



**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types	10
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - All Proprietary Fund Types and Similar Trust Fund	12
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Similar Trust Fund	14
Combined Statement of Cash Flows -All Proprietary Fund Types and Similar Trust Fund	16
Notes to the General-Purpose Financial Statements	19
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	45
Schedule of Findings	51

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. 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.

Jim Petro
Auditor of State

February 6, 2001

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**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,443,761	\$156,038	\$1,400,193	\$554,439
Receivables:				
Taxes	10,429,497		1,464,664	123,306
Accounts	5,014	1,302		
Intergovernmental	3,050			
Accrued Interest	4,370			
Inventory Held for Resale				
Materials and Supplies				
Inventory	23,655			
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	255,565			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits				
Amount Available in Debt Service Fund for Retirement of General Obligations				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	\$13,164,912	\$157,340	\$2,864,857	\$677,745

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$64,185	\$92,627	\$97,082			\$4,808,325
					12,017,467
388					6,704
9,370					12,420
					4,370
7,133					7,133
1,279					24,934
					255,565
54,856			30,425,568		30,480,424
				1,400,193	1,400,193
				14,848,134	14,848,134
<u>\$137,211</u>	<u>\$92,627</u>	<u>\$97,082</u>	<u>\$30,425,568</u>	<u>\$16,248,327</u>	<u>\$63,865,669</u>

(continued)

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities,				
Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$7,226			\$6,133
Accrued Wages and Benefits	1,252,386			
Compensated Absences Payable	40,078			
Intergovernmental Payable	304,521			
Deferred Revenue	10,429,497		1,464,664	123,306
Undistributed Monies				
Due to Students				
Accrued Interest Payable				437
Notes Payable				100,000
Claims Payable				
Capital Leases Payable				
Energy Conservation Loan Payable				
Total Liabilities	12,033,708		1,464,664	229,876
Fund Equity and Other Credits				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings (Deficit):				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	4,474	10,986		231,111
Reserved for Inventory	23,655			
Reserved for Budget Stabilization	255,565			
Reserved for Endowments				
Unreserved:				
Designated for Underground Storage Tanks	11,000			
Undesignated	836,510	146,354	1,400,193	216,758
Total Fund Equity (Deficit) and Other Credits	1,131,204	157,340	1,400,193	447,869
Total Liabilities, Fund Equity and Other Credits	\$13,164,912	\$157,340	\$2,864,857	\$677,745

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	
\$1,808					\$15,167
15,079					1,267,465
22,157				1,343,983	1,406,218
34,012				137,400	475,933
4,391					12,021,858
		443			443
		59,962			59,962
					437
				13,875,000	13,975,000
	125,424				125,424
				13,345	13,345
				878,599	878,599
<u>77,447</u>	<u>125,424</u>	<u>60,405</u>		<u>16,248,327</u>	<u>30,239,851</u>
			30,425,568		30,425,568
15,000					15,000
44,764	(32,797)				11,967
					246,571
					23,655
					255,565
		33,185			33,185
					11,000
		3,492			2,603,307
<u>59,764</u>	<u>(32,797)</u>	<u>36,677</u>	<u>30,425,568</u>		<u>33,625,818</u>
<u>\$137,211</u>	<u>\$92,627</u>	<u>\$97,082</u>	<u>\$30,425,568</u>	<u>\$16,248,327</u>	<u>\$63,865,669</u>

