



**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of Canton Local School District, Stark County, (the District) as of and for the year ended June 30, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 09, 2002 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.

We performed our audit to form an opinion on the general purpose financial statements of the District, taken as a whole. 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 9, 2002

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Canton Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits			
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,862,247	\$225,599	\$54,867
Receivables:			
Taxes	11,232,207	0	120,192
Accounts	47,063	0	0
Intergovernmental	14,170	52,243	19,604
Interfund	57,403	0	0
Prepaid Items	6,903	0	0
Inventory Held for Resale	0	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	113,997	0	0
Advances to Other Funds	0	0	21,051
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0
Other Debits			
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	\$14,333,990	\$277,842	\$215,714

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$53,286	\$0	\$146,225	\$0	\$0	\$3,342,224
0	0	0	0	0	11,352,399
0	0	0	0	0	47,063
35,890	26,568	0	0	0	148,475
0	0	0	0	0	57,403
0	0	0	0	0	6,903
7,300	0	0	0	0	7,300
0	0	0	0	0	113,997
0	0	0	0	0	21,051
151,863	0	0	16,092,200	0	16,244,063
0	0	0	0	2,096,840	2,096,840
<u>\$248,339</u>	<u>\$26,568</u>	<u>\$146,225</u>	<u>\$16,092,200</u>	<u>\$2,096,840</u>	<u>\$33,437,718</u>

(continued)

Canton Local School District
Combined Balance Sheet
All Fund Types and Account Groups (continued)
June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<i>Liabilities, Fund Equity and Other Credits</i>			
Liabilities			
Accounts Payable	\$9,144	\$46,818	\$2,177
Accrued Wages and Benefits	1,888,596	48,752	0
Compensated Absences Payable	212,276	0	0
Interfund Payable	0	7,791	19,489
Intergovernmental Payable	356,327	17,031	0
Deferred Revenue	11,116,363	27,875	138,053
Undistributed Monies	0	0	0
Due to Students	0	0	0
Capital Leases Payable	0	0	0
Advances from Other Funds	0	0	0
Early Retirement Incentive Payable	0	0	0
<i>Total Liabilities</i>	13,582,706	148,267	159,719
Fund Equity and Other Credits			
Investment in General Fixed Assets	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	254,040	47,550	20,687
Reserved for Property Taxes	162,907	0	1,743
Reserved for Advances to Others Funds	0	0	21,051
Reserved for BWC Refund	93,425	0	0
Reserved for Bus Purchase Allowance	20,572	0	0
Unreserved:			
Undesignated	220,340	82,025	12,514
<i>Total Fund Equity (Deficit) and Other Credits</i>	751,284	129,575	55,995
<i>Total Liabilities, Fund Equity and Other Credits</i>	\$14,333,990	\$277,842	\$215,714

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$148	\$0	\$50	\$0	\$0	\$58,337
59,544	17,617	0	0	0	2,014,509
40,126	0	0	0	1,641,568	1,893,970
7,921	22,202	0	0	0	57,403
61,623	3,306	74	0	136,706	575,067
2,090	0	0	0	0	11,284,381
0	0	21,880	0	0	21,880
0	0	40,713	0	0	40,713
0	0	0	0	155,217	155,217
21,051	0	0	0	0	21,051
0	0	0	0	163,349	163,349
<u>192,503</u>	<u>43,125</u>	<u>62,717</u>	<u>0</u>	<u>2,096,840</u>	<u>16,285,877</u>
0	0	0	16,092,200	0	16,092,200
55,836	(16,557)	0	0	0	39,279
0	0	0	0	0	322,277
0	0	0	0	0	164,650
0	0	0	0	0	21,051
0	0	0	0	0	93,425
0	0	0	0	0	20,572
<u>0</u>	<u>0</u>	<u>83,508</u>	<u>0</u>	<u>0</u>	<u>398,387</u>
<u>55,836</u>	<u>(16,557)</u>	<u>83,508</u>	<u>16,092,200</u>	<u>0</u>	<u>17,151,841</u>
<u>\$248,339</u>	<u>\$26,568</u>	<u>\$146,225</u>	<u>\$16,092,200</u>	<u>\$2,096,840</u>	<u>\$33,437,718</u>

Canton Local School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001*

	Governmental Fund	
	General	Special Revenue
Revenues		
Taxes	\$11,344,392	\$0
Intergovernmental	5,748,016	932,775
Interest	245,407	2,280
Tuition and Fees	255,738	0
Extracurricular Activities	0	158,548
Contributions and Donations	0	13,802
Rentals	14,801	0
Miscellaneous	3,219	1,246
<i>Total Revenues</i>	<u>17,611,573</u>	<u>1,108,651</u>
Expenditures		
Current:		
Instruction:		
Regular	6,889,785	194,228
Special	1,847,035	270,429
Vocational	1,278,265	20,525
Adult/Continuing	0	0
Support Services:		
Pupils	899,709	152,104
Instructional Staff	822,985	146,674
Board of Education	37,410	0
Administration	1,225,361	117,738
Fiscal	248,080	0
Business	342,446	0
Operation and Maintenance of Plant	1,692,137	0
Pupil Transportation	806,739	0
Central	231,926	44,133
Operation of Non-Instructional Services	4,514	6,620
Extracurricular Activities	364,355	114,359
Capital Outlay	0	25,910
Debt Service:		
Principal Retirement	340,291	0
Interest and Fiscal Charges	54,408	0
<i>Total Expenditures</i>	<u>17,085,446</u>	<u>1,092,720</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>526,127</u>	<u>15,931</u>
Other Financing Sources (Uses)		
Operating Transfers In	0	19,561
Operating Transfers Out	(19,561)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(19,561)</u>	<u>19,561</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	506,566	35,492
<i>Fund Balances Beginning of Year</i>	<u>244,718</u>	<u>94,083</u>
<i>Fund Balances End of Year</i>	<u>\$751,284</u>	<u>\$129,575</u>

