



**CANFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



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

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**STATE OF OHIO**



**CANFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Canfield Local School District  
Mahoning County  
100 Wadsworth  
Canfield, Ohio 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, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Canfield Local School District, Mahoning County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

December 20, 2001

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,812,076	\$164,397	\$1,614,746	\$371,573
Receivables:				
Taxes	10,869,554	0	1,528,240	128,668
Accounts	5,453	0	0	0
Accrued Interest	3,323	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	17,741	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	255,565	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$12,963,712</b>	<b>\$164,397</b>	<b>\$3,142,986</b>	<b>\$500,241</b>



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$67,329	\$71,128	\$113,154	\$0	\$0	\$4,214,403
0	0	0	0	0	12,526,462
0	0	0	0	0	5,453
0	0	0	0	0	3,323
7,486	0	0	0	0	7,486
1,327	0	0	0	0	19,068
0	0	0	0	0	255,565
57,955	0	0	31,099,309	0	31,157,264
0	0	0	0	1,614,746	1,614,746
0	0	0	0	14,067,796	14,067,796
<u>\$134,097</u>	<u>\$71,128</u>	<u>\$113,154</u>	<u>\$31,099,309</u>	<u>\$15,682,542</u>	<u>\$63,871,566</u>

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><i>Liabilities, Fund Equity and Other Credits</i></b>				
<b>Liabilities</b>				
Accounts Payable	\$8,643	\$0	\$0	\$0
Accrued Wages and Benefits	1,578,298	0	0	0
Compensated Absences Payable	41,604	0	0	0
Intergovernmental Payable	332,430	0	0	0
Deferred Revenue	10,869,554	0	1,528,240	128,668
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
Accrued Interest Payable	0	0	0	198
Notes Payable	0	0	0	50,000
Claims Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
<i>Total Liabilities</i>	12,830,529	0	1,528,240	178,866
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	0	39,949	0	94,362
Reserved for Inventory	17,741	0	0	0
Reserved for Endowments	0	0	0	0
Reserved for Budget Stabilization	255,565	0	0	0
Unreserved:				
Designated for Underground Storage Tanks	11,000	0	0	0
Undesignated	(151,123)	124,448	1,614,746	227,013
<i>Total Fund Equity (Deficit) and Other Credits</i>	133,183	164,397	1,614,746	321,375
<i>Total Liabilities, Fund Equity and Other Credits</i>	\$12,963,712	\$164,397	\$3,142,986	\$500,241

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	
\$3,323	\$0	\$0	\$0	\$0	\$11,966
18,899	0	0	0	0	1,597,197
26,561	0	0	0	1,470,347	1,538,512
36,131	0	0	0	160,424	528,985
5,161	0	0	0	0	12,531,623
0	0	255	0	0	255
0	0	75,282	0	0	75,282
0	0	0	0	0	198
0	0	0	0	13,175,000	13,225,000
0	275,454	0	0	0	275,454
0	0	0	0	64,324	64,324
0	0	0	0	812,447	812,447
<u>90,075</u>	<u>275,454</u>	<u>75,537</u>	<u>0</u>	<u>15,682,542</u>	<u>30,661,243</u>
0	0	0	31,099,309	0	31,099,309
15,000	0	0	0	0	15,000
29,022	(204,326)	0	0	0	(175,304)
0	0	0	0	0	134,311
0	0	0	0	0	17,741
0	0	33,185	0	0	33,185
0	0	0	0	0	255,565
0	0	0	0	0	11,000
0	0	4,432	0	0	1,819,516
<u>44,022</u>	<u>(204,326)</u>	<u>37,617</u>	<u>31,099,309</u>	<u>0</u>	<u>33,210,323</u>
<u>\$134,097</u>	<u>\$71,128</u>	<u>\$113,154</u>	<u>\$31,099,309</u>	<u>\$15,682,542</u>	<u>\$63,871,566</u>