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Revenues					
Taxes	\$9,566,767		\$1,258,267	\$114,110	\$10,939,144
Intergovernmental	6,683,502	329,741	167,000	15,103	7,195,346
Interest	235,510	918		161,833	398,261
Tuition and Fees	85,809				85,809
Extracurricular Activities		290,607			290,607
Contributions and Donations		29,040		37,586	66,626
Rentals	3,075				3,075
Miscellaneous	26,517	36,079			62,596
<i>Total Revenues</i>	<u>16,601,180</u>	<u>686,385</u>	<u>1,425,267</u>	<u>328,632</u>	<u>19,041,464</u>
Expenditures					
Current:					
Instruction:					
Regular	8,650,184	65,217			8,715,401
Special	925,285	37,946			963,231
Vocational	221,443				221,443
Support Services:					
Pupils	615,112	41,266			656,378
Instructional Staff	1,071,390	103,866			1,175,256
Board of Education	16,670				16,670
Administration	1,131,044	220,086			1,351,130
Fiscal	361,825		19,860		381,685
Business	134,041				134,041
Operation and Maintenance of Plant	1,674,990	19,438			1,694,428
Pupil Transportation	1,177,264	5,354			1,182,618
Central	207,010	4,902			211,912
Operation of Non-Instructional Services					
Extracurricular Activities	437,321	186,015			623,336
Intergovernmental		7,034			7,034
Capital Outlay	16,769			9,341,215	9,357,984
Debt Service:					
Principal Retirement	3,424		14,269,100		14,272,524
Interest and Fiscal Charges	645		334,232	6,212	341,089
<i>Total Expenditures</i>	<u>16,644,417</u>	<u>714,903</u>	<u>14,623,192</u>	<u>9,347,427</u>	<u>41,329,939</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(43,237)</u>	<u>(28,518)</u>	<u>(13,197,925)</u>	<u>(9,018,795)</u>	<u>(22,288,475)</u>
Other Financing Sources (Uses)					
Proceeds of Notes			13,950,340		13,950,340
Inception of Capital Lease	16,769				16,769
Operating Transfers In			54,044	55,775	109,819
Operating Transfers Out	(109,819)				(109,819)
<i>Total Other Financing Sources (Uses)</i>	<u>(93,050)</u>		<u>14,004,384</u>	<u>55,775</u>	<u>13,967,109</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(136,287)</u>	<u>(28,518)</u>	<u>806,459</u>	<u>(8,963,020)</u>	<u>(8,321,366)</u>
Fund Balances					
Beginning of Year	1,313,427	185,858	593,734	9,410,889	11,503,908
Decrease in Reserve for Inventory	(45,936)				(45,936)
Fund Balances End of Year	<u>\$1,131,204</u>	<u>\$157,340</u>	<u>\$1,400,193</u>	<u>\$447,869</u>	<u>\$3,136,606</u>

See accompanying notes to the general purpose financial statements

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CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (NON GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$9,566,767	\$9,566,767				
Intergovernmental	6,684,486	6,684,472	(14)	329,739	329,741	2
Interest	231,140	231,140		920	918	(2)
Tuition and Fees	86,543	86,623	80			
Extracurricular Activities				290,285	290,280	(5)
Contributions and Donations				29,040	29,040	
Rentals	3,080	3,075	(5)			
Miscellaneous	26,525	26,517	(8)	36,075	36,079	4
Total Revenues	16,598,541	16,598,594	53	686,059	686,058	(1)
Expenditures						
Current:						
Instruction:						
Regular	8,549,850	8,534,112	15,738	65,217	65,217	
Special	921,440	910,008	11,432	37,998	37,946	52
Vocational	220,515	219,599	916			
Support Services:						
Pupils	606,345	600,578	5,767	41,266	41,266	
Instructional Staff	1,073,680	1,062,491	11,189	115,689	104,260	11,429
Board of Education	19,750	16,670	3,080			
Administration	1,130,440	1,110,395	20,045	241,406	223,983	17,423
Fiscal	372,710	360,289	12,421			
Business	139,145	134,068	5,077			
Operation and Maintenance of Plant	1,690,610	1,667,412	23,198	19,438	19,438	
Pupil Transportation	1,182,250	1,171,922	10,328	5,354	5,354	
Central	214,460	203,782	10,678	8,651	4,902	3,749
Operation of Non-Instructional Services						
Extracurricular Activities	439,655	435,895	3,760	33,876	26,361	7,515
Intergovernmental				191,325	190,129	1,196
Capital Outlay				7,034	7,034	
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	16,560,850	16,427,221	133,629	767,254	725,890	41,364
Excess of Revenues Over (Under) Expenditures	37,691	171,373	133,682	(81,195)	(39,832)	41,363
Other Financing Sources (Uses)						
Proceeds of Notes						
Refund of Prior Year Expenditures	1,560	1,560				
Operating Transfers In						
Operating Transfers Out	(142,210)	(109,819)	32,391			
Total Other Financing Sources (Uses)	(140,650)	(108,259)	32,391			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(102,959)	63,114	166,073	(81,195)	(39,832)	41,363
Fund Balances at Beginning of Year						
Prior Year Encumbrances Appropriated	2,623,062	2,623,062		169,428	169,428	
Fund Balances End of Year	\$2,521,552	\$2,687,625	\$166,073	\$103,690	\$145,053	\$41,363

See accompanying notes to the general purpose financial statements.

