



**JACKSON LOCAL SCHOOL DISTRICT  
STARK COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**JACKSON LOCAL SCHOOL DISTRICT  
STARK COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Jackson Local School District  
Stark County  
7984 Fulton Drive NW  
Massillon, Ohio 44646

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

January 26, 2001

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

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types			Account Groups			Totals (Memorandum Obligations Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General	Fixed Assets	Long-Term Obligations	General		Totals	
										General	Fixed		
<b>ASSETS AND OTHER DEBITS:</b>													
Assets:													
Equity in Pooled Cash and Investments	\$6,621,312	\$452,965	\$1,458,714	\$25,631,115	\$111,313	\$119,016	\$0	\$0	\$0	\$0	\$0	\$34,394,435	
Cash in Segregated Account	0	0	0	1,219	0	0	0	0	0	0	0	1,219	
Receivables													
Taxes	24,367,110	0	1,700,556	607,341	0	0	0	0	0	0	0	26,675,007	
Accounts	6,759	0	0	0	136	0	0	0	0	0	0	6,895	
Intergovernmental	2,500	0	0	0	19,589	0	0	0	0	0	0	22,089	
Interfund	72,600	0	0	0	0	0	0	0	0	0	0	72,600	
Materials and Supplies Inventory	170,675	0	0	0	19,153	0	0	0	0	0	0	189,828	
Inventory for Resale	0	0	0	0	29,726	0	0	0	0	0	0	29,726	
Prepaid Items	3,090	0	0	0	0	0	0	0	0	0	0	3,090	
Restricted Assets:													
Equity in Pooled Cash and Investments	695,050	0	0	0	0	0	0	0	0	0	0	695,050	
Fixed Assets													
(Net where applicable of Accumulated Depreciation)	0	0	0	0	223,744	0	41,164,231	0	0	0	0	41,387,975	
Other Debits:													
Amount available in debt service	0	0	0	0	0	0	0	0	0	1,557,044	0	1,557,044	
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0	0	0	0	0	0	42,878,382	0	42,878,382	
Total Assets and Other Debits	<u>\$31,939,096</u>	<u>\$452,965</u>	<u>\$3,159,270</u>	<u>\$26,239,675</u>	<u>\$403,661</u>	<u>\$119,016</u>	<u>\$41,164,231</u>	<u>\$44,435,426</u>	<u>\$44,435,426</u>	<u>\$147,913,340</u>	<u>\$147,913,340</u>	<u>\$147,913,340</u>	

The accompanying notes are an integral part of these statements.

(Continued)

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

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations			
LIABILITIES, FUND EQUITY AND OTHER CREDITS:											
Liabilities:											
Accounts Payable	\$252,242	\$11,671	\$0	\$63,500	\$6,446	\$488	\$0	\$0	\$334,347		
Retainage Payable	0	0	0	1,219	0	0	0	0	1,219		
Accrued Wages and Benefits	2,649,471	27,470	0	0	74,310	0	0	0	2,751,251		
Compensated Absences	23,964	0	0	0	52,521	0	0	3,160,769	3,237,254		
Intergovernmental Payable	530,177	5,485	0	0	53,471	0	0	215,824	804,957		
Interfund Payable	0	26,600	0	0	46,000	0	0	0	72,600		
Due to Others	0	0	0	0	0	74,941	0	0	74,941		
Deferred Revenue	23,163,810	0	1,602,226	572,231	14,384	0	0	0	25,352,651		
Capital Lease Payable	0	0	0	0	0	0	0	1,245,107	1,245,107		
Note Payable	0	0	0	0	0	0	0	25,000,000	25,000,000		
Bonds Payable	0	0	0	0	0	0	0	14,813,726	14,813,726		
Total Liabilities	26,619,664	71,226	1,602,226	636,950	247,132	75,429	0	44,435,426	73,688,053		

The accompanying notes are an integral part of these statements.



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

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Totals (Memorandum Only)
	General	Special	Debt	Capital	Enterprise	Agency	Trust and	General	Fixed	Long-Term	Assets	Obligations	
Fund Equity and Other Credits:													
Investment in													
General Fixed Assets	0	0	0	0	0	0	0	41,164,231	0	0	0	0	41,164,231
Contributed Capital	0	0	0	0	67,720	0	0	0	0	0	0	0	67,720
Retained Earnings-Unreserved	0	0	0	0	88,809	0	0	0	0	0	0	0	88,809
Fund Balances													
Reserved for Property Tax	1,203,300	0	98,330	35,110	0	0	0	0	0	0	0	0	1,336,740
Reserved for Encumbrances	2,636,196	115,130	0	1,837,442	0	1,459	0	0	0	0	0	0	4,590,227
Reserved for Inventory	170,675	0	0	0	0	0	0	0	0	0	0	0	170,675
Reserved for Prepaid Items	3,090	0	0	0	0	0	0	0	0	0	0	0	3,090
Reserved for Debt Service	0	0	1,458,714	0	0	0	0	0	0	0	0	0	1,458,714
Reserved for Budget													
Stabilization	695,050	0	0	0	0	0	0	0	0	0	0	0	695,050
Reserved for Endowment	0	0	0	0	0	3,331	0	0	0	0	0	0	3,331
Unreserved - Undesignated	611,121	266,609	0	23,730,173	0	38,797	0	0	0	0	0	0	24,646,700
Total Fund Equity	5,319,432	381,739	1,557,044	25,602,725	156,529	43,587	41,164,231	0	0	0	0	0	74,225,287
and Other Credits													
Total Liabilities, Fund Equity	31,939,096	452,965	3,159,270	826,239,675	403,661	119,016	44,164,231	44,435,426					147,913,340
and Other Credits													

The accompanying notes are an integral part of these statements.