See accompanying notes to the general purpose financial statements

Types	Fiduciary Fund Type	Totals (Memorandum Only)
Capital Projects	Expendable Trust	
\$1,743	\$0	\$11,346,135
84,049	0	6,764,840
0	3,849	251,536
0	0	255,738
0	0	158,548
0	63,383	77,185
0	0	14,801
0	0	4,465
<u>85,792</u>	<u>67,232</u>	<u>18,873,248</u>
0	0	7,084,013
0	0	2,117,464
0	0	1,298,790
0	9,000	9,000
0	0	1,051,813
0	0	969,659
0	0	37,410
0	0	1,343,099
0	0	248,080
0	0	342,446
0	0	1,692,137
0	0	806,739
0	0	276,059
0	3,924	15,058
0	0	478,714
91,616	0	117,526
0	0	340,291
0	0	54,408
<u>91,616</u>	<u>12,924</u>	<u>18,282,706</u>
<u>(5,824)</u>	<u>54,308</u>	<u>590,542</u>
0	0	19,561
0	0	(19,561)
<u>0</u>	<u>0</u>	<u>0</u>
(5,824)	54,308	590,542
<u>61,819</u>	<u>29,200</u>	<u>429,820</u>
<u>\$55,995</u>	<u>\$83,508</u>	<u>\$1,020,362</u>

Canton Local School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001*

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Taxes	\$10,355,500	\$11,296,126	\$940,626
Intergovernmental	5,659,406	5,756,333	96,927
Interest	210,000	242,919	32,919
Tuition and Fees	259,000	255,738	(3,262)
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Rentals	7,500	14,801	7,301
Miscellaneous	3,500	3,219	(281)
<i>Total Revenues</i>	<u>16,494,906</u>	<u>17,569,136</u>	<u>1,074,230</u>
Expenditures			
Current:			
Instruction:			
Regular	7,479,757	7,212,726	267,031
Special	2,078,525	1,915,423	163,102
Vocational	1,238,941	1,277,555	(38,614)
Adult/Continuing	0	0	0
Support Services:			
Pupils	886,750	895,042	(8,292)
Instructional Staff	838,932	821,442	17,490
Board of Education	107,881	38,277	69,604
Administration	1,217,082	1,252,188	(35,106)
Fiscal	211,842	213,830	(1,988)
Business	350,294	343,116	7,178
Operation and Maintenance of Plant	1,591,648	1,825,297	(233,649)
Pupil Transportation	793,312	848,427	(55,115)
Central	198,819	229,926	(31,107)
Operation of Non-Instructional Services	0	4,468	(4,468)
Extracurricular Activities	322,775	353,664	(30,889)
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>17,316,558</u>	<u>17,231,381</u>	<u>85,177</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(821,652)</u>	<u>337,755</u>	<u>1,159,407</u>
Other Financing Sources (Uses)			
Advances In	144,094	144,094	0
Advances Out	(89,656)	(57,487)	32,169
Operating Transfers In	0	0	0
Operating Transfers Out	(35,000)	(19,561)	15,439
<i>Total Other Financing Sources (Uses)</i>	<u>19,438</u>	<u>67,046</u>	<u>47,608</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(802,214)</u>	<u>404,801</u>	<u>1,207,015</u>
<i>Fund Balances Beginning of Year</i>	<u>1,896,698</u>	<u>1,896,698</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>409,690</u>	<u>409,690</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$1,504,174</u>	<u>\$2,711,189</u>	<u>\$1,207,015</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$209,500	\$209,500	\$0
942,610	946,911	4,301	0	0	0
1,000	2,280	1,280	0	0	0
0	0	0	0	0	0
138,500	158,548	20,048	0	0	0
13,275	13,802	527	0	0	0
0	0	0	0	0	0
3,705	1,246	(2,459)	0	0	0
<u>1,099,090</u>	<u>1,122,787</u>	<u>23,697</u>	<u>209,500</u>	<u>209,500</u>	<u>0</u>
242,160	214,053	28,107	0	0	0
259,898	239,445	20,453	0	0	0
26,616	24,001	2,615	0	0	0
0	0	0	0	0	0
128,400	130,942	(2,542)	0	0	0
171,418	155,460	15,958	0	0	0
0	0	0	0	0	0
122,152	122,120	32	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
17,000	0	17,000	0	0	0
0	0	0	0	0	0
49,461	47,886	1,575	0	0	0
6,521	7,677	(1,156)	0	0	0
123,610	122,912	698	0	0	0
43,000	44,738	(1,738)	0	0	0
0	0	0	200,000	200,000	0
0	0	0	9,500	9,500	0
<u>1,190,236</u>	<u>1,109,234</u>	<u>81,002</u>	<u>209,500</u>	<u>209,500</u>	<u>0</u>
<u>(91,146)</u>	<u>13,553</u>	<u>104,699</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	7,761	7,761	0	0	0
0	(133,143)	(133,143)	0	0	0
30,473	19,561	(10,912)	0	0	0
0	0	0	0	0	0
<u>30,473</u>	<u>(105,821)</u>	<u>(136,294)</u>	<u>0</u>	<u>0</u>	<u>0</u>
(60,673)	(92,268)	(31,595)	0	0	0
135,957	135,957	0	0	0	0
81,719	81,719	0	0	0	0
<u>\$157,003</u>	<u>\$125,408</u>	<u>(\$31,595)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(continued)