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,258,267	\$1,258,267		\$114,110	\$114,110		*****	*****	
167,000	167,000		15,103	15,103		7,196,328	7,196,316	(12)
			161,800	161,833	33	393,860	393,891	31
						86,543	86,623	80
			37,586	37,586		290,285	290,280	(5)
						66,626	66,626	
						3,080	3,075	(5)
						62,600	62,596	(4)
1,425,267	1,425,267		328,599	328,632	33	19,038,466	19,038,551	85
			454,303	418,660	35,643	9,069,370	9,017,989	51,381
						959,438	947,954	11,484
						220,515	219,599	916
						647,611	641,844	5,767
						1,189,369	1,166,751	22,618
						19,750	16,670	3,080
20,000	19,860	140	2,000	1,813	187	1,371,846	1,334,378	37,468
			187,299	187,299		394,710	381,962	12,748
						139,145	134,068	5,077
						1,897,347	1,874,149	23,198
						1,187,604	1,177,276	10,328
						223,111	208,684	14,427
						33,876	26,361	7,515
						630,980	626,024	4,956
						7,034	7,034	
			9,260,008	8,984,271	275,737	9,260,008	8,984,271	275,737
14,419,100	14,419,100					14,419,100	14,419,100	
340,039	340,007	32				340,039	340,007	32
14,779,139	14,778,967	172	9,903,610	9,592,043	311,567	42,010,853	41,524,121	486,732
*****	*****	172	(9,575,011)	(9,263,411)	311,600	(22,972,387)	(22,485,570)	486,817
14,050,340	14,050,340					14,050,340	14,050,340	
109,819	109,819					1,560	1,560	
						109,819	109,819	
						(142,210)	(109,819)	32,391
14,160,159	14,160,159					14,019,509	14,051,900	32,391
806,287	806,459	172	(9,575,011)	(9,263,411)	311,600	(8,952,878)	(8,433,670)	519,208
593,734	593,734		1,915,133	1,915,133		5,301,357	5,301,357	
			7,665,421	7,665,421		7,682,327	7,682,327	
\$1,400,021	\$1,400,193	\$172	\$5,543	\$317,143	\$311,600	\$4,030,806	\$4,550,014	\$519,208

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND SIMILIAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating Revenues				
Tuition	\$15,669			\$15,669
Sales	516,690			516,690
Charges for Services		408,304		408,304
Interest			1,733	1,733
Contributions and Donations			350	350
<i>Total Operating Revenues</i>	532,359	408,304	2,083	942,746
Operating Expenses				
Salaries	181,988			181,988
Fringe Benefits	110,734			110,734
Purchased Services	4,783	14,556		19,339
Materials and Supplies	30,019		1,015	31,034
Cost of Sales	315,467			315,467
Depreciation	7,954			7,954
Claims		407,055		407,055
Other	2,208		520	2,728
<i>Total Operating Expenses</i>	653,153	421,611	1,535	1,076,299
<i>Operating Income (Loss)</i>	(120,794)	(13,307)	548	(133,553)
Non-Operating Revenues				
Federal Donated Commodities	43,747			43,747
Interest	3,451	3,813		7,264
Operating Grants	53,840			53,840
<i>Total Non-Operating Revenues</i>	101,038	3,813		104,851
<i>Net Income (Loss)</i>	(19,756)	(9,494)	548	(28,702)
<i>Retained Earnings (Deficit)/ Fund Balance Beginning of Year</i>				
	64,520	(23,303)	36,129	77,346
<i>Retained Earnings (Deficit)/Fund Balance at End of Year</i>				
	44,764	(32,797)	36,677	48,644
<i>Contributed Capital at Beginning of Year</i>				
Contributions During the Year from Governmental Funds	15,000			15,000
<i>Contributed Capital at End of Year</i>	15,000			15,000
Total Fund Equity (Deficit)/ Fund Balance End of Year	\$59,764	(\$32,797)	\$36,677	\$63,644