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

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
				Fund Type		
	General	Special Revenue	Debt Service	Capital Projects		
<b>REVENUES:</b>						
Taxes	\$24,583,890	\$0	\$1,786,633	\$638,040	\$0	\$27,008,563
Tuition and Fees	167,685	0	0	0	0	167,685
Intergovernmental	7,329,650	848,223	202,584	114,965	0	8,495,422
Interest	701,643	0	0	49,596	2,315	753,554
Extracurricular Activities	0	575,200	0	0	0	575,200
Contributions and Donations	27,431	62,284	0	0	0	89,715
Rentals	43,143	0	0	0	0	43,143
Other	156,450	75,704	0	0	13,212	245,366
Classroom Materials & Fees	28,976	13,120	0	0	0	42,096
<b>Total Revenues</b>	<b>33,038,868</b>	<b>1,574,531</b>	<b>1,989,217</b>	<b>802,601</b>	<b>15,527</b>	<b>37,420,744</b>
<b>EXPENDITURES:</b>						
Current						
Instruction						
Regular	14,433,844	217,875	0	8,691	0	14,660,410
Special	1,451,293	289,994	0	0	0	1,741,287
Vocational	965,970	0	0	0	0	965,970
Other	459,184	24,920	0	0	0	484,104
Support Services						
Pupil	1,960,403	195,438	0	0	7,811	2,163,652
Instructional Staff	760,641	230,495	0	0	0	991,136
Board of Education	23,214	0	0	0	0	23,214
Administration	2,420,919	99,954	0	0	0	2,520,873
Fiscal	714,938	2,129	28,998	5,354	0	751,419
Business	371,459	0	0	0	0	371,459
Operation and Maintenance of Plant	3,230,540	264	0	0	0	3,230,804
Pupil Transportation	2,310,932	0	0	0	0	2,310,932
Central	984,841	39,161	0	0	11,055	1,035,057
Community Services	0	16,828	0	0	0	16,828
Extracurricular Activities	685,305	401,799	0	0	0	1,087,104
Debt Service						
Principal and Interest Retirement	0	0	1,666,140	0	0	1,666,140
Building Acquisition and Construction	675,031	2,329	0	442,451	0	1,119,811
<b>Total Expenditures</b>	<b>31,448,514</b>	<b>1,521,186</b>	<b>1,695,138</b>	<b>456,496</b>	<b>18,866</b>	<b>35,140,200</b>
Revenues Over (Under) Expenditures	1,590,354	53,345	294,079	346,105	(3,339)	2,280,544

(Continued)

The accompanying notes are an integral part of these statements.

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

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
OTHER FINANCING SOURCES (USES):						
Sale of Fixed Assets	64,779	0	0	0	0	64,779
Proceeds From Sale of Notes	0	0	0	25,000,000	0	25,000,000
Operating Transfers - In	0	0	0	0	0	0
Operating Transfers - Out	(57,000)	0	0	0	0	(57,000)
Refund of Prior Year's Expenses	45,290	1,737	0	0	892	47,919
Premium on Sale of Notes	0	0	20,250	0	0	20,250
Pass Through	(37,478)	0	0	0	0	(37,478)
Refund of Prior Year's Receipts	(205)	(1,009)	0	0	(557)	(1,771)
Total Other Financing Sources (Uses)	<u>15,386</u>	<u>728</u>	<u>20,250</u>	<u>25,000,000</u>	<u>335</u>	<u>25,036,699</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,605,740	54,073	314,329	25,346,105	(3,004)	27,317,243
Fund Balances at Beginning of Year	3,714,734	327,666	1,242,715	256,620	43,260	5,584,995
Decrease in Reserve for Inventory	(1,042)	0	0	0	0	(1,042)
Fund Balances at End of Year	<u>\$5,319,432</u>	<u>\$381,739</u>	<u>\$1,557,044</u>	<u>\$25,602,725</u>	<u>\$40,256</u>	<u>\$32,901,196</u>

The accompanying notes are an integral part of these statements.

**Combined Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Budget Basis and Actual  
All Governmental Fund Types and Similar Trust Funds  
For the Fiscal Year Ended June 30, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes	\$ 24,408,198	\$ 24,418,366	\$ 10,168
Tuition and Fees	160,000	160,741	741
Transportation Fees	7,000	7,058	58
Intergovernmental	7,321,752	7,329,435	7,683
Interest	766,800	701,643	(65,157)
Extracurricular Activities	-	-	-
Classroom Materials & Fees	29,500	29,029	(471)
Contributions & Donations	27,431	27,431	-
Rentals	43,143	43,143	-
Other	163,426	160,604	(2,822)
<b>Total Revenues</b>	<u>32,927,250</u>	<u>32,877,450</u>	<u>(49,800)</u>
<b>EXPENDITURES:</b>			
Current			
Instruction			
Regular	15,133,939	15,009,435	124,504
Special	1,495,103	1,486,526	8,577
Vocational	1,107,692	1,013,516	94,176
Adult Continuing	-	-	-
Other	637,983	469,388	168,595
Support Services			
Pupil	2,236,491	2,070,947	165,544
Instructional Staff	939,675	806,508	133,167
Board of Education	27,829	25,361	2,468
Administration	2,535,696	2,505,554	30,142
Fiscal	764,306	735,373	28,933
Business	496,331	411,269	85,062
Operation and Maintenance of Plant	3,741,452	3,494,798	246,654
Pupil Transportation	2,598,942	2,551,739	47,203
Central	1,269,804	1,163,951	105,853
Food Service Operations	-	-	-
Community Services	-	-	-
Extracurricular Activities	747,145	706,110	41,035
Facilities Acquisition & Construction	2,567,858	2,531,345	36,513
Debt Service	-	-	-
Principal Retirement and Interest	-	-	-
<b>Total Expenditures</b>	<u>36,300,246</u>	<u>34,981,820</u>	<u>1,318,426</u>
Revenues Over (Under) Expenditures	<u>(3,372,996)</u>	<u>(2,104,370)</u>	<u>1,268,626</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Fixed Assets	64,700	64,779	79
Advances - In	53,000	52,643	(357)
Advances - Out	(92,000)	(57,300)	34,700
Refund of Prior Year Expenditures	45,000	45,290	290
Refund of Prior Year Receipt	(2,000)	(205)	1,795
Operating Transfers - In	-	-	-
Operating Transfers - Out	(148,300)	(57,000)	91,300
Pass throughs	(1,089,841)	(37,478)	1,052,363
Proceeds/Premium on Sale of Notes	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(1,169,441)</u>	<u>10,729</u>	<u>1,180,170</u>
<b>Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(4,542,437)</u>	<u>(2,093,641)</u>	<u>2,448,796</u>
Fund Balances at Beginning of Year	5,032,125	5,032,125	-
Prior Year Encumbrances	1,489,438	1,489,438	-
<b>Fund Balances at End of Year</b>	<u>\$ 1,979,126</u>	<u>\$ 4,427,922</u>	<u>\$ 2,448,796</u>

