to account for all fixed assets of the District, other than those accounted for in the Proprietary funds.

*General Long-Term Obligations Account Group*

This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary funds.

B. Measurement Focus and Basis of Accounting

*Measurement Focus*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust funds 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.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

2. Summary of Significant Accounting Policies(Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

Basis of Accounting

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

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

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

The 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.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end. The fair value of donated commodities used during the year is reported as an expense with a like amount reported as revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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 function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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 Stark County Budget Commission for rate determination.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

Estimated Resources

Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the 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 District Treasurer. The amounts reported in the budgetary statements 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 must be legally 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 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.

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 agency funds, consistent with statutory provisions.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

*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 at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent year end expenditures of governmental funds. At year end, the District's advances in/out did not agree by \$5,998 on a non-GAAP budgetary basis. This is a result of Proprietary Fund activity not being disclosed in the financial statements.

*Lapsing of Appropriations*

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

D. Cash and Investments

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

During fiscal year 1999, investments were limited to repurchase agreements, spending reserve, and STAROhio.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not



CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

D. Cash and Investments (Continued)

registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio'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, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$150,443 which includes \$21,208 assigned from other 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 District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Inventory

Inventories are valued at cost (first in, first out) and are determined by physical count. Inventory in Proprietary Funds are stated at the lower of cost or market and consist of expendable supplies held for consumption and food service items held for resale. The cost has been recorded as an expense at the time individual inventory items were consumed. Donated commodities which are still on hand at year end are recorded as deferred revenue.

F. 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 those funds. 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 District maintains a capitalization threshold of \$1,000. The District does not have 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. Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of furniture, fixtures and equipment in the proprietary funds are computed using the straight-line method over an estimated useful lives of ten years.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

G. 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 nonoperating revenues in the accounting period in which they are earned and become measurable. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

*State Foundation Program*

Nonreimbursable Grants

Special Revenue Funds

*Drug Free Grant*

*Title I*

*Title VI*

*Title VI-B Flow Through*

*Venture Capital Grant*

Capital Projects Fund

*SchoolNet*

Reimbursable Grants

Enterprise Funds

*National School Lunch Program*

*School Breakfast Program*

*Government Donated Commodities*

Grants and entitlements amounted to approximately 36 percent of the District's operating revenue during the 1999 fiscal year.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

H. Interfund Assets and Liabilities

Short-term loans made by one fund to another, or the current portion of an advance to or from another fund are classified as "Interfund Receivable" or "Interfund Payable." Long-term interfund loans are recorded as reservation of fund balance to indicate that they do not constitute available expendable resources since they are not a component of net current assets. The District did not have any long-term advances at year end.

I. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

J. 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 District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for both classified and certified employees once they come within 3 years of meeting the eligibility requirements for retirement from one of the State retirement systems. 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 are paid. The remainder is reported in the General Long-Term Obligations Account Group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities of those funds.

L. 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.

M. Receivables

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

N. Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

O. Fund Balance Reserves (Continued)

equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, budget stabilization, and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total-(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 aggregation of this data.

3. Budgetary Basis of Accounting

While the 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 - Actual (Budgetary Basis) - All Governmental and Similar Fiduciary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the Budgetary basis and GAAP basis are that:

1. Revenues are recorded when received in cash (Budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (Budgetary basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditure equivalents for all funds (Budgetary basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).
5. Proceeds from the principal payment on tax anticipation notes are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

3. Budgetary Basis of Accounting (Continued)

6. The District repays short-term note debt from the Debt Service Fund (budget) as opposed to the fund that received the proceeds (GAAP). Debt Service Fund resources used to pay both principal and interest has been allocated accordingly.

The following table summarizes the adjustments necessary to reconcile the Budgetary and GAAP basis statements by fund type.

	<u>Excess (Deficit) of Revenues and Other Financing Sources</u> <u>Over (Under) Expenditures and Other Financing Uses</u>				
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budget Basis	\$ 474,490	\$ (30,801)	\$ (100,000)	\$ 37,391	\$ (16,946)
Adjustments for Revenue					
Accruals	841,682	(55,247)	(1,017,939)	(12,370)	-
Adjustments for Expenditure					
Accruals	(159,809)	49,834	1,117,939	1,359	(5,137)
Adjustments for Encumbrances	<u>338,329</u>	<u>64,122</u>	<u>-</u>	<u>45,669</u>	<u>39,499</u>
GAAP Basis	<u>\$1,494,692</u>	<u>\$ 27,908</u>	<u>\$ -</u>	<u>\$ 72,049</u>	<u>\$ 17,416</u>

4. Cash and Cash Equivalents

State statutes classify monies held by the 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.*

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

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

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

4. Cash and Cash Equivalents (Continued)

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

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

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

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

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

4. Cash and Cash Equivalents (Continued)

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

Cash on Hand: At year end, the district had \$200 in undeposited cash on hand which is included on the balance sheet of the District as part of "equity in pooled cash and cash equivalents."