See accompanying notes to the general purpose financial statements

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CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET (NON GAAP BASIS) AND ACTUAL
ALL PROPRIETARY FUND TYPES AND SIMILIAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30,2000

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Tuition	\$15,700	\$15,669	(\$31)
Sales	518,110	518,110	
Charges for Services			
Interest	3,450	3,451	1
Contributions and Donations			
Operating Grants	53,240	53,237	(3)
<i>Total Revenues</i>	<u>590,500</u>	<u>590,467</u>	<u>(33)</u>
Expenses			
Salaries	206,100	205,759	341
Fringe Benefits	77,300	76,722	578
Purchased Services	5,500	4,783	717
Materials and Supplies	305,850	302,500	3,350
Capital Outlay	10,391	10,220	171
Other	2,500	2,208	292
<i>Total Expenses</i>	<u>607,641</u>	<u>602,192</u>	<u>5,449</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(17,141)	(11,725)	5,416
<i>Fund Equity Beginning of Year</i>	<u>75,910</u>	<u>75,910</u>	
<i>Fund Equity End of Year</i>	<u><u>\$58,769</u></u>	<u><u>\$64,185</u></u>	<u><u>\$5,416</u></u>

See accompanying notes to the general purpose financial statements

Internal Service Fund			Nonexpendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
						\$15,700	\$15,669	(\$31)
						518,110	518,110	
408,320	408,304	(16)				408,320	408,304	(16)
3,830	3,813	(17)	1,750	1,733	(17)	9,030	8,997	(33)
			350	350		350	350	
						53,240	53,237	(3)
412,150	412,117	(33)	2,100	2,083	(17)	1,004,750	1,004,667	(83)
						206,100	205,759	341
						77,300	76,722	578
14,600	14,556	44	2,500	1,015	1,485	22,600	20,354	2,246
						305,850	302,500	3,350
						10,391	10,220	171
399,200	399,117	83	1,000	520	480	402,700	401,845	855
413,800	413,673	127	3,500	1,535	1,965	1,024,941	1,017,400	7,541
(1,650)	(1,556)	(94)	(1,400)	548	(1,948)	(20,191)	(12,733)	7,458
94,183	94,183		36,129	36,129		206,222	206,222	
\$92,533	\$92,627	\$94	\$34,729	\$36,677	\$1,948	\$186,031	\$193,489	\$7,458

CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
Cash Flows from Operating Activities				
Cash Received from Customers	\$518,110			\$518,110
Cash Received from Tuition Payments	15,669			15,669
Cash Received from Quasi-External Operating Transactions with Other Funds		408,304		408,304
Cash Received from Contributions and Donations			350	350
Cash Payments to Suppliers for Goods and Services	(307,283)	(14,556)	(1,015)	(322,854)
Cash Payments to Employees for Services	(205,759)			(205,759)
Cash Payments for Employee Benefits	(76,722)			(76,722)
Cash Payments for Claims		(399,117)		(399,117)
Cash Payments for Other Operating Expenses	(2,208)		(520)	(2,728)
<i>Net Cash Used for Operating Activities</i>	(58,193)	(5,369)	(1,185)	(64,747)
Cash Flows from Noncapital Financing Activities				
Operating Grants Received	53,237			53,237
Cash Flows from Capital and Related Financing Activities				
Payments for Capital Acquisitions	(10,220)			(10,220)
Cash Flows from Investing Activities				
Interest on Investments	3,451	3,813	1,733	8,997
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(11,725)	(1,556)	548	(12,733)
<i>Cash and Cash Equivalents Beginning of Year</i>	75,910	94,183	36,129	206,222
<i>Cash and Cash Equivalents End of Year</i>	\$64,185	\$92,627	\$36,677	\$193,489

(continued)