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

	Governmental Fund		
	General	Special Revenue	Debt Service
<b>Revenues</b>			
Taxes	\$9,865,550	\$0	\$1,385,761
Intergovernmental	6,968,640	371,576	185,432
Interest	253,517	1,186	0
Tuition and Fees	86,216	0	0
Extracurricular Activities	0	355,318	0
Gifts and Donations	1,000	50,316	0
Rent	6,340	100	0
Miscellaneous	43,655	38,069	0
<i>Total Revenues</i>	<i>17,224,918</i>	<i>816,565</i>	<i>1,571,193</i>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	9,224,664	54,765	0
Special	1,005,287	63,690	0
Vocational	234,639	0	0
Support Services:			
Pupils	690,224	45,454	0
Instructional Staff	1,222,835	84,282	0
Board of Education	16,220	0	0
Administration	1,202,655	268,698	0
Fiscal	357,831	0	0
Business	144,043	0	0
Operation and Maintenance of Plant	1,953,629	3,257	0
Pupil Transportation	1,301,254	5,514	0
Central	200,045	4,685	0
Operation of Non-Instructional Services	147	35,130	0
Extracurricular Activities	438,932	250,033	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	5,085	0	13,941,152
Interest and Fiscal Charges	676	0	684,802
<i>Total Expenditures</i>	<i>17,998,166</i>	<i>815,508</i>	<i>14,625,954</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(773,248)</i>	<i>1,057</i>	<i>(13,054,761)</i>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Fixed Assets	653	0	0
Inception of Capital Lease	0	0	0
Premium on Notes	0	0	40,052
Proceeds from Sale of Long Term Notes	0	0	13,175,000
Operating Transfers In	0	6,000	54,262
Operating Transfers Out	(219,512)	0	0
<i>Total Other Financing Sources (Uses)</i>	<i>(218,859)</i>	<i>6,000</i>	<i>13,269,314</i>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<i>(992,107)</i>	<i>7,057</i>	<i>214,553</i>
<i>Fund Balances Beginning of Year</i>	<i>1,131,204</i>	<i>157,340</i>	<i>1,400,193</i>
Decrease in Reserve for Inventory	(5,914)	0	0
<i>Fund Balances End of Year</i>	<i>\$133,183</i>	<i>\$164,397</i>	<i>\$1,614,746</i>

See accompanying notes to the general purpose financial statements

<u>Types</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
<u>Capital</u> <u>Projects</u>	
\$116,670	\$11,367,981
146,800	7,672,448
4,326	259,029
0	86,216
0	355,318
71,000	122,316
0	6,440
0	81,724
<u>338,796</u>	<u>19,951,472</u>
0	9,279,429
0	1,068,977
0	234,639
0	735,678
0	1,307,117
0	16,220
0	1,471,353
0	357,831
0	144,043
0	1,956,886
0	1,306,768
0	204,730
0	35,277
0	688,965
681,016	681,016
27,032	13,973,269
6,913	692,391
<u>714,961</u>	<u>34,154,589</u>
<u>(376,165)</u>	<u>(14,203,117)</u>
7,325	7,978
83,096	83,096
0	40,052
0	13,175,000
159,250	219,512
0	(219,512)
<u>249,671</u>	<u>13,306,126</u>
(126,494)	(896,991)
447,869	3,136,606
0	(5,914)
<u>\$321,375</u>	<u>\$2,233,701</u>

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

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Taxes	\$9,865,550	\$9,865,550	\$0
Intergovernmental	6,966,587	6,971,690	5,103
Interest	250,000	254,564	4,564
Tuition and Fees	94,000	97,364	3,364
Extracurricular Activities	0	0	0
Gifts and Donations	1,000	1,000	0
Rent	6,000	6,340	340
Miscellaneous	40,000	43,655	3,655
<i>Total Revenues</i>	<u>17,223,137</u>	<u>17,240,163</u>	<u>17,026</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	8,968,100	8,960,265	7,835
Special	990,000	989,269	731
Vocational	228,800	228,105	695
Support Services:			
Pupils	672,600	672,191	409
Instructional Staff	1,211,100	1,209,679	1,421
Board of Education	17,000	16,220	780
Administration	1,211,100	1,205,857	5,243
Fiscal	361,200	359,092	2,108
Business	144,000	143,588	412
Operation and Maintenance of Plant	1,962,200	1,947,967	14,233
Pupil Transportation	1,278,100	1,266,867	11,233
Central	203,200	202,701	499
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	458,700	456,988	1,712
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>17,706,100</u>	<u>17,658,789</u>	<u>47,311</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(482,963)</u>	<u>(418,626)</u>	<u>64,337</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Fixed Assets	600	653	53
Premium on Notes	0	0	0
Proceeds from Sale of Long Term Notes	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	(220,100)	(219,512)	588
<i>Total Other Financing Sources (Uses)</i>	<u>(219,500)</u>	<u>(218,859)</u>	<u>641</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(702,463)</u>	<u>(637,485)</u>	<u>64,978</u>
<i>Fund Balances Beginning of Year</i>	2,687,625	2,687,625	0
Prior Year Encumbrances Appropriated	11,700	11,700	0
<i>Fund Balances End of Year</i>	<u>\$1,996,862</u>	<u>\$2,061,840</u>	<u>\$64,978</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,385,760	\$1,385,761	\$1
371,595	371,576	(19)	185,440	185,432	(8)
1,100	1,186	86	0	0	0
0	0	0	0	0	0
352,800	356,619	3,819	0	0	0
44,500	50,316	5,816	0	0	0
100	100	0	0	0	0
37,900	38,069	169	0	0	0
<u>807,995</u>	<u>817,866</u>	<u>9,871</u>	<u>1,571,200</u>	<u>1,571,193</u>	<u>(7)</u>
54,765	54,765	0	0	0	0
63,690	63,690	0	0	0	0
0	0	0	0	0	0
45,454	45,454	0	0	0	0
111,546	102,406	9,140	0	0	0
0	0	0	0	0	0
273,266	269,896	3,370	0	0	0
0	0	0	21,585	21,584	1
0	0	0	0	0	0
3,257	3,257	0	0	0	0
5,514	5,514	0	0	0	0
12,651	4,685	7,966	0	0	0
57,096	55,757	1,339	0	0	0
264,114	250,033	14,081	0	0	0
0	0	0	0	0	0
0	0	0	14,041,165	14,041,152	13
0	0	0	667,570	667,468	102
<u>891,353</u>	<u>855,457</u>	<u>35,896</u>	<u>14,730,320</u>	<u>14,730,204</u>	<u>116</u>
<u>(83,358)</u>	<u>(37,591)</u>	<u>45,767</u>	<u>(13,159,120)</u>	<u>(13,159,011)</u>	<u>109</u>
0	0	0	0	0	0
0	0	0	40,000	40,052	52
0	0	0	13,208,670	13,225,000	16,330
6,000	6,000	0	108,500	108,512	12
0	0	0	0	0	0
<u>6,000</u>	<u>6,000</u>	<u>0</u>	<u>13,357,170</u>	<u>13,373,564</u>	<u>16,394</u>
(77,358)	(31,591)	45,767	198,050	214,553	16,503
145,053	145,053	0	1,400,193	1,400,193	0
10,987	10,987	0	0	0	0
<u>\$78,682</u>	<u>\$124,449</u>	<u>\$45,767</u>	<u>\$1,598,243</u>	<u>\$1,614,746</u>	<u>\$16,503</u>