Deposits: At year end, the carrying amount of the District's deposits was \$(132,020) and the bank balance was \$(38,376). The entire bank balance was covered by federal depository insurance.

Investments: The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the 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 District's name.

The District's investment in STAROhio is unclassified since it is not evidenced by securities that exist in physical or book entry form.

	<u>Category</u> <u>1</u>	<u>Category</u> <u>2</u>	<u>Category</u> <u>3</u>	<u>Carrying</u> <u>Value</u>	<u>Fair</u> <u>Value</u>
Repurchase Agreement	\$ -	\$ -	\$109,244	\$ 109,244	\$109,244
Star Ohio	-	-	-	2,331,546	2,331,546
Total Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,244</u>	<u>\$2,440,790</u>	<u>\$2,440,790</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 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:



CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

4. Cash and Cash Equivalents (Continued)

	Cash and Cash Equivalents/ <u>Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 2,308,970	\$ -
Investments of the cash management pool:		
Repurchase Agreement	(109,244)	109,244
Investment in STAROhio	<u>(2,331,546)</u>	<u>2,331,546</u>
GASB Statement No. 3	<u>\$ (131,820)</u>	<u>\$2,440,790</u>

5. Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied after April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Stark County. The County Auditor periodically advance to the 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.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

5. Property Taxes (Continued)

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 fiscal year operations. The receivable is therefore offset by a credit to a deferred revenue for that portion not intended to finance current year operations. The amount available to the District as an advance at June 30, 1999 was \$292,800 in the General Fund.

6. Fixed Assets

A summary of the changes in the General Fixed Asset Account Group during the fiscal year is as follows:

	Balance 7/1/98	Additions	Disposals	Balance 6/30/99
Land, Buildings and Land Improvements	\$ 8,987,865	\$ 404,791	\$ -	\$ 9,392,656
Furniture, Fixtures, and Equipment	3,406,310	284,989	-	3,691,299
Textbooks and Library Books	1,260,050	-	-	1,260,050
Construction in Progress	<u>35,880</u>	<u>-</u>	<u>35,880</u>	<u>-</u>
Totals	<u>\$13,690,105</u>	<u>\$ 689,780</u>	<u>\$ 35,880</u>	<u>\$14,344,005</u>

A summary of the Enterprise Funds' fixed assets at June 30, 1999 is as follows:

	Balance 7/1/98	Additions	Disposals	Balance 6/30/99
Furniture, Fixtures, and Equipment	\$ 569,168	\$ 26,845	\$ -	\$ 596,013
Less: Accumulated Depreciation	<u>(534,933)</u>	<u>(7,197)</u>	<u>-</u>	<u>(542,130)</u>
Net Fixed Assets	<u>\$ 34,235</u>	<u>\$ 19,648</u>	<u>\$ -</u>	<u>\$ 53,883</u>

7. Long-Term Debt and Other Obligations

Long-term debt and other obligations at June 30, 1999 and the related transactions for the year are summarized as follows:

	Balance 7/1/98	Additions	Reductions	Balance 6/30/99
Compensated Absences Payable	\$ 918,586	\$ 148,752	\$ -	\$1,067,338
Due to Other Governments	114,012	124,040	114,012	124,040
Capital Lease Obligation	-	373,107	71,878	301,229
Early Retirement Incentives	<u>444,741</u>	<u>-</u>	<u>307,390</u>	<u>137,351</u>
Total	<u>\$1,477,339</u>	<u>\$645,899</u>	<u>\$ 493,280</u>	<u>\$1,629,958</u>

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

8. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per fiscal year, depending upon the length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

All employees are entitled to earn sick leave at a rate of one and one-fourth days per month. Upon retirement, payment is made to certified and classified employees for one-fourth of accrued, but unused sick leave credit up to a maximum of 62 and 65 days, respectively. At June 30, 1999, a current and long-term liability of \$87,300 and \$1,067,338 respectively, has been provided for earned but unused sick and vacation leave severance in accordance with GASB Statement No. 16, "Accounting for Compensated Absences".