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	(\$120,794)	(\$13,307)	\$548	(\$133,553)
<i>Adjustments:</i>				
Depreciation	7,954			7,954
Donated Commodities Used During Year	43,747			43,747
Interest			(1,733)	(1,733)
<i>(Increase)/Decrease in Assets:</i>				
Accounts Receivable	(480)			(480)
Inventory Held for Resale	(455)			(455)
Materials and Supplies Inventory	(214)			(214)
<i>Increase/(Decrease) in Liabilities:</i>				
Accounts Payable	1,808			1,808
Accrued Wages and Benefits	2,781			2,781
Compensated Absences Payable	2,195			2,195
Intergovernmental Payable	5,265			5,265
Claims Payable		7,938		7,938
Total Adjustments	<u>62,601</u>	<u>7,938</u>	<u>(1,733)</u>	<u>68,806</u>
Net Cash Used for Operating Activities	<u>(\$58,193)</u>	<u>(\$5,369)</u>	<u>(\$1,185)</u>	<u>(\$64,747)</u>

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

Cash and Cash Equivalents - All Fiduciary Funds:	
Cash and Cash Equivalents	\$97,082
Cash and Cash Equivalents - Agency Funds	<u>(60,405)</u>
Cash and Cash Equivalents - Nonexpendable Trust Fund	<u><u>\$36,677</u></u>

Non-Cash Capital Financing Activities:

During fiscal year 2000, the permanent improvement capital projects fund purchased equipment for the food service enterprise fund in the amount of \$15,000.

See accompanying notes to the general purpose financial statements

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**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL

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

The School District operates under a locally elected five-member Board form of government. Each member is elected to a four year term. The School District provides educational services as mandated by State and/or federal agencies. The Board of Education controls the School District's four instructional support facilities staffed by 136 classified employees, 177 certified employees and 12 administrators who provide services to 3,016 students and other community members.

The School District is located in Canfield, Ohio, Mahoning County. The enrollment for the School District during the 2000 fiscal year was 3,016. The School District operates two (K-4) elementary schools, one middle school (5-8) and a high school (9-12).

Reporting Entity

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

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

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

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

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

2. 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:

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

3. Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. These include nonexpendable trust and agency funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations.

4. Account Groups

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary and nonexpendable trust funds. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Cash and Cash Equivalents

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

During fiscal year 2000, investments were limited to STAROhio, the State Treasurer's Investment Pool and repurchase agreements. All investments of the School District had a maturity of two years or less. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

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

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$235,510, which includes \$109,970 assigned from other School District funds.

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

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute by the School District to create a reserve for budget stabilization. See Note 23 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

F. Inventory

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fixed Assets and Depreciation

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

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

Assets in the general fixed assets account group are not depreciated. Depreciation of vehicles and furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life that ranges from five to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Fund
School Net Plus

Reimbursable Grants

General Fund
Driver Education Reimbursement

Proprietary Funds
National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately thirty-eight percent of the School District's operating revenues in governmental funds during the 2000 fiscal year.

I. Compensated Absences

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

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

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

J. Accrued Liabilities and Long-term Obligations

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond anticipation notes that are rolled prior to the issuance of the financial statements and have a maturity date more than 12 months subsequent to the end of the fiscal year are reported in the general long-term obligations account group.

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

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

K. Interfund Transactions

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, budget stabilization and contributions to nonexpendable trust funds that must be kept intact. A designation of fund equity has been established for the potential liability in case of leaks in underground storage tanks

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

M. Contributed Capital

Contributed capital represents resources from other funds that are not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to retained earnings at year end.

N. Estimates

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Totals Columns on General Purpose Financial Statements

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

3. FUND DEFICITS

The self-insurance internal service fund deficit balance \$32,797 resulted from the recognition of accrued liabilities. The general fund is responsible to cover deficit fund balances by means of a transfer. However, this is done when cash is needed rather than when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

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

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

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$136,287)	(\$28,518)	\$806,459	(\$8,963,020)
Net Adjustment for				
Revenue Accruals	(17,795)	(327)	0	0
Proceeds of Notes	0	0	100,000	0
Transfers	0	0	55,775	(55,775)
Net Adjustment for				
Expenditure Accruals	228,897	0	0	(13,095)
Principal Retirement	0	0	(150,000)	0
Interest and Fiscal Charges	0	0	(5,775)	5,775
Encumbrances	(11,701)	(10,987)	0	(237,296)
Budget Basis	<u>\$63,114</u>	<u>(\$39,832)</u>	<u>\$806,459</u>	<u>(\$9,263,411)</u>