The accompanying notes are an integral part of these statements.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,779,271	\$ 1,771,408	\$ (7,863)
-	-	-	-	-	-
-	-	-	-	-	-
856,069	856,683	614	202,000	202,584	584
-	-	-	-	-	-
576,160	575,200	(960)	-	-	-
13,100	13,120	20	-	-	-
62,284	62,284	-	-	-	-
-	-	-	-	-	-
75,799	75,704	(95)	-	-	-
<u>1,583,412</u>	<u>1,582,991</u>	<u>(421)</u>	<u>1,981,271</u>	<u>1,973,992</u>	<u>(7,279)</u>
335,284	286,605	48,679	-	-	-
296,208	296,155	53	-	-	-
-	-	-	-	-	-
26,012	25,420	592	-	-	-
-	-	-	-	-	-
233,892	221,662	12,230	-	-	-
323,247	260,441	62,806	-	-	-
-	-	-	-	-	-
133,432	105,389	28,043	-	-	-
2,129	2,129	-	29,000	28,998	2
-	-	-	-	-	-
1,400	264	1,136	-	-	-
-	-	-	-	-	-
48,548	48,352	196	-	-	-
17,473	16,859	614	-	-	-
11,350	364	10,986	-	-	-
452,895	438,105	14,790	-	-	-
3,500	2,329	1,171	-	-	-
-	-	-	1,666,140	1,666,140	-
<u>1,885,370</u>	<u>1,704,074</u>	<u>181,296</u>	<u>1,695,140</u>	<u>1,695,138</u>	<u>2</u>
(301,958)	(121,083)	180,875	286,131	278,854	(7,277)
-	-	-	-	-	-
14,000	21,300	7,300	-	-	-
(40,000)	(40,000)	-	-	-	-
222	1,737	1,515	-	-	-
(1,015)	(1,009)	6	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,250	20,250	-
<u>(26,793)</u>	<u>(17,972)</u>	<u>8,821</u>	<u>20,250</u>	<u>20,250</u>	<u>-</u>
(328,751)	(139,055)	189,696	306,381	299,104	(7,277)
254,484	254,484	-	1,159,609	1,159,609	-
212,261	212,261	-	-	-	-
<u>\$ 137,994</u>	<u>\$ 327,690</u>	<u>\$ 189,696</u>	<u>\$ 1,465,990</u>	<u>\$ 1,458,713</u>	<u>\$ (7,277)</u>

**Jackson Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget Basis and Actual**  
**All Governmental Fund Types and Similar Trust Funds - Continued**  
**For the Fiscal Year Ended June 30, 2000**

	Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes			
Tuition and Fees	\$ 634,000	\$ 632,608	\$ (1,392)
Transportation Fees	-	-	-
Intergovernmental	-	-	-
Interest	115,494	114,965	(529)
Extracurricular Activities	49,129	49,596	467
Classroom Materials & Fees	-	-	-
Contributions & Dnations	-	-	-
Rentals	-	-	-
Other	-	-	-
Total Revenues	<u>798,623</u>	<u>797,169</u>	<u>(1,454)</u>
<b>EXPENDITURES:</b>			
Current			
Instruction			
Regular			
Special	54,614	11,983	42,631
Vocational	-	-	-
Adult Continuing	-	-	-
Other	-	-	-
Support Services	-	-	-
Pupil			
Instructional Staff	-	-	-
Board of Education	-	-	-
Administration	-	-	-
Fiscal	-	-	-
Business	5,400	5,354	46
Operation and Maintenance of Plant	-	-	-
Pupil Transportation Central	171,590	169,590	2,000
Food Service Operations	-	-	-
Community Services	-	-	-
Extracurricular Activities	-	-	-
Facilities Acquisition & Construction	-	-	-
Debt Service	2,999,944	2,354,788	645,156
Principal Retirement and Interest	-	-	-
Total Expenditures	<u>3,231,548</u>	<u>2,541,715</u>	<u>689,833</u>
Revenues Over (Under) Expenditures	<u>(2,432,925)</u>	<u>(1,744,546)</u>	<u>688,379</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Fixed Assets	-	-	-
Advances - In	-	-	-
Advances - Out	-	-	-
Refund of Prior Year Expenditures	-	-	-
Refund of Prior Year Receipt	-	-	-
Operating Transfers - In	-	-	-
Operating Transfers - Out	-	-	-
Pass throughs	-	-	-
Proceeds/Premiums on Sale of Notes	25,000,000	25,000,000	-
Total Other Financing Sources (Uses)	<u>25,000,000</u>	<u>25,000,000</u>	<u>-</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	22,567,075	23,255,454	688,379
Fund Balances at Beginning of Year	46,323	46,323	-
Prior Year Encumbrances	428,396	428,396	-
Fund Balances at End of Year	<u>\$ 23,041,794</u>	<u>\$ 23,730,173</u>	<u>\$ 688,379</u>

The accompanying notes are an integral part of these statements.

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 26,821,469	\$ 26,822,382	\$ 913
-	-	-	160,000	160,741	741
-	-	-	7,000	7,058	58
2,250	2,315	65	8,495,315	8,503,667	8,352
-	-	-	818,179	753,554	(64,625)
-	-	-	576,160	575,200	(960)
-	-	-	42,600	42,149	(451)
-	-	-	89,715	89,715	-
-	-	-	43,143	43,143	-
12,376	13,212	836	251,601	249,520	(2,081)
14,626	15,527	901	37,305,182	37,247,129	(58,053)
-	-	-	15,523,837	15,308,023	215,814
-	-	-	1,791,311	1,782,681	8,630
-	-	-	1,107,692	1,013,516	94,176
-	-	-	26,012	25,420	592
-	-	-	637,983	469,388	168,595
9,530	8,311	1,219	2,479,913	2,300,920	178,993
-	-	-	1,262,922	1,066,949	195,973
-	-	-	27,829	25,361	2,468
-	-	-	2,669,128	2,610,943	58,185
-	-	-	800,835	771,854	28,981
-	-	-	496,331	411,269	85,062
-	-	-	3,742,852	3,495,062	247,790
-	-	-	2,770,532	2,721,329	49,203
15,310	12,059	3,251	1,333,662	1,224,362	109,300
-	-	-	17,473	16,859	614
-	-	-	11,350	364	10,986
-	-	-	1,200,040	1,144,215	55,825
-	-	-	5,571,302	4,888,462	682,840
-	-	-	1,666,140	1,666,140	-
24,840	20,370	4,470	43,137,144	40,943,117	2,194,027
(10,214)	(4,843)	5,371	(5,831,962)	(3,695,988)	2,135,974
-	-	-	64,700	64,779	79
-	-	-	67,000	73,943	6,943
900	892	(8)	(132,000)	(97,300)	34,700
(557)	(557)	-	46,122	47,919	1,797
-	-	-	(3,572)	(1,771)	1,801
-	-	-	-	-	-
-	-	-	(148,300)	(57,000)	91,300
-	-	-	(1,089,841)	(37,478)	1,052,363
-	-	-	25,020,250	25,020,250	-
343	335	(8)	23,824,359	25,013,342	1,188,983
(9,871)	(4,508)	5,363	17,992,397	21,317,354	3,324,957
42,705	42,705	-	6,535,246	6,535,246	-
600	600	-	2,130,695	2,130,695	-
\$ 33,434	\$ 38,797	\$ 5,363	\$ 26,658,338	\$ 29,983,295	\$ 3,324,957