9. Notes Payable

Notes outstanding at June 30, 1999 consisted of the following:

	<u>Balance</u> <u>7/1/98</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/99</u>
Spending Reserve Note 98 2/25/98-12/31/98, 4.12%	\$ 860,000	\$ -	\$ 860,000	\$ -
Tax Anticipation Note 96 12/19/96-12/01/00, variable rate	<u>600,000</u>	<u>-</u>	<u>200,000</u>	<u>400,000</u>
Total	<u>\$1,460,000</u>	<u>\$ -</u>	<u>\$1,060,000</u>	<u>\$400,000</u>

10. Risk Management

Comprehensive - The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the District contracted with private carriers for property and fleet insurance, liability insurance, and inland marine coverage. Real property and contents are 90% coinsured.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

Health Benefits Program - The District is a member of the Stark County Schools Council of Governments (the Council), through which a cooperative Health Benefit Program was created for the Benefit of its members. The Health Benefit Program (the Program), is an employee health benefit plan which covers the participating members' employees. The Council acts as a fiscal agent for the cash funds paid into the Program by the participating members. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

10. Risk Management (Continued)

expenses of the Program and premiums for stop-loss insurance coverage. The District accounts for the premiums paid as expenditures in the General or applicable fund.

*Risk Sharing Pool* – The Stark County Schools Council of Governments Health Benefit Plan is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the District by grouping with the other members of the Health Benefits Program. The experiences of all participating members are calculated as one and a common premium rate is applied to all members. New members must maintain a reserve amount equal to 30 percent of claims paid for the preceding twelve month period.

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

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

11. Defined Benefit Pension Plans

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 SERS, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

11. Defined Benefit Pension Plans (Continued)

A. School Employees Retirement System (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the 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 the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions to SERS for the years ended June 30, 1999, 1998, and 1997 were \$330,930, \$316,313, and \$310,794, respectively; 50% has been contributed for the fiscal year 1999 and 100% for fiscal years 1998 and 1997. \$165,504 representing the unpaid contribution for the 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 District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 E. Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 1999, plan members are required to contribute 9.3 percent of their annual covered salary. The 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 recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$1,098,461, \$1,108,730, and \$1,086,432, respectively. 83% has been contributed for the fiscal year 1999 and 100% for the fiscal years 1998 and 1997. \$194,236 representing the unpaid contribution for the fiscal year 1999, is recorded as a liability within the respective funds.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

12. Post Employment Benefits

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from the STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the 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. The balance in the Health Care Reserve Fund at June 30, 1998 was \$2,156 million. For the fiscal year ended June 30, 1998 (the latest information available), eligible benefit recipients totaled 91,999 and net health care costs paid by STRS were \$219,224,000.

For SERS, coverage is made available to service retirees with ten or more 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.

For the fiscal year ended June 30, 1999, employers' contributions to fund health care benefits were 6.3 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 has been established at \$12,400. The portion of the District's contributions that were used to fund post-employment benefits, including the surcharge, equaled \$117,712 during the 1999 fiscal year.

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 annual health care expenses. Expenses for health care at June 30, 1998 (the latest information available) were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, the Retirement Systems net assets available for payment of health care benefits was \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

13. Early Incentive Retirement

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

14. Segment Information for Enterprise Funds

The District maintains three Enterprise Funds to account for the operations of food service, uniform school supplies, and vocational rotary. The table below reflects the more significant financial data relating to the enterprise funds of the District as of and for the fiscal year ended June 30, 1999.

	Food Service	School Supplies	Vocational Rotary	Total
Operating Revenues	\$458,761	\$ 46,852	\$ -	\$ 505,613
Operating Expenses				
Before Depreciation	653,470	50,399	23,574	727,443
Depreciation	7,197	-	-	7,197
Operating (Loss)	(201,906)	(3,547)	(23,574)	(229,027)
Nonoperating Revenues	213,123	-	23,728	236,851
Net Income (Loss)	11,217	(3,547)	154	(7,824)
Net Working Capital	16,545	32,077	3,297	51,919
Total Assets	145,769	32,279	3,297	181,345
Total Equity	37,213	32,759	3,375	73,347

15. Deficit Fund Balance/Retained Earnings

Fund Balance/Retained Earnings at June 30, 1999 included the following individual fund deficit:

	<u>Fund Balance/Retained Earnings Deficit</u>
<i>General Fund</i>	\$(425,864)
<i>Internal Service</i>	(28,467)

The above deficits did not exist on the budgetary basis. These GAAP deficits will be funded by anticipated future revenues not recognized or recorded at June 30, 1999.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

16. Jointly Governed Organizations

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

SPARCC is governed by a board of directors comprised of each Superintendent within the Consortium. The Stark County Educational Service Center serves as the fiscal agent of the Consortium and receives funding from the State Department of Education. Each district has one vote in all matters and each member district's control over budgeting and financing of SPARCC is limited to its voting authority and any representation it may have on the board of directors. The continued existence of SPARCC is not dependent on the District's continued participation and no equity interest exists.