Canton Local School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Expendable Trust Fund (continued)
For the Fiscal Year Ended June 30, 2001*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$0	\$0	\$0
Intergovernmental	90,599	90,099	(500)
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Rentals	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>90,599</u>	<u>90,099</u>	<u>(500)</u>
Expenditures			
Current:			
Instruction:			
Regular	63,669	63,173	496
Special	0	0	0
Vocational	21,895	21,775	120
Adult/Continuing	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	20,500	19,247	1,253
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	8,500	8,471	29
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>114,564</u>	<u>112,666</u>	<u>1,898</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(23,965)</u>	<u>(22,567)</u>	<u>1,398</u>
Other Financing Sources (Uses)			
Advances In	26,604	26,604	0
Advances Out	0	(6,550)	(6,550)
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>26,604</u>	<u>20,054</u>	<u>(6,550)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	2,639	(2,513)	(5,152)
<i>Fund Balances Beginning of Year</i>	32,225	32,225	0
Prior Year Encumbrances Appropriated	<u>2,289</u>	<u>2,289</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$37,153</u>	<u>\$32,001</u>	<u>(\$5,152)</u>

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$10,565,000	\$11,505,626	\$940,626
0	0	0	6,692,615	6,793,343	100,728
2,564	4,006	1,442	213,564	249,205	35,641
0	0	0	259,000	255,738	(3,262)
0	0	0	138,500	158,548	20,048
65,942	63,383	(2,559)	79,217	77,185	(2,032)
0	0	0	7,500	14,801	7,301
0	0	0	7,205	4,465	(2,740)
<u>68,506</u>	<u>67,389</u>	<u>(1,117)</u>	<u>17,962,601</u>	<u>19,058,911</u>	<u>1,096,310</u>
0	0	0	7,785,586	7,489,952	295,634
0	0	0	2,338,423	2,154,868	183,555
0	0	0	1,287,452	1,323,331	(35,879)
5,000	13,500	(8,500)	5,000	13,500	(8,500)
0	0	0	1,015,150	1,025,984	(10,834)
0	0	0	1,010,350	976,902	33,448
0	0	0	107,881	38,277	69,604
0	0	0	1,339,234	1,374,308	(35,074)
0	0	0	211,842	213,830	(1,988)
0	0	0	350,294	343,116	7,178
0	0	0	1,608,648	1,825,297	(216,649)
0	0	0	793,312	848,427	(55,115)
0	0	0	268,780	297,059	(28,279)
3,000	3,924	(924)	9,521	16,069	(6,548)
0	0	0	446,385	476,576	(30,191)
0	0	0	51,500	53,209	(1,709)
0	0	0	200,000	200,000	0
0	0	0	9,500	9,500	0
<u>8,000</u>	<u>17,424</u>	<u>(9,424)</u>	<u>18,838,858</u>	<u>18,680,205</u>	<u>158,653</u>
<u>60,506</u>	<u>49,965</u>	<u>(10,541)</u>	<u>(876,257)</u>	<u>378,706</u>	<u>1,254,963</u>
0	0	0	170,698	178,459	7,761
0	0	0	(89,656)	(197,180)	(107,524)
0	0	0	30,473	19,561	(10,912)
0	0	0	(35,000)	(19,561)	15,439
<u>0</u>	<u>0</u>	<u>0</u>	<u>76,515</u>	<u>(18,721)</u>	<u>(95,236)</u>
60,506	49,965	(10,541)	(799,742)	359,985	1,159,727
25,042	25,042	0	2,089,922	2,089,922	0
4,000	4,000	0	497,698	497,698	0
<u>\$89,548</u>	<u>\$79,007</u>	<u>(\$10,541)</u>	<u>\$1,787,878</u>	<u>\$2,947,605</u>	<u>\$1,159,727</u>

Canton Local School District
*Combined Statement of Revenues, Expenses and
Changes in Retained Earnings
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001*