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

	Enterprise	Internal Service	Nonexpendable Trust
GAAP Basis	(\$19,756)	(\$9,494)	\$548
Net Adjustment for Revenue Accruals	817	0	0
Net Adjustment for Expense Accruals	9,480	7,938	0
Capital Outlay	(10,220)	0	0
Depreciation Expense	7,954	0	0
Budget Basis	<u>(\$11,725)</u>	<u>(\$1,556)</u>	<u>\$548</u>

5. DEPOSITS AND INVESTMENTS

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

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

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held until maturity.

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$608,426 and the bank balance was \$1,043,858. Of the bank balance, \$204,000 was covered by federal depository insurance and \$839,858 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$115,910	\$115,910	\$115,910
STAROhio		4,339,554	4,339,554
Total		\$4,455,464	\$4,455,464

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$5,063,890	\$0
Investments:		
STAROhio	(4,339,554)	4,339,554
Repurchase Agreements	(115,910)	115,910
GASB Statement 3	\$608,426	\$4,455,464

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES

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

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

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

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

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

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$319,417,430	91.63%	\$391,089,530	93.07%
Public Utility Personal	14,458,460	4.15	13,252,170	3.15
Tangible Personal Property	14,727,010	4.22	15,868,400	3.78
	<u>\$348,602,900</u>	<u>100.00%</u>	<u>\$420,210,100</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$51.00		\$52.55	

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

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES - (Continued)

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Canfield Local School District. The County Auditor periodically remit to the School District its portion of taxes. Accrued property taxes receivable represented delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

7. RECEIVABLES

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

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Drivers' Education	\$3,050
Food Service Enterprise Fund:	
Federal and State School Lunch Program	<u>9,370</u>
Total Intergovernmental Receivables	<u><u>\$12,420</u></u>

8. CAPITALIZED LEASES

In the current fiscal year, the School District entered into a capital lease for a copier. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13, "Accounting for Leases." The copier acquired by lease has been capitalized in the general fixed asset account group in the amount of \$16,769, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligation account group. Principal payment during fiscal year 2000 totaled \$3,424. Future minimum lease payments through 2003 are as follows:

<u>Year</u>	<u>General Long-Term Obligation</u>
2001	\$5,761
2002	5,761
2003	3,119
Total Minimum Lease Payments	<u>14,641</u>
Less: Amount Representing Interest	(1,296)
Present Value of Minimum Lease Payments	<u><u>\$13,345</u></u>

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. JOINTLY GOVERNED ORGANIZATIONS

A. Mahoning County Career and Technical Center

The Mahoning County Career and Technical Center is a political subdivision of the State of Ohio operated under the direction of a Board consisting of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative from each of the two city school districts. During fiscal year 2000 no monies were received from the School District. To obtain financial information write to the Treasurer at the Mahoning County Career and Technical Center, 7300 North Palmyra Road, Canfield, Ohio, 44406.

B. Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System (ACCESS) is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based on a per pupil charge. Canfield Local School District contributed \$59,592 to ACCESS during fiscal year 2000. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507.

10. FIXED ASSETS

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

	Totals
Furniture and Equipment	\$175,924
Vehicles	25,687
Less accumulated depreciation	(146,755)
Net Fixed Assets	\$54,856

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

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Land	\$110,950	\$0	\$0	\$110,950
Buildings	10,472,440	0	0	10,472,440
Furniture and Equipment	5,095,046	565,888	0	5,660,934
Vehicles	1,473,219	189,120	0	1,662,339
Construction in Progress	4,374,023	8,144,882	0	12,518,905
Total	\$21,525,678	\$8,899,890	\$0	\$30,425,568

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2000, the School District contracted with Utica National Insurance for property, inland marine, commercial crime, and boiler and machinery with a \$1,000 deductible.