**Jackson Local School District**  
**Combined Statement of Revenues, Expenses, and Changes in**  
**Retained Earnings - Proprietary Fund Type**  
**and Non-Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2000**

	<u>Enterprise</u>	<u>Non - Expendable Trust</u>	<u>Total (Memorandum Only)</u>
<b>OPERATING REVENUES:</b>			
Sales	\$971,763	\$0	\$971,763
Charges for Services	<u>110,874</u>	<u>0</u>	<u>110,874</u>
Total Operating Revenues	<u>1,082,637</u>	<u>0</u>	<u>1,082,637</u>
<b>OPERATING EXPENSES:</b>			
Salaries and Wages	627,127	0	627,127
Fringe Benefits	201,232	0	201,232
Contract Services	14,934	0	14,934
Cost of Sales	442,121	0	442,121
Materials and Supplies	182,871	0	182,871
Depreciation	36,085	0	36,085
Other	3,018	150	3,168
Maintenance and Repairs	<u>1,035</u>	<u>0</u>	<u>1,035</u>
Total Operating Expenses	<u>1,508,423</u>	<u>150</u>	<u>1,508,573</u>
Operating Loss	<u>(425,786)</u>	<u>(150)</u>	<u>(425,936)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Donated Commodities	45,896	0	45,896
Operating Grants	174,648	0	174,648
Refund of Prior Year's Expenditures	2,452	0	2,452
Refund of Prior Year's Receipts	(45)	0	(45)
Interest Income	5,439	191	5,630
Other	<u>110,934</u>	<u>0</u>	<u>110,934</u>
Total Non-Operating Revenues	<u>339,324</u>	<u>191</u>	<u>339,515</u>
<b>Income (Loss) before</b>			
Operating Transfers	(86,462)	41	(86,421)
Operating Transfer - in	<u>57,000</u>	<u>0</u>	<u>57,000</u>
Net Income (Loss)	(29,462)	41	(29,421)
<b>Retained Earnings at Beginning</b>			
of Year	<u>118,271</u>	<u>3,290</u>	<u>121,561</u>
<b>Retained Earnings at End</b>			
of Year	<u>\$88,809</u>	<u>\$3,331</u>	<u>\$92,140</u>

The accompanying notes are an integral part of these statements.



**Jackson Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes**  
**in Fund Equity - Budget Basis and Actual**  
**Proprietary Fund Type and Non-Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2000**

	Enterprise Funds		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>REVENUES</b>			
Tuition and Fees	\$ 104,453	\$ 105,198	\$ 745
Sales	971,800	971,667	(133)
Earnings on Investments	5,000	5,439	439
Classroom Materials and Fees	5,505	5,676	171
Miscellaneous	113,583	110,934	(2,649)
Operating Grants	168,398	172,877	4,479
<b>Total Revenues</b>	<b>1,368,739</b>	<b>1,371,791</b>	<b>3,052</b>
<b>EXPENDITURES</b>			
Salaries and Wages	585,800	583,152	2,648
Fringe Benefits	202,050	201,233	817
Contract Services	52,390	49,312	3,078
Supplies	655,687	586,198	69,489
Capital Outlay	9,400	7,325	2,075
Other	3,100	3,019	81
<b>Total Expenses</b>	<b>1,508,427</b>	<b>1,430,239</b>	<b>78,188</b>
<b>Revenues Over (Under) Expenses</b>	<b>(139,688)</b>	<b>(58,448)</b>	<b>81,240</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Refund of Prior Year Expenditures	2,450	2,452	2
Refund of Prior Year Receipts	(100)	(45)	55
Operating Transfers - In	56,725	57,000	275
Advances - In	36,000	36,000	-
Advances - Out	(6,000)	(6,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>89,075</b>	<b>89,407</b>	<b>332</b>
<b>Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses</b>	<b>(50,613)</b>	<b>30,959</b>	<b>81,572</b>
Fund Balances at Beginning of Year	52,871	52,871	-
Prior Year Encumbrances	16,866	16,866	-
<b>Fund Balances at End of Year</b>	<b>\$ 19,124</b>	<b>\$ 100,696</b>	<b>\$ 81,572</b>

The accompanying notes are an integral part of these statements.

**Jackson Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes**  
**in Fund Equity - Budget Basis and Actual**  
**Proprietary Fund Type and Non-Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2000**

	Non-Expendable Trust Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Tuition and Fees	\$ -	\$ -	\$ -
Sales	-	-	-
Interest	220	191	(29)
Classroom Materials and Fees	-	-	-
Operating Grants	-	-	-
Miscellaneous	-	-	-
<b>Total Revenues</b>	<u>220</u>	<u>191</u>	<u>(29)</u>
<b>EXPENDITURES</b>			
Salaries and Wages	-	-	-
Fringe Benefits	-	-	-
Contract Services	-	-	-
Supplies	-	-	-
Capital Outlay	-	-	-
Other	150	150	-
<b>Total Expenses</b>	<u>150</u>	<u>150</u>	<u>-</u>
<b>Revenues Over (Under) Expenses</b>	<u>70</u>	<u>41</u>	<u>(29)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Refund of Prior Year's Expenditures	-	-	-
Operating Transfers - In	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses</b>	<u>70</u>	<u>41</u>	<u>(29)</u>
Fund Balances at Beginning of Year	3,290	3,290	-
Prior Year Encumbrances	-	-	-
<b>Fund Balances at End of Year</b>	<u><u>\$ 3,360</u></u>	<u><u>\$ 3,331</u></u>	<u><u>\$ (29)</u></u>

The accompanying notes are an integral part of these statements.

**Jackson Local School District  
 Combined Statement of Cash Flows  
 Proprietary Fund Type and Non-Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 2000**

	Enterprise Funds
Cash flows from operating activities:	
Operating loss	\$ (425,786)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities	
Depreciation	36,085
Donated commodities in cost of sales	45,896
Change in assets and liabilities that increase (decrease) cash flow from operations	
Accounts receivable	(96)
Intergovernmental receivable	(1,772)
Material and supplies inventory	(4,582)
Accounts payable	6,119
Accrued wages and benefits	(24,892)
Compensated Absences	15,396
Intergovernmental payable	20,669
Interfund payable	30,000
Net cash (used in) operating activities	(302,963)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(5,890)
Cash flows from noncapital financing activities:	
Operating grants received	174,648
Other non-operating revenue	118,780
Operating transfers	57,000
Net cash provided by noncapital financing activities	350,428
Net increase in cash and cash equivalents	41,575
Cash and cash equivalents - beginning of year	69,738
Cash and cash equivalents - end of year	\$ 111,313
Noncash capital, investing and related financing activities	
Donated commodities received	\$ 45,896
Reconciliation of Cash and Cash Equivalents to the Combined Balance Sheet	
Trust and Agency	\$119,016
Less: Agency Funds	(75,429)
Expendable Trust Funds	(40,256)
Nonexpendable Trust Fund	\$3,331

The accompanying notes are an integral part of these statements.