	Enterprise	Internal Service	Totals (Memorandum) Only
Operating Revenues			
Tuition	\$0	\$106,009	\$106,009
Sales	523,464	0	523,464
Charges for Services	31,239	0	31,239
<i>Total Operating Revenues</i>	<u>554,703</u>	<u>106,009</u>	<u>660,712</u>
Operating Expenses			
Salaries and Wages	318,539	83,910	402,449
Fringe Benefits	141,080	27,053	168,133
Purchased Services	13,865	0	13,865
Materials and Supplies	132,843	0	132,843
Cost of Sales	295,558	0	295,558
Other	600	0	600
Depreciation	16,169	0	16,169
<i>Total Operating Expenses</i>	<u>918,654</u>	<u>110,963</u>	<u>1,029,617</u>
<i>Operating Loss</i>	<u>(363,951)</u>	<u>(4,954)</u>	<u>(368,905)</u>
Non-Operating Revenues			
Donated Commodities	49,538	0	49,538
Operating Grants	247,305	0	247,305
Interest	1,108	0	1,108
<i>Total Non-Operating Revenues</i>	<u>297,951</u>	<u>0</u>	<u>297,951</u>
<i>Net Loss</i>	(66,000)	(4,954)	(70,954)
<i>Retained Earnings (Deficit)</i>			
<i>Beginning of Year</i>	<u>121,836</u>	<u>(11,603)</u>	<u>110,233</u>
<i>Retained Earnings (Deficit) End of Year</i>	<u><u>\$55,836</u></u>	<u><u>(\$16,557)</u></u>	<u><u>\$39,279</u></u>

See accompanying notes to the general purpose financial statements.

Canton Local School District
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Tuition	\$0	\$0	\$0
Sales	516,700	523,464	6,764
Charges for Services	31,238	31,239	1
Operating Grants	250,400	243,138	(7,262)
Interest	500	1,108	608
<i>Total Revenues</i>	<u>798,838</u>	<u>798,949</u>	<u>111</u>
Expenses			
Salaries and Wages	303,000	294,588	8,412
Fringe Benefits	142,000	130,840	11,160
Purchased Services	15,500	13,905	1,595
Materials and Supplies	379,325	381,985	(2,660)
Capital Outlay	23,215	30,737	(7,522)
Other	1,000	600	400
<i>Total Expenses</i>	<u>864,040</u>	<u>852,655</u>	<u>11,385</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(65,202)	(53,706)	11,496
Advances In	7,997	7,921	(76)
Advances Out	<u>(7,000)</u>	<u>(7,000)</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenses and Advances</i>	(64,205)	(52,785)	11,420
<i>Fund Equity Beginning of Year</i>	103,181	103,181	0
Prior Year Encumbrances Appropriated	<u>1,708</u>	<u>1,708</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$40,684</u></u>	<u><u>\$52,104</u></u>	<u><u>\$11,420</u></u>

(continued)

Canton Local School District
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types (continued)
For the Fiscal Year Ended June 30, 2001*

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Tuition	\$102,946	\$90,744	(\$12,202)
Sales	0	0	0
Charges for Services	0	0	0
Operating Grants	0	0	0
Interest	0	0	0
<i>Total Revenues</i>	<u>102,946</u>	<u>90,744</u>	<u>(12,202)</u>
Expenses			
Salaries and Wages	81,492	81,491	1
Fringe Benefits	27,054	27,053	1
Purchased Services	0	0	0
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Other	0	0	0
<i>Total Expenses</i>	<u>108,546</u>	<u>108,544</u>	<u>2</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(5,600)	(17,800)	(12,200)
Advances In	10,000	22,202	12,202
Advances Out	0	(4,402)	(4,402)
<i>Excess of Revenues Over (Under) Expenses and Advances</i>	4,400	0	(4,400)
<i>Fund Equity Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
<i>Fund Equity End of Year</i>	<u>\$4,400</u>	<u>\$0</u>	<u>(\$4,400)</u>

See accompanying notes to the general purpose financial statements.

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$102,946	\$90,744	(\$12,202)
516,700	523,464	6,764
31,238	31,239	1
250,400	243,138	(7,262)
500	1,108	608
<u>901,784</u>	<u>889,693</u>	<u>(12,091)</u>
384,492	376,079	8,413
169,054	157,893	11,161
15,500	13,905	1,595
379,325	381,985	(2,660)
23,215	30,737	(7,522)
1,000	600	400
<u>972,586</u>	<u>961,199</u>	<u>11,387</u>
(70,802)	(71,506)	(704)
17,997	30,123	12,126
<u>(7,000)</u>	<u>(11,402)</u>	<u>(4,402)</u>
(59,805)	(52,785)	7,020
103,181	103,181	0
1,708	1,708	0
<u>\$45,084</u>	<u>\$52,104</u>	<u>\$7,020</u>