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

17. Fiscal Watch

The State Auditor's Office declared the District in fiscal watch in October 1996 due to the District's financial condition. Districts declared in fiscal watch are required to immediately develop a financial recovery plan to eliminate the operating deficit and avoid future deficits. The District has submitted their financial recovery plan which was approved by the State Superintendent of Public Instruction on February 19, 1997.



CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

18. Interfund Transactions

Interfund balances at June 30, 1999 consist of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General	\$ 74,073	\$ -
Title VI-B	-	14,909
Vocational Equipment Grant	-	12,255
VEPD Lead School Grant	-	14,904
VEPD Grant	-	10,101
Restaurant Management Rotary	-	423
Family Attention Center	-	21,233
VICA Metal Fabrication	-	248
Total	<u>\$ 74,073</u>	<u>\$ 74,073</u>

19. Contingencies and Commitments

Grants

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

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 that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$5,349,612 of school foundation support for its General Fund, and \$5,595,274 in total (all funds) support.

Also, the Court declared the spending reserve borrowing program unconstitutional. The spending reserve program allowed the District to borrow against amounts anticipated to be collected from tangible personal property taxes after the District's June 30 fiscal year end. During the fiscal year ended June 30, 1999 the District did not borrow under this program. However, the District repaid \$860,000 borrowed

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

19. Contingencies and Commitments (Continued)

*School Funding Decision (Continued)*

during fiscal year 1998. Historically, the District has relied on this borrowing to meet their cash flow needs at the end of each fiscal year. State statute has recently been amended to gradually decrease the annual amount that may be borrowed under this program.

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

20. Set-Asides

The District is required by State statute to annually set aside in the general fund an amount base 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 District is also required to set aside money for budget stabilization. The following cash basis information describes the changes in the amounts set aside for budget stabilization, textbooks and capital acquisition. Disclosure of this information is required by state statute.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

20. Set-Asides (Continued)

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-Aside Cash Balances as of June 30, 1998	\$0	\$0	\$93,425	\$93,425
Current Year Set-Aside Requirement	252,883	252,883	126,442	632,208
Current Year Offsets	(34,160)	0	0	(34,160)
Qualifying Disbursements	(218,835)	(252,376)	0	(471,211)
Total	<u>(\$112)</u>	<u>\$507</u>	<u>\$219,867</u>	
Set-Aside Cash Balances as of June 30, 1999	<u>\$0</u>	<u>\$507</u>	<u>\$219,867</u>	
Total Restricted Assets				<u>\$ 220,374</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero, this amount 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.

21. Change in Accounting Principles

The District has implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plan through the Ohio Public Employees Deferred Compensation Plan (OPEDCP). On September 1, 1998, the OPEDCP created a trust for the assets of the plan for which the District has no fiduciary responsibility. Therefore, the balance of the OPEDCP is no longer presented as part of the District's financial statements.

22. Capital Lease Obligation

The District has entered into two capital lease agreements to finance the acquisition of computer equipment and a steam boiler. Title transfers at the end of the lease term. The total cost of equipment and machinery capitalized was \$383,718.

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 1999.

CANTON LOCAL SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

22. Capital Lease Obligation (Continued)

<u>Year</u>	
2000	\$ 88,013
2001	88,013
2002	25,107
2003	25,107
2004	25,107
2005-2009	112,982
Total Minimum Lease Payments	<u>364,329</u>
Less: Amount representing interest	<u>(63,100)</u>
Present value of future minimum lease payments	<u>\$301,229</u>

23. Subsequent Event

On October 28, 1999, the State Auditor's Office determined that the District met the conditions set forth in the Ohio Department of Education's "Guidelines for Release from Fiscal Watch", and was officially removed from fiscal watch status on that date.