Nonexpendable Trust Fund	Totals (Memorandum Only)
\$ (150)	\$ (425,936)
-	36,085
-	45,896
-	(96)
-	(1,772)
-	(4,582)
-	6,119
-	(24,892)
-	15,396
-	20,669
-	30,000
<u>(150)</u>	<u>(303,113)</u>
<u>-</u>	<u>(5,890)</u>
-	174,648
191	118,971
-	57,000
<u>191</u>	<u>350,619</u>
41	41,616
<u>3,290</u>	<u>73,028</u>
<u>\$ 3,331</u>	<u>\$ 114,644</u>
\$ -	\$ 45,896

# JACKSON LOCAL SCHOOL DISTRICT NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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For the Fiscal Year Ended June 30, 2000

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

### 1. DESCRIPTION OF THE ENTITY

The Jackson 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 operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1999 was 5,345. The District employed 330 certified employees and 245 non-certified employees.

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the District's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of these criteria involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units.

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 Schools Council of Governments Risk Sharing Pool and the Ohio School

# JACKSON LOCAL SCHOOL DISTRICT NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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For the Fiscal Year Ended June 30, 2000

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### 1. DESCRIPTION OF THE ENTITY - Continued

Boards Associations Workers' Compensation Group Rating Plan. These organizations are more fully described in Notes L and M to the general purpose financial statements.

### 2. 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 regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the 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 and the nonexpendable trust fund) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund - This 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.

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. BASIS OF PRESENTATION - FUND ACCOUNTING - Continued

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

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

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and the nonexpendable trust fund).

Proprietary Fund Type:

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

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

Fiduciary Fund Types:

Fiduciary 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 other funds. These include expendable trust, nonexpendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. BASIS OF PRESENTATION - FUND ACCOUNTING - Continued

essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

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

3. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and 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 combined balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and the nonexpendable trust fund 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 combined balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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.



# JACKSON LOCAL SCHOOL DISTRICT

## NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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For the Fiscal Year Ended June 30, 2000

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### 3. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

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 year end. In applying the accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements.

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

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 fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. 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 type and the nonexpendable trust fund. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges at fiscal year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities nonoperating revenue. Unused donated commodities as of June 30, 2000 were insignificant to the general purpose financial statements.

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. 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 legal level of budgetary control is at the fund level within each function. Any budgetary modification 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.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the 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.

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. BUDGETARY PROCESS – Continued

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 2000.

Appropriations:

By October 1, the Annual Appropriation Resolution must be legally enacted by the Board of Education at the fund level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the Annual Appropriation Resolution, the Board may pass a temporary resolution to meet the ordinary expenses of the District. Appropriations 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 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 does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental fund appropriations were legally enacted, however, the amount of the increases were not significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

Encumbrances:

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

# JACKSON LOCAL SCHOOL DISTRICT NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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For the Fiscal Year Ended June 30, 2000

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### 4. BUDGETARY PROCESS – Continued

At year end, the District's advances in/out did not agree by \$6,643 on a non-GAAP budgetary basis. This is a result of \$6,643 being advanced from the General Fund to the Agency Fund Type. Agency fund activity is not disclosed in the financial statements.

#### Lapsing of Appropriations:

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

#### Budgetary Basis of Accounting:

While the District is reporting its financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), 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 Basis and Actual - All Governmental Fund Types and Similar Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget Basis and Actual - Proprietary Fund Type and Non-Expendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are reported when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure for the proprietary fund type (GAAP basis).

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2000**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**4. BUDGETARY PROCESS - Continued**

4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than balance sheet transaction (GAAP basis).

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

**Total Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
Governmental Fund Types and Similar Trust Funds**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$1,605,740	\$ 54,073	\$314,329	\$25,346,105	\$ (3,004)
Net Adjustment for Revenue Accruals	(161,418)	8,460	(15,225)	(5,432)	-0-
Net Adjustment for Expenditure Accruals	(644,868)	(57,612)	-0-	(184,277)	(45)
Encumbrances	(2,888,438)	(125,276)	-0-	(1,900,942)	(1,459)
Advances - Net	(4,657)	(18,700)	-0-	-0-	-0-
Budget Basis	<u>\$ (2,093,641)</u>	<u>\$ (139,055)</u>	<u>\$299,104</u>	<u>\$23,255,454</u>	<u>\$ (4,508)</u>

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**4. BUDGETARY PROCESS - Continued**

**Net Income (Loss)/ Revenues and Other Financing Sources Over (Under)  
Expenses and Other Financing Uses  
Proprietary Fund Type and Similar Trust Fund**

	Enterprise	Non-Expendable Trust
GAAP Basis	\$(29,462)	\$ 41
Net Adjustment for Revenue Accruals	(1,867)	-0-
Commodities Received	(45,896)	-0-
Advances - Net	30,000	-0-
Net Adjustment for Expense Accrual	(4,612)	-0-
Commodities Used	46,711	-0-
Depreciation	36,085	-0-
Budget Basis	\$ 30,959	\$ 41

**5. POOLED 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 the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the combined balance sheet. During fiscal year 2000, investments were limited to STAROhio, U.S. Government Securities, and repurchase agreements. All investments of the District had a maturity of two years or less. Investments are stated at cost which approximates market value. Investment earnings are allocated to the General Fund, Capital Projects Funds, Expendable Trust Funds, Enterprise Funds and Nonexpendable Trust Fund.

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. POOLED CASH AND INVESTMENTS - Continued

Interest income earned in 2000 totaled \$759,184.

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

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 original maturities 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.

6. INVENTORY

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund type when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventory in the enterprise funds consists of purchased food, donated commodities and school supplies held for resale.