Canton Local School District
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$554,703	\$0	\$554,703
Cash Received from Quasi-External Operating Transactions with Other Funds	0	90,744	90,744
Cash Payments for Goods and Services	(394,708)	0	(394,708)
Cash Payments to Employees for Services	(294,588)	(81,491)	(376,079)
Cash Payments for Employee Benefits	(130,840)	(27,053)	(157,893)
Cash Payments for Other Operating Expenses	(600)	0	(600)
<i>Net Cash Used for Operating Activities</i>	<u>(266,033)</u>	<u>(17,800)</u>	<u>(283,833)</u>
Cash Flows from Noncapital Financing Activities			
Operating Grants Received	243,138	0	243,138
Advances In	7,921	22,202	30,123
Advances Out	(7,000)	(4,402)	(11,402)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>244,059</u>	<u>17,800</u>	<u>261,859</u>
Cash Flows from Capital and Related Financing Activities			
Payments for Capital Acquisitions	(30,737)	0	(30,737)
Cash Flows from Investing Activities			
Interest on Investments	1,108	0	1,108
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(51,603)	0	(51,603)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>104,889</u>	<u>0</u>	<u>104,889</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$53,286</u></u>	<u><u>\$0</u></u>	<u><u>\$53,286</u></u>

(continued)

Canton Local School District
Combined Statement of Cash Flows
All Proprietary Fund Types (continued)
For the Fiscal Year Ended June 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)
<i>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</i>			
<i>Operating Loss</i>	(\$363,951)	(\$4,954)	(\$368,905)
Adjustments:			
Depreciation	16,169	0	16,169
Donated Commodities Used During Year	49,538	0	49,538
Decrease/(Increase) in Assets:			
Intergovernmental Receivable	(4,166)	(15,265)	(19,431)
Inventory Held for Resale	2,631	0	2,631
Increase/(Decrease) in Liabilities:			
Accounts Payable	(443)	0	(443)
Accrued Wages and Benefits	(3,296)	1,091	(2,205)
Compensated Absences Payable	10,239	0	10,239
Intergovernmental Payable	27,246	1,328	28,574
<i>Total Adjustments</i>	97,918	(12,846)	85,072
<i>Net Cash Used for Operating Activities</i>	(\$266,033)	(\$17,800)	(\$283,833)

See accompanying notes to the general purpose financial statements:

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 1 - Description of the School District and Reporting Entity

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

The School District's facilities are staffed by 118 non-certificated employees and 177 certificated employees providing services to 2,384 students and other community members. The School District is located in Canton Township, Stark County, Ohio and serves an area of approximately 25 square miles. The School District operates three elementary schools, one middle school, and a high school.

Reporting Entity

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

(FASB) statements issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

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

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

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

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

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

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

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

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

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

Enterprise Funds Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Board of Education is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the Board of

Canton Local School District

Notes to the General Purpose Financial Statements For the Fiscal Year Ended June 30, 2001

Education has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

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

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Appropriations are allocated among functions within a fund during the fiscal year by the Treasurer without Board of Education approval.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow and are intended to be repaid.

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

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

Estimated Resources By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

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

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

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

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

D. Cash and Investments

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

During fiscal year 2001, investments were limited to Victory Federal Money Market funds, Federal Home Loan Mortgage Company notes, Federal National Mortgage Association notes, repurchase agreements, and STAROhio.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$245,407, which includes \$28,803 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with a maturity of three months or less, at the time they are purchased by the School District, are considered to be cash equivalents. Investments with an initial maturity of more than three months, not purchased from the pool, are reported as investments.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F. Inventory

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

G. Restricted Assets

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by Statute to be set-aside by the School District to maintain a reserve for the Bureau of Worker's Compensation (BWC) refund. See Note 22 for additional information regarding set-asides.

H. Fixed Assets and Depreciation

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of fund fixed assets.

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

I. Interfund Assets and Liabilities

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

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

K. Accrued Liabilities and Long-Term Obligations

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

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

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

L. Interfund Transactions

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

M. Fund Balance Reserves

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

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

N. Estimates

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

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

O. Total Columns on General Purpose Financial Statements

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

Note 3 - Accountability

Fund balances at June 30, 2001 included the following individual fund deficits/retained earnings:

Special Revenue Funds	
DPIA	\$2,342
Summer School	230
Title VI-B	11,592
Miscellaneous Federal Grants	9,022
Capital Project Fund	
Vocational Equipment	19,489
Enterprise Fund	
Uniform School Supplies	7,126
Internal Service Fund	
Family Attention Center	16,557

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

The Uniform School Supplies enterprise fund and the Family Attention Center internal service fund concluded fiscal year 2001 with deficit retained earnings of \$7,126 and \$16,557. Management is analyzing the operations to determine appropriate action to alleviate the deficits.