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

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$116,670	\$116,670	\$0
Intergovernmental	146,805	146,800	(5)
Interest	4,300	4,326	26
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	71,000	71,000	0
Rent	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>338,775</u>	<u>338,796</u>	<u>21</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	152,623	118,549	34,074
Special	0	0	0
Vocational	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	2,000	1,832	168
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	12,000	12,000	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	800,000	595,968	204,032
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>966,623</u>	<u>728,349</u>	<u>238,274</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(627,848)</u>	<u>(389,553)</u>	<u>238,295</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Fixed Assets	6,760	7,325	565
Premium on Notes	0	0	0
Proceeds from Sale of Long Term Notes	0	0	0
Operating Transfers In	105,000	105,000	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>111,760</u>	<u>112,325</u>	<u>565</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(516,088)</u>	<u>(277,228)</u>	<u>238,860</u>
<i>Fund Balances Beginning of Year</i>	317,143	317,143	0
Prior Year Encumbrances Appropriated	<u>237,294</u>	<u>237,294</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$38,349</u></u>	<u><u>\$277,209</u></u>	<u><u>\$238,860</u></u>

See accompanying notes to the general purpose financial statements



Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$11,367,980	\$11,367,981	\$1
7,670,427	7,675,498	5,071
255,400	260,076	4,676
94,000	97,364	3,364
352,800	356,619	3,819
116,500	122,316	5,816
6,100	6,440	340
77,900	81,724	3,824
<u>19,941,107</u>	<u>19,968,018</u>	<u>26,911</u>
9,175,488	9,133,579	41,909
1,053,690	1,052,959	731
228,800	228,105	695
718,054	717,645	409
1,322,646	1,312,085	10,561
17,000	16,220	780
1,484,366	1,475,753	8,613
384,785	382,508	2,277
144,000	143,588	412
1,965,457	1,951,224	14,233
1,283,614	1,272,381	11,233
227,851	219,386	8,465
57,096	55,757	1,339
722,814	707,021	15,793
800,000	595,968	204,032
14,041,165	14,041,152	13
667,570	667,468	102
<u>34,294,396</u>	<u>33,972,799</u>	<u>321,597</u>
<u>(14,353,289)</u>	<u>(14,004,781)</u>	<u>348,508</u>
7,360	7,978	618
40,000	40,052	52
13,208,670	13,225,000	16,330
219,500	219,512	12
(220,100)	(219,512)	588
<u>13,255,430</u>	<u>13,273,030</u>	<u>17,600</u>
(1,097,859)	(731,751)	366,108
4,550,014	4,550,014	0
259,981	259,981	0
<u>\$3,712,136</u>	<u>\$4,078,244</u>	<u>\$366,108</u>

**Canfield Local School District**  
*Combined Statement of Revenues,  
Expenses and Changes in Fund Equity/Fund Balance  
All Proprietary Fund Types and Similar Trust Fund  
For the Fiscal Year Ended June 30, 2001*