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

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

B. Workers' Compensation

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc., provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits since 1982. The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County school districts. Rates are set through annual calculation process. The Canfield Local School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays ninety-five percent of the monthly medical/surgical premiums of \$488 for family coverage and \$200 for single coverage per employee.

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. RISK MANAGEMENT (Continued)

The School District has elected to provide vision, dental, and prescription drug benefits through a self-insurance program. The School District maintains an insurance reserve internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Professional Risk Management, located in Youngstown, Ohio, reviews all claims which are then paid by the School District. The School District pays into the insurance reserve internal service fund \$10 for family vision coverage or \$5 for single vision coverage per employee per month, \$45 for dental per month and \$105 for family and \$45 for single prescription drug coverage per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$125,425 reported in the internal service fund at June 30, 2000, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount during fiscal years 1998, 1999 and 2000 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
1998	\$16,256	\$411,472	\$294,746	\$132,982
1999	132,982	329,728	345,224	117,486
2000	117,486	407,055	399,117	125,424

12. EMPLOYEE BENEFITS

A. Life Insurance

The School District provides life insurance to all regular employees. Coverage is one times the annual salary for administrators, one times the annual salary for certified employees with a minimum of \$26,000 and a maximum of \$50,000, and \$20,000 for classified employees. Life insurance is provided through the Ohio National Financial Services.

B. Compensated Absences

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 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, 2000, 1999, and 1998 were \$125,489, \$116,143, and \$185,031, respectively, 78.44 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$27,053 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. 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, 2000, 1999, and 1998 were \$511,053, \$424,937, and \$790,296, respectively, 82.29 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$90,494 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$681,404 for fiscal year 2000.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 2.20 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including surcharge, during the 2000 fiscal year equaled \$237,889.

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, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. LONG TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
<i>General Long-Term Obligations:</i>				
1991 \$208,998 Energy Conservation Note 6.25%	\$62,699	\$0	(\$20,900)	\$41,799
1999 \$880,000 Energy Conservation Note 4.75%	880,000	0	(43,200)	836,800
<i>Total Energy Conservation Notes</i>	<u>942,699</u>	<u>0</u>	<u>(64,100)</u>	<u>878,599</u>
1999 School Improvement Note 4.50%	0	13,875,000	0	13,875,000
1998 School Improvement Note 3.50%	9,900,000	0	(9,900,000)	0
1998 School Improvement Note 3.85%	1,605,000	0	(1,605,000)	0
1998 School Improvement Note 3.50%	2,650,000	0	(2,650,000)	0
1998 School Improvement Note 4.25%	50,000	0	(50,000)	0
<i>Total School Improvement Notes</i>	<u>14,205,000</u>	<u>13,875,000</u>	<u>(14,205,000)</u>	<u>13,875,000</u>
Compensated Absences	1,323,573	20,410	0	1,343,983
Pension Obligation	123,846	137,400	(123,846)	137,400
Capital Leases	0	16,769	(3,424)	13,345
<i>Total General Long-Term Obligations</i>	<u>\$16,595,118</u>	<u>\$14,049,579</u>	<u>(\$14,396,370)</u>	<u>\$16,248,327</u>

Compensated absences and the pension obligation will be paid from the fund from which the employee is paid. The school improvement notes were issued with a premium of \$75,340. Capital lease obligations will be paid from the general fund because it utilizes the asset.

School improvement notes that were rolled over prior to issuance of the financial statements and have a new maturity beyond the end of the year in which the report is issued, have been reported in the general long-term obligations account group and will be paid from the debt service fund (See Note 22).

The School District's overall legal debt margin was \$12,474,807 at June 30, 2000. The principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Energy Conservation Notes	
	Principal	Interest
2001	\$65,734	\$41,133
2002	45,596	37,759
2003	47,762	35,593
2004	50,031	33,324
2005	52,407	30,948
2006-2010	301,826	114,949
2011-2014	315,243	37,326
Total	<u>\$878,599</u>	<u>\$331,032</u>