Note 4 - Changes In Accounting Principles and Restatement of Fund Balance

Changes in Accounting Principles For fiscal year 2001, the School District has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”, and GASB Statement No. 36, “Recipient Reporting for Certain Shared Nonexchange Revenues.” At June 30, 2000, there was no effect on fund balance as a result of this implementation.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting its financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary

Canton Local School District

*Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001*

basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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

Canton Local School District

*Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001*

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$506,566	\$35,492	\$0	(\$5,824)	\$54,308
Net Adjustment for					
Revenue Accruals	167,062	14,136	0	4,307	157
Revenue for					
Debt Payments	(209,500)	0	209,500	0	0
Advances In	144,094	7,761	0	26,604	0
Net Adjustment for					
Expenditure	109,621	83,677	0	1,816	0
Debt Service					
Principal	0	0	(200,000)	0	0
Interest	9,500	0	(9,500)	0	0
Advances Out	(57,487)	(133,143)	0	(6,550)	0
Encumbrances	<u>(265,055)</u>	<u>(100,191)</u>	<u>0</u>	<u>(22,866)</u>	<u>(4,500)</u>
Budget Basis	<u>\$404,801</u>	<u>(\$92,268)</u>	<u>\$0</u>	<u>(\$2,513)</u>	<u>\$49,965</u>

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

	<u>Enterprise</u>	<u>Internal Service</u>
GAAP Basis	(\$66,000)	(\$4,954)
Net Adjustment for		
Revenue Accruals	(4,167)	(15,265)
Advances In	7,921	22,202
Net Adjustment for		
Expense Accruals	32,212	2,419
Depreciation Expense	16,169	0
Capital Outlay	(30,737)	0
Advances Out	(7,000)	(4,402)
Encumbrances	<u>(1,183)</u>	<u>0</u>
Budget Basis	<u>(\$52,785)</u>	<u>\$0</u>

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 6 - Deposits and Investments

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

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

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

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

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

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

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

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits At fiscal year end, the carrying amount of the School District's deposits was (\$264,116) and the bank balance was \$105,809. All \$105,809 of the bank balance was covered by federal depository insurance.

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

	Category 3	Carrying Value	Fair Value
Victory Federal Money Market Mutual Funds		\$40,775	\$40,775
Repurchase Agreement	\$25,912	25,912	25,912
STAROhio		1,522,786	1,522,786
STAROhio		36,065	36,065
STAROhio		46,107	46,107
STAROhio		47,442	47,442
Federal Home Loan Mortgage Company Notes	1,000,625	1,000,625	1,000,625
Federal National Mortgage Association Notes	1,000,625	1,000,625	1,000,625
	\$2,027,162	\$3,720,337	\$3,720,337

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

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$3,456,221	\$0
Victory Federal Money Market Mutual Funds	(40,775)	40,775
Repurchase Agreement	(25,912)	25,912
STAROhio	(1,522,786)	1,522,786
STAROhio	(36,065)	36,065
STAROhio	(46,107)	46,107
STAROhio	(47,442)	47,442
Federal Home Loan Mortgage Company Notes	(1,000,625)	1,000,625
Federal National Mortgage Association Notes	(1,000,625)	1,000,625
GASB Statement No. 3	(\$264,116)	\$3,720,337

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2001 for real and public utility property taxes represents collections of calendar year 2000 taxes. Property tax payments received during calendar year 2001 for tangible personal property (other than public utility property) is for calendar year 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value listed as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2001 taxes were collected are:

Canton Local School District

*Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001*

	2000 Second-Half Collections		2001 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$152,955,590	51.73%	\$185,324,890	57.51%
Public Utility Personal	91,693,271	31.01	86,192,166	26.75
Tangible Personal Property	51,013,640	17.26	50,751,400	15.74
Total	\$295,662,501	100.00%	\$322,268,456	100.00%
Tax rate per \$1,000 of assessed valuation	\$47.70		\$47.80	

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

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

The School District receives property taxes from Stark County. The county auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001 are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance to the general fund at June 30, 2001, was \$164,650. \$162,907 was available to the general fund and \$1,743 was available to the permanent improvement capital projects fund.

Note 8 - Receivables

Receivables at June 30, 2001, consisted of taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full.

Canton Local School District
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For the Fiscal Year Ended June 30, 2001

A summary of the principal items of intergovernmental receivables follows:

General Fund	
Stark State College	\$10,900
Ohio Department of Education	3,270
Total General Fund	14,170
 Special Revenue Funds	
VEPD	7,761
Title I	44,482
Total Special Funds	52,243
 Capital Projects Fund	
Vocational Education Equipment	19,604
 Enterprise Fund	
Food Service	35,890
 Internal Service Fund	
Family Attention Center	26,568
<i>Total Intergovernmental Receivables</i>	<i>\$148,475</i>

Note 9 - Fixed Assets

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture, Fixtures, and Equipment	\$702,867
Less: Accumulated Depreciation	(551,004)
Net Fixed Assets	\$151,863

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land, Buildings, and Improvements	\$9,392,656	\$0	\$0	\$9,392,656
Furniture, Fixtures, and Equipment	4,223,912	594,295	0	4,818,207
Vehicles	145,586	157,318	0	302,904
Textbooks and Library Books	1,374,371	204,062	0	1,578,433
Totals	\$15,136,525	\$955,675	\$0	\$16,092,200

There was no significant construction in progress at June 30, 2001.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Nationwide Insurance for education liability policy and Indiana Insurance for commercial auto coverage and property, general and excess liability insurance. Indiana Insurance also covers boiler and machinery, inland marine, audio/visual equipment, and musical instruments. Coverages under these policies are as follows.