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Operating Revenues</b>				
Tuition	\$6,760	\$0	\$0	\$6,760
Sales	524,985	0	0	524,985
Interest	0	0	1,907	1,907
Charges for Services	0	474,031	0	474,031
Contributions and Donations	0	0	550	550
<i>Total Operating Revenues</i>	<u>531,745</u>	<u>474,031</u>	<u>2,457</u>	<u>1,008,233</u>
<b>Operating Expenses</b>				
Salaries	223,242	0	0	223,242
Fringe Benefits	90,307	0	0	90,307
Purchased Services	8,501	18,222	0	26,723
Materials and Supplies	2,585	0	945	3,530
Cost of Sales	309,517	0	0	309,517
Depreciation	9,181	0	0	9,181
Claims	0	630,936	0	630,936
Other	2,964	0	572	3,536
<i>Total Operating Expenses</i>	<u>646,297</u>	<u>649,158</u>	<u>1,517</u>	<u>1,296,972</u>
<i>Operating Income (Loss)</i>	<u>(114,552)</u>	<u>(175,127)</u>	<u>940</u>	<u>(288,739)</u>
<b>Non-Operating Revenues</b>				
Donated Commodities	35,036	0	0	35,036
Interest	3,584	3,599	0	7,183
Operating Grants	60,189	0	0	60,189
<i>Total Non-Operating Revenues</i>	<u>98,809</u>	<u>3,599</u>	<u>0</u>	<u>102,408</u>
<i>Net Income (Loss)</i>	<u>(15,743)</u>	<u>(171,528)</u>	<u>940</u>	<u>(186,331)</u>
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>44,765</u>	<u>(32,798)</u>	<u>36,677</u>	<u>48,644</u>
<i>Retained Earnings (Deficit) End of Year</i>	29,022	(204,326)	37,617	(137,687)
Contributed Capital Beginning and End of Year	<u>15,000</u>	<u>0</u>	<u>0</u>	<u>15,000</u>
<i>Total Fund Equity (Deficit) End of Year</i>	<u>\$44,022</u>	<u>(\$204,326)</u>	<u>\$37,617</u>	<u>(\$122,687)</u>

See accompanying notes to the general purpose financial statements

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

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Tuition	\$6,760	\$6,760	\$0
Sales	528,100	526,888	(1,212)
Charges for Services	0	0	0
Interest	3,600	3,584	(16)
Contributions and Donations	0	0	0
Operating Grants	69,700	69,559	(141)
<i>Total Revenues</i>	608,160	606,791	(1,369)
<b>Expenses</b>			
Salaries	218,149	215,021	3,128
Fringe Benefits	88,360	88,188	172
Purchased Services	8,600	8,501	99
Materials and Supplies	293,390	276,697	16,693
Capital Outlay	12,350	12,280	70
Claims	0	0	0
Other	3,000	2,964	36
<i>Total Expenses</i>	623,849	603,651	20,198
<i>Excess of Revenues Over (Under) Expenses</i>	(15,689)	3,140	18,829
<i>Fund Equity Beginning of Year</i>	64,189	64,189	0
<i>Fund Equity End of Year</i>	\$48,500	\$67,329	\$18,829

(continued)

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

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Tuition	\$0	\$0	\$0
Sales	0	0	0
Charges for Services	473,500	474,031	531
Interest	3,500	3,599	99
Contributions and Donations	0	0	0
Operating Grants	0	0	0
<i>Total Revenues</i>	<u>477,000</u>	<u>477,630</u>	<u>630</u>
<b>Expenses</b>			
Salaries	0	0	0
Fringe Benefits	0	0	0
Purchased Services	19,100	18,222	878
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Claims	500,200	480,906	19,294
Other	0	0	0
<i>Total Expenses</i>	<u>519,300</u>	<u>499,128</u>	<u>20,172</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(42,300)	(21,498)	(20,802)
<i>Fund Equity Beginning of Year</i>	<u>92,626</u>	<u>92,626</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$50,326</u></u>	<u><u>\$71,128</u></u>	<u><u>\$20,802</u></u>

See accompanying notes to the general purpose financial statements

Nonexpendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$6,760	\$6,760	\$0
0	0	0	528,100	526,888	(1,212)
0	0	0	473,500	474,031	531
1,900	1,907	7	9,000	9,090	90
300	550	250	300	550	250
0	0	0	69,700	69,559	(141)
<u>2,200</u>	<u>2,457</u>	<u>257</u>	<u>1,087,360</u>	<u>1,086,878</u>	<u>(482)</u>
0	0	0	218,149	215,021	3,128
0	0	0	88,360	88,188	172
0	0	0	27,700	26,723	977
2,500	945	1,555	295,890	277,642	18,248
0	0	0	12,350	12,280	70
0	0	0	500,200	480,906	19,294
1,000	572	428	4,000	3,536	464
<u>3,500</u>	<u>1,517</u>	<u>1,983</u>	<u>1,146,649</u>	<u>1,104,296</u>	<u>42,353</u>
(1,300)	940	2,240	(59,289)	(17,418)	41,871
<u>36,677</u>	<u>36,677</u>	<u>0</u>	<u>193,492</u>	<u>193,492</u>	<u>0</u>
<u>\$35,377</u>	<u>\$37,617</u>	<u>\$2,240</u>	<u>\$134,203</u>	<u>\$176,074</u>	<u>\$41,871</u>