# JACKSON LOCAL SCHOOL DISTRICT NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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For the Fiscal Year Ended June 30, 2000

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### 7. FIXED ASSETS AND DEPRECIATION

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. The District has established a capitalization threshold for fixed assets at \$500. Books, records, movies, and other learning aids kept at the District's library are not included for reporting purposes. The District does not possess any infrastructure.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

### 8. INTERGOVERNMENTAL REVENUES

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, 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 received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. The District currently participates in several State and Federal programs, categorized as follows:



**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. INTERGOVERNMENTAL REVENUES – Continued

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Title I

Drug Free Schools

Special Education to States (Title VI-B)

Goals 2000

Classroom Reduction

Vocation Education Basic

Grants to States

Eisenhower Professional

Development

Innovative Education

Program Strategies

Telecomm (E-Rate)

Reimbursable Grants

General Fund

Driver Education

School Bus Purchase Reimbursement

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlements amounted to approximately 22% of the District's operating revenue during the 2000 fiscal year.

9. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items.

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**10. SHORT-TERM, INTERFUND ASSETS/LIABILITIES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as interfund receivables/payables.

**11. COMPENSATED ABSENCES**

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

Each employee earns sick leave at the rate of one and one-quarter days per month. Sick leave may be accumulated to a maximum of 290 days. Upon retirement, with a minimum of three years with the District, payment is made for one-quarter of the total sick leave accumulation, up to a maximum accumulation of 57 days. An employee receiving such payment must meet the retirement provisions set by State Teachers' Retirement System (STRS) or School Employees Retirement System (SERS).

The District adopted GASB Statement No. 16, "Accounting for Compensated Absences," effective July 1, 1994. As a result, the District has recorded an estimated long-term liability of \$3,160,769 for severance pay and sick leave payable at June 30, 2000. The amount has been recorded in the General Long-Term Obligations Account Group since the liability will not require the use of current expendable available financial resources.

**12. CONTRIBUTED CAPITAL**

Contributed capital represents resources from other funds, other governments and private sources provided to enterprise funds and is not subject to repayment. These assets are recorded at their fair market value on the date contributed. There was no change in contributed capital during the year.

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. LONG-TERM DEBT

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year.

For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations are reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Under Ohio Law, a debt retirement fund must be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the obligations liability among the debt service fund and the general long-term obligations account group, with principal and interest payments on matured general long-term debt reported in the debt service fund. To comply with GAAP reporting requirements, the District's debt retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both the principal and interest have also been allocated accordingly.

14. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or 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.

15. FUND BALANCE RESERVES

The District reserves fund balances for amounts that are legally segregated for a specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, prepaid items, debt service, budget stabilization, endowment and property taxes. The reserve for property taxes represents taxes recognized as revenue under

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

15. FUND BALANCE RESERVES - Continued

generally accepted accounting principles but not available for appropriation under State statute.

The District is also required by State law to set aside certain General Fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance as of 6/30/99	\$ -0-	\$ -0-	\$415,985	\$ 415,985
Required Set Aside	799,004	799,004	266,335	1,864,343
Qualifying Expenditures	(915,451)	(1,425,807)	0	(2,341,258)
FY 2000 Additional Worker's Comp Refund	-0-	-0-	12,730	12,730
Total	<u>(\$116,447)</u>	<u>(\$626,803)</u>	<u>\$695,050</u>	<u>\$ (48,200)</u>
Balance Carried Forward to FY 2001	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$695,050</u>	<u>\$ 695,050</u>
Total Restricted Assets				<u>\$ 695,050</u>

The District had offset and qualifying disbursements during the year that reduced the set-aside amounts below zero. Effective in the current fiscal year, these extra amounts may be used to reduce the set-aside requirements of future years.

16. PROPRIETARY FUND ACCOUNTING

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting and Other Governmental Entities that use Proprietary Fund Accounting," The District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

# JACKSON LOCAL SCHOOL DISTRICT NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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For the Fiscal Year Ended June 30, 2000

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

### 17. 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 could differ from those estimates.

### 18. 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. During fiscal years 2000 and 1999, the District received \$12,730 and \$156,530 in refunds, respectively, from the Bureau of Workers' Compensation which State Statute requires to be included in the budget stabilization reserve.

### 19. TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

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

## NOTE B – 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.

# JACKSON LOCAL SCHOOL DISTRICT NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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For the Fiscal Year Ended June 30, 2000

## NOTE B – CASH AND CASH EQUIVALENTS - Continued

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuance of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time and

# JACKSON LOCAL SCHOOL DISTRICT NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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For the Fiscal Year Ended June 30, 2000

## NOTE B – CASH AND CASH EQUIVALENTS – Continued

8. 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.

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

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

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

### Deposits:

At fiscal year end, the carrying amount of the District's cash deposits was \$21,964,971 and the bank balance was \$22,381,725. \$300,000 of the bank balance was covered by federal depository insurance. \$22,081,725 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

**JACKSON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

**NOTE B – CASH AND CASH EQUIVALENTS - Continued**

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 which 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 because it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Funds held in trust for escrow and invested in U.S. Government Securities	\$ 1,219	\$ 1,219	\$ 1,219
Repurchase Agreement	915,000	915,000	915,000
STAROhio		12,209,514	12,209,514
Totals		\$13,125,733	\$13,125,733

Statutory provisions require that collateral pledged for deposits be held in trust by an institution other than the pledging bank. The classification of cash and cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary Fund Accounting." A reconciliation between the classifications of cash and investments on the combined balance sheet and the classification per GASB Statement No. 3 is as follows:



**JACKSON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

**NOTE B – CASH AND CASH EQUIVALENTS - Continued**

Investments: - Continued

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 35,090,704	\$ -0-
Investments:		
Certificate of Deposits	(22,100,000)	22,100,000
Funds Held in Escrow	(1,219)	1,219
Repurchase Agreement	(915,000)	915,000
STAROhio	(12,209,514)	12,209,514
GASB Statement No. 3	<u>\$ (135,029)</u>	<u>\$ 35,225,733</u>

**NOTE C - PROPERTY TAX**

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1999.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for tax (calendar) year 1999 was \$41.95 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$26.20 per \$1,000 of assessed valuation for real property classified as residential or agricultural and \$26.20 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

**JACKSON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

**NOTE C - PROPERTY TAX - Continued**

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for tax (calendar) year 1999 was \$44.80 per \$1,000 of assessed valuation.

**Real Property - 1999 Valuation**

Residential/Agricultural	\$528,484,360
Commercial/Industrial	259,769,725
Public Utilities	25,024
Minerals	220,591

**Tangible Personal Property - 1999 Valuation**

General	114,106,859
Public Utilities	<u>48,357,390</u>
<b>Total Valuation</b>	<u><u>\$950,963,949</u></u>

The Stark County Treasurer collects property tax on behalf of all taxing districts within the County. The Stark County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Accrued property taxes receivable represent delinquent taxes outstanding on real property, personal property and public utility taxes, which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30, 2000 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available and received as an advance at June 30, 2000 was \$1,203,300 in the General Fund, \$98,330 in the Debt Service Fund, and \$35,110 in the Capital Projects Fund.