Company	Type of Coverage	Coverage Amount
Indiana Insurance	Commercial Property	\$55,853,189
	Computers and Equipment	991,719
	Musical Instruments	310,413
	Commercial Auto - Garage Operations	1,000,000
	Non Auto - Garage Operations	1,000,000
	Uninsured Motorists Bodily Injury	1,000,000
	Uninsured Motorist Property Damage	7,500
Nationwide Insurance	General Liability, in aggregate	5,000,000
	General Liability, per occurrence	1,000,000
	Fire Damage	100,000
	Medical Expense	5,000

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

B. Employee Health Benefits

The School District has contracted with Stark County Schools Council of Government (a shared risk pool) (Note 18) to provide employee medical/surgical benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The School District's Board of Education pays the entire cost of a monthly premium. For fiscal year 2001, the School District cost for paid premium for medical and dental was \$568.47 for family coverage and \$233.60 for single coverage, per month.

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

C. Workers' Compensation

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

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

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

Note 11 - Other Employee Benefits

A. Compensated Absences

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

B. Insurance Benefits

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

C. Special Termination Benefit Payable

The School District approved an Early Retirement Incentive Plan, which runs from July 1, 1998 through June 30, 2002. Participation is open to all classified employees. Employees retiring from the Canton Local School District shall receive twenty days pay at their regular rate, payable the January following the employee's retirement.

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

The Canton Local School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension system. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$110,419, \$117,894, \$182,012 respectively; 53.77 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$51,050 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$803,121, \$482,760, and \$470,76 respectively; 86.85 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$105,612 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 13 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$380,426 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.80 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. 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 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$257,643.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 14 - Notes Payable

During fiscal year 2001, the School District did not issue any new notes. The School District's note activity, including amounts outstanding and interest rates, is as follows:

	Balance 6/30/00	Additions	Reductions	Balance 6/30/01
General Fund				
1996 Tax Anticipation Note 4.75%	\$200,000	\$0	\$200,000	\$0

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

Note 15 - Long-term Obligations

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
Compensated Absences	\$1,645,156	\$194,084	(\$197,672)	\$1,641,568
Pension Obligation	127,413	136,706	(127,413)	136,706
Capital Leases	229,978	0	(74,761)	155,217
Early Retirement Incentive	425,289	3,590	(265,530)	163,349
<i>Total General Long-Term Obligations</i>	<u>\$2,427,836</u>	<u>\$334,380</u>	<u>(\$665,376)</u>	<u>\$2,096,840</u>

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

Note 16 - Capital Leases - Lessee Disclosure

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

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

General fixed assets consisting of furniture, fixtures and equipment have been capitalized in the general fixed assets account group in the amount of \$383,718. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments during fiscal year 2001 totaled \$74,761 in the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

Fiscal Year Ending June 30,	GLTOAG
2002	\$25,107
2003	25,107
2004	25,107
2005	25,107
2006	25,107
2007-2009	62,767
Total	188,302
Less: Amount Representing Interest	(33,085)
Present Value of Net Minimum Lease Payments	\$155,217

Note 17 - Jointly Governed Organizations

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

SPARCC is governed by a board of directors comprised of each Superintendent within the Consortium. The Stark County Educational Service Center serves as the fiscal agent of the Consortium and receives funding from the State Department of Education. Each district has one vote in all matters and each member district's control over budgeting and financing of SPARCC is limited to its voting authority and any representation it may have on the board of directors. The continued existence of SPARCC is not dependent on the District's continued participation and no equity interest exists. Canton Local School District paid \$35,663 to SPARCC during fiscal year 2001 for services. Financial information can be obtained by writing the Stark/Portage Area Computer Consortium, 2100 38th Street NW, Canton, Ohio 44709.

B. Stark County Tax Incentive Review Council Stark County Tax Incentive Review Council (SCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State statutes. SCTIRC has 24 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, ten members appointed by township trustees, one member from the county auditor's office and six members appointed by boards of education located within the

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

enterprise zones of Stark County. The SCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this Council. The continued existence of the SCTIRC is not dependent upon the School District's continued participation and no measurable equity interest exists.

Note 18 - Public Entity Risk Pools

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

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

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

Note 19 - Segment Information for Enterprise Funds

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and vocational rotary. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the Canton Local School District as of and for the fiscal year ended June 30, 2001.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

	Food Service	Uniform School Supplies	Vocational Rotary	Totals
Operating Revenues	\$482,388	\$41,076	\$31,239	\$554,703
Depreciation	11,252	0	4,917	16,169
Operating Loss	(330,114)	(33,073)	(764)	(363,951)
Donated Commodities	49,538	0	0	49,538
Operating Grants	247,305	0	0	247,305
Net Loss	(32,163)	(33,073)	(764)	(66,000)
Fixed Asset Additions	25,710	0	5,027	30,737
Long-Term Compensated Absences	40,126	0	0	40,126
Net Working Capital	(59,908)	7,126	4,133	(48,649)
Total Assets	205,883	943	41,513	248,339
Total Equity	21,449	(7,126)	41,513	55,836
Encumbrances at June 30, 2001	40	844	299	1,183

Note 20 - Interfund Transactions

Interfund balances at June 30, 2001, consist of the following:

Fund	Interfund Receivable	Interfund Payable	Advances to Other Funds	Advances from Other Funds
General	\$57,403	\$0	\$0	\$0
Special Revenue				
VEPD	0	7,761	0	0
Title VI-B	0	30	0	0
Capital Projects				
Permanent Improvement	0	0	21,051	0
Vocational Education	0	19,489	0	0
Enterprise				
Food Service	0	0	0	21,051
Uniform School Supply	0	7,921	0	0
Internal Service				
Family Attention Center	0	22,202	0	0
Total	<u>\$57,403</u>	<u>\$57,403</u>	<u>\$21,051</u>	<u>\$21,051</u>

The permanent improvement capital projects fund loaned \$28,051 to the food service enterprise fund to help purchase the pizza system for Canton South High School cafeteria. The loan is to be repaid within four years. \$7,000 was repaid during fiscal year 2001.

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 21 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. Litigation

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

Note 22 - Set Aside Requirements

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

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

	Textbooks/ Instructional Materials Reserve	Capital Improvements Reserve	BWC Refund Reserve
Set-aside Reserved Balance as of June 30, 2000	\$0	\$0	\$357,620
Current Year Set-aside	418,551	418,551	0
Reduction Authorized by Legislative Revisions			(264,195)
Qualifying Disbursements	(577,820)	(778,356)	0
Totals	<u>(\$159,269)</u>	<u>(\$359,805)</u>	<u>\$93,425</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$159,269)</u>	<u>\$0</u>	<u>\$0</u>
Set-aside Reserved Balance as of June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$93,425</u>

Canton Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

Note 23 - Subsequent Event

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of January 9, 2002 the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon reconsideration.

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

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>(Passed through the Ohio Department of Education)</i>						
<u>Child Nutrition Cluster:</u>						
Food Distribution	Not Applicable	10.550	\$0	\$50,392	\$0	\$49,537
School Breakfast Program	Not Applicable	10.553	35,811	0	35,811	0
National School Lunch Program	Not Applicable	10.555	193,198	0	193,198	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>229,009</u>	<u>50,392</u>	<u>229,009</u>	<u>49,537</u>
U.S. DEPARTMENT OF EDUCATION						
<i>(Passed through the Ohio Department of Education)</i>						
<u>Special Education Cluster:</u>						
Special Education_ Grants to States	0498336BSF01	84.027	213,810	0	197,113	0
Title 1 Grants to Local Educational Agencies	049833C1S101	84.010	291,099	0	246,693	0
Eisenhower Professional Development State Grants	049833MSS101	84.281	10,741		10,541	
Innovative Education Program Strategies	049833C2S101	84.298	21,293	0	24,324	0
Technology Literacy Challenge Fund Grants	049833TFVM00	84.318	4,658		4,828	
Class Size Reduction	049833CRS101	84.340	53,794	0	53,794	0
Vocational Education_Basic Grants to States	049833'20C100	84.048	80,914	0	74,229	0
Goals 2000_State and Local Education Systematic Improvement Grants	049833G2S201	84.276	35,000	0	47,480	0
Medical Assistance Program	Not Applicable	93.778	29,685		29,685	
Safe and Drug-Free Schools and Communities_State Grants	049833DRS101	84.186	10,314	0	8,417	0
Total U.S. Department of Education			<u>751,308</u>	<u>0</u>	<u>697,104</u>	<u>0</u>
Totals			<u>\$980,317</u>	<u>\$50,392</u>	<u>\$926,113</u>	<u>\$49,537</u>

The Notes to Schedule of Receipts and Expenditures of Federal Awards are an integral part of this statement.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

**NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2001**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



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

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

To the Board of Education:

We have audited the general purpose financial statements of the Canton Local School District, Stark County, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated January 9, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated January 9, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2001-11276-001.

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

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 9, 2002.

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 9, 2002



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

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

To the Board of Education:

Compliance

We have audited the compliance of Canton Local School District, Stark County, (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, 2001. 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 auditing standards generally accepted in the United States of America; 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, 2001.

Internal Control Over Compliance

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

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

This report is intended for the information and use of 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 9, 2002

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

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

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

Finding Number	2001-11276-001
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Fixed Asset Detail

The District does not maintain a comprehensive, detailed fixed asset listing that summarizes all the fixed assets of the District. Instead, the District compiles a dollar total of current year fixed assets additions/deletions and adds/subtracts the amounts from the prior year ending balances.

The District should develop a comprehensive system for, and listing, of fixed assets. The District should also incorporate the information from its fixed asset appraisal into the fixed asset system. The detailed fixed asset listing should not only provide a description and cost for the fixed asset but should identify the location of the asset and, if possible, an identification number. In addition, the fixed assets recorded on the financial statements should be reconciled to the detailed fixed asset listing at least annually. This will help ensure that all District fixed assets are properly accounted for, and monitored by the District.

We also reported this matter in our audit of the 2000 financial statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2001**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-11276-001	The District does not maintain a detailed master fixed asset listing.	No	Not Corrected.



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CANTON LOCAL SCHOOL DISTRICT

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 12, 2002**