**Canfield Local School District**  
*Combined Statement of Cash Flows*  
*All Proprietary Fund Types and Similar Trust Fund*  
*For the Fiscal Year Ended June 30, 2001*

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$526,888	\$0	\$0	\$526,888
Cash Received from Tuition Payments	6,760			6,760
Cash Received from Quasi-External Operating Transactions with Other Funds	0	474,031	0	474,031
Cash Received from Contributions and Donations	0	0	550	550
Cash Payments to Suppliers for Goods and Services	(285,198)	(18,222)	(945)	(304,365)
Cash Payments to Employees for Services	(215,021)	0	0	(215,021)
Cash Payments for Employee Benefits	(88,188)	0	0	(88,188)
Cash Payments for Claims	0	(480,906)	0	(480,906)
Cash Payments for Other Operating Expenses	(2,964)	0	(572)	(3,536)
<i>Net Cash Used for Operating Activities</i>	(57,723)	(25,097)	(967)	(83,787)
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating Grants	69,559	0	0	69,559
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for Capital Acquisitions	(12,280)	0	0	(12,280)
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	3,584	3,599	1,907	9,090
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	3,140	(21,498)	940	(17,418)
<i>Cash and Cash Equivalents Beginning of Year</i>	64,189	92,626	36,677	193,492
<i>Cash and Cash Equivalents End of Year</i>	\$67,329	\$71,128	\$37,617	\$176,074

(continued)

See accompanying notes to the general purpose financial statements

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

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
<i>Operating Income (Loss)</i>	(\$114,552)	(\$175,127)	\$940	(\$288,739)
<i>Adjustments:</i>				
Depreciation	9,181	0	0	9,181
Donated Commodities Used During Year	35,036	0	0	35,036
Interest	0	0	(1,907)	(1,907)
(Increase)/Decrease in Assets:				
Accounts Receivable	388	0	0	388
Intergovernmental Receivable	189	0	0	189
Inventory Held for Resale	417	0	0	417
Materials and Supplies Inventory	(48)	0	0	(48)
Increase/(Decrease) in Liabilities:				
Accounts Payable	1,323	0	0	1,323
Accrued Wages and Benefits	3,820	0	0	3,820
Compensated Absences Payable	4,404	0	0	4,404
Intergovernmental Payable	2,119	0	0	2,119
Claims Payable	0	150,030	0	150,030
<i>Total Adjustments</i>	56,829	150,030	(1,907)	204,952
<i>Net Cash Used for Operating Activities</i>	(\$57,723)	(\$25,097)	(\$967)	(\$83,787)

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

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**Note 1 - Description of the School District**

The Canfield Local School District (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 149 non-certificated and 190 certified full-time teaching personnel and 11 administrative employees who provide services to students and other community members.

The School District is located in Canfield, Ohio, Mahoning County. The enrollment for the School District during the 2001 fiscal year was 3,001. The School District operates two elementary schools (K-4), one middle school (5-8), and one 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. 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 organizations and two public entity risk pools. These organizations are the Area Cooperative Computerized Educational Service System (ACCESS), the Mahoning County Career and Technical Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Mahoning County Schools Employee Insurance Consortium. These organizations are presented in Notes 17 and 18 to the General Purpose Financial Statements.

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

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

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***A. Basis Of Presentation - Fund Accounting***

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

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

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

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

***Enterprise Funds*** Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent 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 it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

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

***Fiduciary Fund Type*** Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or 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 do not involve measurement of results of operations.

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

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

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

***B. Measurement Focus and Basis of Accounting***

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

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

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

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

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

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

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

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

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

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

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

***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 has been established by the Board of Education at the object level within each fund and function.

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

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

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***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 2001.

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental 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, except for agency funds, consistent with statutory provisions.

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

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

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

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

To improve cash management, cash received by the School District treasurer 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 2001, 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. 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, 2001.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$253,517, which includes \$136,249 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 maturities of three months or less at the time they were 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. 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 an inventory item 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 spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

***F. 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 to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 21 for additional information regarding set-asides.

***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 related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

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

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Donated fixed assets are recorded at their fair market value as of the date donated. 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 useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of 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. Interfund Assets and Liabilities***

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds". Short-term interfund loans are classified as "interfund receivables/payables".

***I. Compensated Absences***

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

Sick leave benefits are accrued as a liability using the "vesting method". The liability is based on the sick leave accumulated at June 30, by those employees who are eligible to receive termination benefits and by those employees who are expected to become eligible in the future. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

***J. Contributed Capital***

Contributed capital in the proprietary funds represents resources received from other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on these assets acquired or constructed with contributed capital resources are expensed and closed to unreserved retained earnings at year end.