# JACKSON LOCAL SCHOOL DISTRICT NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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For the Fiscal Year Ended June 30, 2000

## NOTE D – RISK MANAGEMENT

The District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured.

For fiscal year 2000, the District participated in the Ohio School Boards Association Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool (Note M). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant share equally in the overall performance of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc., provides administrative, cost control and actuarial services of the GRP.

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

## NOTE E - FIXED ASSETS

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

Furniture and Equipment	\$ 728,584
Less Accumulated Depreciation	<u>(504,840)</u>
Net Fixed Assets	<u>\$ 223,744</u>

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

**NOTE E - FIXED ASSETS – Continued**

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

	Balance July 1, 1999	Additions	Deletions	Adjustments	Balance June 30, 2000
Land	\$ 749,690	\$ 160,814	\$ 0	\$ 4,900	\$ 915,404
Buildings	27,283,902	35,930	0	22,010	27,341,842
Furniture and Equipment	8,457,679	794,384	712,417	35,756	8,575,402
Construction in Progress	0	648,842			648,842
Vehicles	3,365,854	521,240	204,353	0	3,682,741
<b>Total General Fixed Assets</b>	<b>\$39,857,125</b>	<b>\$2,161,210</b>	<b>\$916,770</b>	<b>\$62,666</b>	<b>\$41,164,231</b>

**NOTE F - LONG-TERM DEBT**

On July 27, 1993, the District authorized the issuance of \$18,149,119 General Obligation Bonds for improvements to school facilities. This bond issue contained \$10,180,000 of Current Issue Serial Bonds with varying interest rates, \$529,119 of Capital Appreciation Serial Bonds, \$2,880,000 of 5.40% Current Interest Term Bonds, and \$4,560,000 of 5.50% Current Interest Term Bonds. The Current Interest Bonds will mature on December 1 each year. Interest on the Current Interest Bonds are payable at the respective rates on June 1 and December 1 of each year. The Capital Appreciation Bonds will bear interest, compounded semiannually from the date of the issuance, but such interest will be payable at maturity only.

On April 27, 2000, the District authorized the issuance of \$25,000,000 facilities construction and improvement notes. These notes bear interest at 4.75% per annum and will be repaid upon the issuance of bonds.

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

NOTE F - LONG-TERM DEBT - Continued

Long-term obligations of the District as of June 30, 2000 were as follows:

	Balance July 1, 1999	Additions	Reductions	Balance June 30, 2000
SERS Payable	\$ 219,398	\$ 215,824	\$ 219,398	\$215,824
General Obligation Bonds	15,738,726	-0-	925,000	14,813,726
Notes Payable	-0-	25,000,000	-0-	25,000,000
Capital Leases	449,190	1,182,383	386,466	1,245,107
Compensated Absences	3,052,828	107,941	-0-	3,160,769
Total	<u>\$19,460,142</u>	<u>\$26,506,148</u>	<u>\$1,530,864</u>	<u>\$44,435,426</u>

Bond debt principal and interest requirements are as follows:

	Interest	Principal	Total
June 30, 2001	\$ 696,178	\$ 1,050,000	\$ 1,746,178
June 30, 2002	643,170	1,190,000	1,833,170
June 30, 2003	582,181	1,325,000	1,907,181
June 30, 2004	515,050	1,400,000	1,915,050
June 30, 2005-2009	3,345,870	3,133,726	6,479,596
June 30, 2010-2014	1,555,455	2,155,000	3,710,455
June 30, 2015-2019	900,635	2,670,000	3,570,635
June 30, 2020-2022	157,840	1,890,000	2,047,840
Total	<u>\$8,396,379</u>	<u>\$14,813,726</u>	<u>\$23,210,105</u>

Intergovernmental payables and the compensated absences will be paid from the fund from which the employees' salaries are paid.

# JACKSON LOCAL SCHOOL DISTRICT NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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For the Fiscal Year Ended June 30, 2000

## NOTE G – DEFINED BENEFIT PENSION PLANS

The District provides retirement benefits to all certified employees under the State Teachers' Retirement System and to all noncertified employees under the School Employees Retirement System. Both systems are cost-sharing, multiple-employer plans.

### 1. STATE TEACHERS' RETIREMENT SYSTEM (STRS)

The District contributes to the State Teachers' Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. 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 East Broad Street, Columbus, Ohio 43215-3771.

For fiscal year ended June 30, 2000, plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered salary; 6 percent is the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$2,157,480, \$2,066,928 and \$1,982,844, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$373,671, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

### 2. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

# JACKSON LOCAL SCHOOL DISTRICT NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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**For the Fiscal Year Ended June 30, 2000**

## NOTE G – DEFINED BENEFIT PENSION PLANS – Continued

### 2. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) - Continued

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered salary. 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 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent used to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$716,830, \$665,690, and \$650,318, respectively; 48 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$372,060, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

## NOTE H - 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-certificated 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.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. As of July 1, 1999 (latest data available), eligible benefit recipients totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000.

# JACKSON LOCAL SCHOOL DISTRICT NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

---

For the Fiscal Year Ended June 30, 2000

## NOTE H - POST-EMPLOYMENT BENEFITS - Continued

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium. For the fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. The surcharge added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of 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, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999 (latest data available), SERS had net assets available for payment of health care benefits of \$188.0 million. SERS had approximately 51,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$33,151 during the 1999 fiscal year.

## NOTE I - CONTINGENCIES

### GRANTS

During the year ended June 30, 2000, the District received grants-in-aid from federal and state sources amounting to \$670,947 and \$7,993,450, respectively, for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District's management believes such disallowances, if any, would be immaterial.

### STATE SCHOOL FUNDING DECISION

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



**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

**NOTE 1 - CONTINGENCIES – Continued**

**STATE SCHOOL FUNDING DECISION - Continued**

District received \$4,570,752 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision 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 appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, “...the mandate of the (Ohio) Constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997, decision, however, it found seven “...major areas warrant further attention, study, and development by the General Assembly...,” including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

As of the date of these financial statements, the 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.