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through the Ohio Department of Education:</i>						
Child Nutrition Cluster: School Breakfast Program	N/A	10.553	21,377	0	21,377	0
National School Lunch Program	N/A	10.555	158,052	0	158,052	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>179,429</u>	<u>0</u>	<u>179,429</u>	<u>0</u>
Food Distribution Program	N/A	10.550	\$0	\$31,697	\$0	\$31,697
Total U.S. Department of Agriculture			<u>179,429</u>	<u>31,697</u>	<u>179,429</u>	<u>31,697</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed through the Ohio Department of Education:</i>						
Title I, Part A, IASA	C1-S1-97	84.010	0	0	3,515	0
	C1-S1-98		31,665	0	45,359	0
	C1-S1-98C		13,015	0	4,119	0
	C1-S1-99		238,313	0	227,883	0
Total Title I			<u>282,993</u>	<u>0</u>	<u>280,876</u>	<u>0</u>
Special Education Grants to States (IDEA Part B)	6B-SF-98	84.027	4,900	0	3,441	0
	6B-SF-99		117,148	0	130,239	0
Total Special Education Grants to States			<u>122,048</u>	<u>0</u>	<u>133,680</u>	<u>0</u>
Innovative Programs, Chapter II, IASA Title VI	C2-S1-98	84.298	0	0	(1,680)	0
	C2-S1-99		9,635	0	7,859	0
Total Innovative Programs			<u>9,635</u>	<u>0</u>	<u>6,179</u>	<u>0</u>
Goals 2000 - State and Local Education Systemic Improvement Grants	G2-S2-98	84.276	36,961	0	58,207	0
	G2-S2-98C		65,500		28,498	0
	G2-S2-99		33,750		0	0
			15,000	0	15,000	0
Total Goals 2000 Programs			<u>151,211</u>	<u>0</u>	<u>101,705</u>	<u>0</u>
Vocational Education	20-C1-00-98	84.048	9,832	0	552	0
	20-C1-00-99		57,327	0	64,152	0
Total Vocational Education			<u>67,159</u>	<u>0</u>	<u>64,704</u>	<u>0</u>
Drug - Free Schools Grant	DR-S1-97C	84.186	0	0	181	0
	DR-S1-98		(1,213)	0	84	0
	DR-S1-98C		1,213	0	192	0
	DR-S1-99		13,046	0	12,371	0
Total Drug - Free Schools Grant			<u>13,046</u>	<u>0</u>	<u>12,328</u>	<u>0</u>
Total U.S. Department of Education			<u>646,092</u>	<u>0</u>	<u>599,972</u>	<u>0</u>
<b>Total Federal Assistance</b>			<u>\$825,521</u>	<u>\$31,697</u>	<u>\$779,401</u>	<u>\$31,697</u>

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and disbursed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

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

Canton Local School District  
Stark County  
4526 Ridge Avenue S.E.  
Canton, Ohio 44707

To the Board of Education:

We have audited the general purpose financial statements of Canton Local School District, Stark County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 20, 2000 in which we noted the District changed its method of accounting and reporting for its deferred compensation plan. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

However, we noted certain immaterial instance of noncompliance that we have reported to the management of the District in a separate letter dated January 20, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-11276-001.

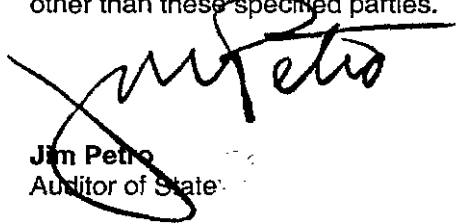
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the

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

internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

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

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



**Jim Petro**  
Auditor of State

January 20, 2000





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

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

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

Canton Local School District  
Stark County  
4526 Ridge Avenue S.E.  
Canton, Ohio 44707

To the Board of Education:

**Compliance**

We have audited the compliance of Canton Local School District, Stark County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

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

**Internal Control Over Compliance**

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

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

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



Jim Petro  
Auditor of State

January 20, 2000

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

JUNE 30, 1999

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

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

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

<b>Finding Number</b>	1999-11276-001
-----------------------	----------------

Fixed Asset Detail

Although the District has procedures in place to identify and record current year fixed assets additions and procedures to record current year fixed assets deletions, the District does not have procedures for posting current year fixed asset activity to the detailed master fixed asset listing. The District's detailed master fixed asset listing has not been updated or reviewed for several years. Such procedures help ensure the completeness and accuracy of the master fixed asset listing which should support the financial statement amounts.

We recommend that the District re-evaluate its fixed asset recording policies and procedures and implement policies and procedures to ensure the fixed asset listing is accurately maintained on a continuing basis.

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

None



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

**CANTON LOCAL SCHOOL DISTRICT, STARK COUNTY**

**CLERK'S CERTIFICATION**

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

By: *Susan Babbitt*  
Clerk of the Bureau

Date: **MAR 14 2000**