***K. Accrued Liabilities and Long-term Obligations***

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits 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

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
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are generally considered not to have been paid with current available resources. Bonds, capital leases and long-term loans are reported as liabilities to 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.

Bond anticipation notes that matured and were reissued prior to the issuance of the financial statements and have a maturity date more than twelve 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 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.

***L. Interfund Transactions***

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

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

***M. Fund Balance Reserves 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 appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, budget stabilization and contributions to endowments 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.

***N. Estimates***

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



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

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***O. Total Columns on General Purpose Financial Statements***

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

**Note 3 - Change in Accounting Principles**

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." At June 30, 2000 there was no effect on fund balance as a result of implementing these statements.

**Note 4 - Fund Deficits**

The self-insurance internal service fund deficit balance of \$204,326 resulted from the recognition of accrued liabilities. The general fund is responsible to cover deficit fund balances by means of a transfer. However, this is done when cash is needed rather than when accruals occur.

**Note 5 - Budgetary Basis of Accounting**

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

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

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
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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).
6. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$992,107)	\$7,057	\$214,553	(\$126,494)
Revenue Accruals	15,245	1,300	0	(83,096)
Note Proceeds	0	0	50,000	0
Transfers In	0	0	54,250	(54,250)
Expenditure Accruals	345,178	0	(239)	76,965
Debt Service:				
Principal	0	0	(100,000)	0
Interest	0	0	(4,011)	4,011
Encumbrances	(5,801)	(39,948)	0	(94,364)
Budget Basis	<u>(\$637,485)</u>	<u>(\$31,591)</u>	<u>\$214,553</u>	<u>(\$277,228)</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	(\$15,743)	(\$171,528)	\$940
Revenue Accruals	(23,763)	0	0
Expense Accruals	45,745	150,030	0
Depreciation Expense	9,181	0	0
Capital Outlay	(12,280)	0	0
Budget Basis	<u>\$3,140</u>	<u>(\$21,498)</u>	<u>\$940</u>

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 6 - Deposits and Investments**

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

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

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

Interim deposits are deposits of interim moneys. Interim moneys are those moneys 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 deposits 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 may be deposited or invested in the following securities:

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

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
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7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred and 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 limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$1,799,078 and the bank balance was \$2,023,301. Of the bank balance, \$186,682 was covered by federal depository insurance and \$1,836,619 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposits of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**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. The School District invests in STAROhio, the State Treasurer's Investment Pool, which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$98,565	\$98,565	\$98,565
STAROhio		2,572,325	2,572,325
Total		\$2,670,890	\$2,670,890

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 classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

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	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$4,469,968	\$0
Investments:		
Repurchase Agreements	(98,565)	98,565
STAROhio	(2,572,325)	2,572,325
	\$1,799,078	\$2,670,890
GASB Statement No. 3		

**Note 7 - Property Taxes**

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

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

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

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2001 public utility taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

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

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

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$391,089,530	93.07%	\$406,800,410	93.28%
Public Utility	13,252,170	3.15	12,787,120	2.94
Tangible Personal Property	15,868,400	3.78	16,497,850	3.78
Total Assessed Value	\$420,210,100	100.00%	\$436,085,380	100.00%
Tax rate per \$1,000 of assessed valuation	\$52.55		\$52.55	

**Canfield Local School District**  
*Notes to the General Purpose Financial Statements*  
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Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

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

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

There was no amount available to the School District as an advance at June 30, 2001.

**Note 8 - Receivables**

Receivables at June 30, 2001, consisted of taxes, accounts (rent and student fees) and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes.

**Note 9 - Capitalized Leases**

The School District has entered into capitalized leases for copiers and a computer. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases" which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The copiers and computer acquired by lease have been capitalized in the general fixed asset account group in the amount of \$99,865, 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. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Principal payment during fiscal year 2001 totaled \$32,117. Future minimum lease payments through 2003 are as follows:

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Year	General Long-Term Obligation
2002	\$35,695
2003	33,053
Total Minimum Lease Payments	68,748
Less: Amount Representing Interest	(4,424)
Present Value of Minimum Lease Payments	\$64,324

**Note 10 - Fixed Assets**

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

Furniture and Equipment	\$188,204
Vehicles	25,687
Less Accumulated Depreciation	(155,936)
<i>Net Fixed Assets</i>	\$57,955

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

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$110,950	\$0	\$0	\$110,950
Buildings and Improvements	10,472,440	12,773,937	0	23,246,377
Furniture, Fixtures and Equipment	5,660,934	277,347	0	5,938,281
Vehicles	1,662,339	190,890	49,528	1,803,701
Construction In Progress	12,518,905	255,032	12,773,937	0
<i>Totals</i>	\$30,425,568	\$13,497,206	\$12,823,465	\$31,099,309

**Note 11 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2001, 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.