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

	Food Service	Uniform School Supplies	Adult Education	Totals
Operating Revenues	\$516,690	\$0	\$15,669	\$532,359
Depreciation	7,954	0	0	7,954
Operating Loss	(96,444)	(23,064)	(1,286)	(120,794)
Donated Commodities	43,747	0	0	43,747
Operating Grants	\$53,840	\$0	\$0	\$53,840
Net Income (Loss)	4,594	(23,064)	(1,286)	(19,756)
Plant Additions	10,220	0	0	10,220
Net Working Capital	3,954	0	5,345	9,299
Total Assets	131,866	0	5,345	137,211
Total Equity	54,419	0	5,345	59,764

17. SHORT TERM OBLIGATION

The School District's note activity for the fiscal year ended June 30, 2000, is as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Capital Projects Fund:				
School Improvement Notes 4.25%	\$0	\$100,000	\$0	\$100,000
School Improvement Notes 3.85%	150,000	0	150,000	0
<i>Total</i>	<u>\$150,000</u>	<u>\$100,000</u>	<u>\$150,000</u>	<u>\$100,000</u>

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

18. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$5,335,042 of school foundation support for its general fund.

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

18. STATE SCHOOL FUNDING DECISION - (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the Athorough and efficient@ clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme court rendered a opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant[ing] further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

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

19. PUBLIC ENTITY RISK POOLS

A. Insurance Purchasing Pool

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

B. Shared Risk Pool

The Mahoning County Schools Employee Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services.

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

20. CONTINGENCIES

A. Grants

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

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

21. CONTRACTUAL COMMITMENTS

At June 30, 2000, the School District had the following contractual purchase commitments:

Company	Amount Remaining on Contract
Ricciutti Balog and Assoc.	4,700
Santon Electric	13,092
Tri-Area Electric	9,507
York Mahoning Inc.	16,693
Safety Dynamics	3,758
Master Security Link	17,342
Adolph Johnson	4,294
Hively Construction	91,403
AA Samuels Sheet Metal	57,593
Ellyson Plumbing	3,966
Acme Sales	6,397
Total	\$228,745

22. SUBSEQUENT EVENTS

On September 28, 2000, the School District retired \$13,875,000 of school improvement notes and reissued \$13,175,000 at an interest rate of 4.75%. The new notes will mature on September 27, 2001.

23. SET-ASIDE CALCULATION AND FUND RESERVES

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

23. SET-ASIDE CALCULATION AND FUND RESERVES - (Continued)

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

	Budget Stabilization Reserve	Textbook/ Instructional Materials	Capital Improvements
Set-aside balance as of June 30, 1999	\$206,612	\$0	\$0
Current year set-aside requirement	48,953	388,798	388,798
Qualifying offsets	0	0	0
Qualifying disbursements	0	(424,082)	(580,370)
Total	<u>255,565</u>	<u>(35,284)</u>	<u>(191,572)</u>
Cash balance carried forward to FY 2001	<u>\$255,565</u>	<u>\$0</u>	<u>\$0</u>

The School District is allowed to carry the excess qualifying expenditures over the current year set-aside requirement forward as an offset to fiscal year 2001 set-aside requirement. Although the School District had qualifying disbursements in capital improvements during the year reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements for future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

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

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

To the Board of Education:

We have audited the financial statements of Canfield Local School District as of and for the year ended June 30, 2000, and have issued our report thereon dated February 6, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the management of the District in a separate letter dated February 6, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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. A reportable condition is described in the accompanying schedule of findings as item 2000-11150-001.

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 February 6, 2001.

Canfield Board of Education
Mahoning County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

February 6, 2001

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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

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

Finding Number	2000-11150-001
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Reportable Condition - Lunchroom Revenue

We noted that computer terminals used to account for lunches, a-la-carte items and student lunch prepayments were removed from the snack bar area in the high school and in the middle school. Once removed, there were no compensating controls implemented to account for money taken in at these collection points which accounts for approximately one-third of the revenue generated in these lunchrooms.

We recommend that the Lunchroom Supervisor develop a form to record the quantity and type of each snack bar sales transaction. A daily snack bar inventory should also be taken. The Lunchroom Supervisor should reconcile the daily sales form and inventory results with the amount of monies collected at the respective snack bars. These procedures will help ensure that adequate documentation is maintained to substantiate snack bar sales.

2. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

N/A



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CANFIELD LOCAL SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 27, 2001**