# JACKSON LOCAL SCHOOL DISTRICT NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

---

**For the Fiscal Year Ended June 30, 2000**

## NOTE J - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains five enterprise funds - Food Service, Customer Revolving, Uniform School Supplies, Adult Education, and Communications - which are operated on a sales basis. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District for the fiscal year ended June 30, 2000:

	Food Service	Uniform School Supplies	Customer Revolving	Adult Education	Communi- cations	Total
Operating Revenues	\$971,763	\$ 5,676	\$ 0	\$ 105,198	\$ 0	\$ 1,082,637
Operating Expenses Before Depreciation	1,117,555	5,505	68,914	204,982	75,382	1,472,338
Depreciation	35,343	0	742	0	0	36,085
Operating Income (Loss)	(181,135)	171	(69,656)	(99,784)	(75,382)	(425,786)
Operating Grants	125,655	0	0	48,993	0	174,648
Donated Commodities	45,896	0	0	0	0	45,896
Net Income/(Loss)	(58,560)	171	2,542	(791)	27,176	(29,462)
Net Working Capital (Deficit)	(20,757)	1,694	11,514	(53,318)	(6,348)	(67,215)
TOTAL ASSETS	368,543	1,694	17,561	11,338	4,525	403,661
TOTAL LIABILITIES	171,581	0	22	64,656	10,873	247,132
TOTAL EQUITY (Deficit)	196,962	1,694	17,539	(53,318)	(6,348)	156,529
Encumbrances outstanding as of June 30, 2000	\$ 1,281	\$ 0	\$ 1,585	\$ 3,873	\$ 3,876	\$ 10,615

## NOTE K – CAPITALIZED LEASES – LESSEE DISCLOSURE

The District has entered into capitalized leases for copier and computer equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

# JACKSON LOCAL SCHOOL DISTRICT

## NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

---

**For the Fiscal Year Ended June 30, 2000**

**NOTE K – CAPITALIZED LEASES – LESSEE DISCLOSURE - Continued**

General fixed assets consisting of copier and computer equipment have been capitalized in the general fixed assets account group in an amount of \$588,622. This amount represents the present value of the future minimum lease payments at the time of acquisition.

A corresponding liability was recorded in the general long-term obligations account group. Principal payments in the 2000 fiscal year totaled \$386,465.

The following is a schedule of future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2000:

Year ending June 30,	General Long-Term Obligation
2001	\$ 573,548
2002	573,100
2003	143,268
2004	36,532
2005	18,267
Total minimum lease payments	1,344,715
Less: amount representing interest	(99,608)
Present value of minimum lease payments	\$ 1,245,107

**NOTE L - JOINTLY GOVERNED ORGANIZATIONS**

Stark/Portage Area Computer Consortium (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

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

**NOTE L - JOINTLY GOVERNED ORGANIZATIONS – Continued**

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.

**NOTE M – PUBLIC ENTITY RISK POOLS**

The Stark County Schools Council of Governments (Council) operates a Health Benefits Program which is a shared risk pool comprised of 15 Stark County school districts. It is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The Assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services.

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

**NOTE N - RECEIVABLES**

Receivables at June 30, 2000 consisted of taxes, accounts (rent and reimbursements), interfund loans and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

**JACKSON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**For the Fiscal Year Ended June 30, 2000**

**NOTE N – RECEIVABLES - Continued**

A summary of the principal items of accounts and intergovernmental receivable follows:

<u>Accounts and Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Driver Education - State of Ohio	\$ 2,500
Rental	4,043
Educational Service Center	2,716
Total General Fund	<u>9,259</u>
Enterprise Fund:	
Lunch Sales	136
Food Service - State and Federal Reimbursement	19,589
Total Enterprise Fund	<u>19,725</u>
Total Accounts and Intergovernmental Receivables	<u><u>\$ 28,984</u></u>

**JACKSON LOCAL SCHOOL DISTRICT  
STARK COUNTY**

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

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Expenditures</u>	<u>Non-Cash Expenditures</u>
<b><u>U.S. Department of Education</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1-2000 C1-S1-1999C C1-S1-1998	84.010	\$110,187 7,797		\$97,702 34,810 1,200	
Total Title I Grants to Local Educational Agencies			117,984		133,712	
Special Education Grants to States	6B-PM-2000P 6B-SF-2000P 6B-PM-1999P 6B-SF-1999P	84.027	25,000 163,145		23,516 160,978 158 4,313	
Total Special Education Grants to States			188,145		188,965	
Vocational Education Basic Grants to States	VECPH-S2000	84.048	26,572		16,842	
Safe and Drug-Free Schools and Communities State Grants	DR-S1-2000	84.186	21,982		21,982	
Goals 2000 State and Local Education Systematic Improvement	G2-S2-2000 G2-S2-1998C G2-S2-1999	84.276	93,750 24,000		66,617 68,807 2,060	
Total Goals 2000 State and Local Education Systemic Improvement			117,750		137,484	
Eisenhower Professional Development	MS-S4-00	84.281	8,739		3,123	
Innovative Education Program Strategies	C2-S1-2000 C2-S1-1999	84.298	26,319 3,533		26,319 3,533	
Total Innovative Education Program Strategies			29,852		29,852	
Reducing Class Size	CR-S1-2000	84.340	14,077		21,835	
<b>Total U.S. Department of Education</b>			<b>525,101</b>		<b>553,795</b>	
<b><u>U.S. Department of Agriculture</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
<b>Child Nutrition Cluster:</b>						
Food Distribution	N/A	10.550		\$45,920		\$48,734
National School Lunch Program	N/A	10.555	120,713		120,713	
<b>Total U.S. Department of Agriculture - Child Nutrition Cluster</b>			<b>120,713</b>	<b>45,920</b>	<b>120,713</b>	<b>48,734</b>
<b>Totals</b>			<b>\$645,814</b>	<b>\$45,920</b>	<b>\$674,508</b>	<b>\$48,734</b>

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

**JACKSON LOCAL SCHOOL DISTRICT  
STARK COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The Schedule of Receipts and Expenditures of Federal Awards (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**

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

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

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

Jackson Local School District  
Stark County  
7984 Fulton Drive NW  
Massillon, Ohio 44646

To the Board of Education:

We have audited the general purpose financial statements of the Jackson Local School District, Stark County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated January 26, 2001. 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 an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated January 26, 2001.

### Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 26, 2001.

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

This report is intended for the information and use of the Audit Committee, 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 26, 2001



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

Jackson Local School District  
Stark County  
7984 Fulton Drive NW  
Massillon, Ohio 44646

To the Board of Education:

**Compliance**

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

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

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

**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.

Jackson Local School District  
Stark County  
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  
Page 2

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 the Audit Committee, 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 26, 2001

**JACKSON LOCAL SCHOOL DISTRICT  
STARK COUNTY**

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

**JUNE 30, 2000**

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

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

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

None

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

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**JACKSON LOCAL SCHOOL DISTRICT**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 13, 2001**