**Canfield Local School District**  
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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 2001, the School District participated in the Ohio School Boards' Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants of 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 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 an annual calculation process. The Canfield Local School District pays a monthly contribution which is placed in a common fund from which claims 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 \$547 for family coverage and \$224 for single coverage per employee.

The School District has elected to provide vision, dental, and prescription drug benefits through a self-insurance program. The School District maintains an insurance reserve internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Professional Risk Management, located in Youngstown, Ohio, reviews all claims which are then paid by the School District. The School District pays into the insurance reserve internal service fund \$10 for family vision coverage or \$5 for single vision coverage per employee per month, \$45 for dental per month and \$126 for family and \$54 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 \$275,454 reported in the internal service fund at June 30, 2001, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 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.



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Changes in the fund's claims liability amount during fiscal years 1999, 2000, and 2001 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1999	\$132,982	\$329,728	\$345,224	\$117,486
2000	117,486	407,055	399,117	125,424
2001	125,424	630,936	480,906	275,454

**Note 12 - Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators earn 20 days of vacation annually. Accumulated unused vacation time is paid to classified employees upon termination of employment.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 260 days for certified employees, administrators and classified employees. Upon retirement, classified employees, 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.

***B. Life Insurance***

The School District provides life insurance to all regular employees. Coverage is equal to one times the annual salary for administrators and certified employees with a minimum of \$27,000 and a maximum of \$50,000, \$20,000 for classified employees, and \$25,000 for bus drivers. Life insurance coverage is provided through Ohio National Financial Services.

**Note 13 - Defined Benefit Pension Plans**

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

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

Plan members are required to contribute 9 percent of their annual covered salary and the Canfield Local 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

**Canfield Local School District**  
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pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.20 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the 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 Canfield Local School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$103,736, \$125,489, and \$116,143 respectively; 79.67 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$211,089 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

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

The Canfield Local 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. The 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, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The Canfield Local School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund obligations was 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$852,003, \$511,053, and \$424,937, respectively; 83.15 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$143,578 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

**Note 14 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$403,580 for fiscal year 2001.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2001 fiscal year equaled \$297,250.

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 annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Note 15 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
<i>General Long Term Obligations:</i>				
1991 \$208,998 Energy Conservation Note 6.25%	\$41,799	\$0	(\$20,900)	\$20,899
1999 \$880,000 Energy Conservation Note 4.75%	836,800	0	(45,252)	791,548
<i>Total Energy Conservation Notes</i>	<u>878,599</u>	<u>0</u>	<u>(66,152)</u>	<u>812,447</u>
1999 School Improvement Note 4.50 %	13,875,000	0	(13,875,000)	0
2001 School Improvement Note 4.75%	0	13,175,000	0	13,175,000
<i>Total School Improvement Notes</i>	<u>13,875,000</u>	<u>13,175,000</u>	<u>(13,875,000)</u>	<u>13,175,000</u>
Compensated Absences	1,343,983	126,364	0	1,470,347
Intergovernmental Payable	137,400	160,424	(137,400)	160,424
Capital Leases	13,345	83,096	(32,117)	64,324
<i>Total General Long-Term Obligations</i>	<u>\$16,248,327</u>	<u>\$13,544,884</u>	<u>(\$14,110,669)</u>	<u>\$15,682,542</u>

Compensated absences and the pension obligation will be paid from the fund from which the employee is paid. Capital lease obligations will be paid from the general fund because it utilizes the assets.

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

School improvement notes that matured and were reissued prior to the 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 long-term obligations account group. The notes were issued at a premium of \$40,052. The note liability will be paid from the debt service fund (See Note 23).

The School District's overall legal debt margin at June 30, 2001 was \$26,874,983 with an unvoted debt margin of \$3,112,321 at June 30, 2001. Principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2001, are as follows:

Fiscal year Ending June 30,	Energy Conservation Notes	
	Principal	Interest
2002	\$68,301	\$38,905
2003	69,653	35,347
2004	72,961	32,038
2005	76,427	28,573
2006	80,058	24,942
2007-2011	445,047	63,928
<i>Total</i>	\$812,447	\$223,733

**Note 16 - Short Term Obligation**

The School District's note activity for the fiscal year ended June 30, 2001, is as follows:

	Balance 6/30/00	Additions	Deletions	Balance 6/30/01
<b>Capital Projects Fund:</b>				
School Improvement Notes 4.25%	\$100,000	\$0	(\$100,000)	\$0
School Improvement Notes 3.95%	0	50,000	0	50,000
<i>Total</i>	\$100,000	\$50,000	(\$100,000)	\$50,000

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

**Note 17 - Jointly Governed Organizations**

***A. 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

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

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supports ACCESS based on a per pupil charge. The School District contributed \$45,527 to ACCESS during fiscal year 2001. 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 100 Debartolo Place, Suite 105, Youngstown, Ohio 44512-7019.

***B. 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 2001 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.

**Note 18 - Public Entity Risk Pools**

***A. Insurance Purchasing Pool***

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 Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or 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 exercises control over the operation of the Consortium. All Consortium revenue are generated from charges for services. To obtain the financial information write to Mahoning County Insurance Consortium, 100 Debartolo Place, Suite 105, Youngstown, Ohio 44512-7019.

**Note 19 - Segment Information for Enterprise Funds**

The School District maintains two enterprise funds to account for the operations of its food service and adult education. The following table 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, 2001.

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

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	Food Service	Adult Education	Total Enterprise Funds
Operating Revenues	\$524,985	\$6,760	\$531,745
Depreciation Expense	9,181	0	9,181
Operating Loss	(109,301)	(5,251)	(114,552)
Donated Commodities	35,036	0	35,036
Operating Grants	60,189	0	60,189
Net Loss	(10,492)	(5,251)	(15,743)
Fixed Assets Additions	12,280	0	12,280
Net Working Capital	(14,028)	95	(13,933)
Total Assets	134,002	95	134,097
Total Equity	43,927	95	44,022

**Note 20 - Contingencies**

**A. Grants**

The School District received 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, 2001.

**B. Litigation**

The Canfield Local School District is not currently party to any legal proceedings.

**Note 21 - Set-Asides**

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

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

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

	Budget Stabilization Reserve	Textbook/ Instructional Materials	Capital Improvements
Set-aside balance as of June 30, 2000	\$255,565	\$0	\$0
Current year set-aside requirement	0	413,622	413,622
Qualifying disbursements	0	(481,993)	(865,049)
Totals	<u>\$255,565</u>	<u>(\$68,371)</u>	<u>(\$451,427)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$255,565</u>	<u>(\$68,371)</u>	<u>\$0</u>
Cash balance carried forward to Fiscal Year 2002	<u>\$255,565</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$255,565.

**Note 22 - Contractual Commitments**

At June 30, 2001, the School District had the following contractual purchase commitments:

Company	Amount Remaining on Contract
Ricciutti Balog and Associates	\$4,700
Santon Electric	2,000
Tri-State Plumbing	34,500
Total	<u>\$41,200</u>

**Note 23 - Subsequent Events**

On September 27, 2001 the School District retired \$13,175,000 of school improvement notes and reissued \$12,290,000 at an interest rate of 3.125%. The new notes will mature on September 26, 2002.

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

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 20, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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



CANFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$35,807		\$35,036
National School Lunch Program		10.555	68,420		68,420	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>68,420</u>	<u>35,807</u>	<u>68,420</u>	<u>35,036</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Handicapped State Grants - Title VI-B	6B-SF-00	84.027			4,009	
	6B-SF-01	84.027	164,346		163,148	
Total Special Education Cluster			<u>164,346</u>		<u>167,157</u>	
Drug Free Schools and Communities	DR-S1-01	84.186	12,553		12,335	
Dwight D. Eisenhower Professional Development Grant	MS-S1-01	84.281	7,550		6,066	
Title VI - Innovative Education Program	C2-S1-01	84.298	14,981		14,980	
Title VI - R - Class Size Reduction		84.340	19,993		19,993	
Total U.S. Department of Education			<u>219,423</u>		<u>220,531</u>	
<b>UNITED STATES CORPORATION FOR NATIONAL AND COMMUNITY SERVICES (CNCS)</b>						
<i>Passed Through Ohio Department of Education:</i>						
Learn and Serve	95-2720-0-1-506	94.004	1,774		6,399	
Total U.S. CNCS			<u>1,774</u>		<u>6,399</u>	
<b>Totals</b>			<u><b>\$289,617</b></u>	<u><b>\$35,807</b></u>	<u><b>\$295,350</b></u>	<u><b>\$35,036</b></u>

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

**CANFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

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



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

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

To the Board of Education:

We have audited the financial statements of the Canfield Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 20, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

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

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 20, 2001.

Canfield Local School District  
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 the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

December 20, 2001



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

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

To the Board of Education:

**Compliance**

We have audited the compliance of the Canfield Local School District, Mahoning County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

**Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over federal compliance and its operation that we consider to be material weaknesses. We noted one matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to the management of the Canfield Local School District in a separate letter dated December 20, 2001.

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

**Jim Petro**  
Auditor of State

December 20, 2001

**CANFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

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

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

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

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

NONE

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

NONE

**CANFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-11150-001	The money taken in at the snack bar at the high school accounts for approximately one third (1/3) of the income generated in the lunchroom. Since there is no documentation or record of what was sold at the snack bar, we had no way to substantiate the monies collected.	Yes	By fiscal year end, this problem was completely corrected.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
FEBRUARY 12, 2002**