



Dave Yost • Auditor of State

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2017**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	21
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund	25
Statement of Fiduciary Net Position Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position Fiduciary Fund	27
Notes to the Basic Financial Statements	29
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability (SERS)	72
Schedule of the District's Proportionate Share of the Net Pension Liability (STRS)	73
Schedule of the District's Contributions (SERS)	74
Schedule of the District's Contributions (STRS)	76
Notes to Required Supplementary Information	78

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2017**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Schedule of Expenditures of Federal Awards	79
Notes to the Schedule of Expenditures of Federal Awards	80
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	81
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	83
Schedule of Findings	85
Prepared by Management:	
Corrective Action Plan	87



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Canton Local School District
Stark County
600 Faircrest Street, SE
Canton, Ohio 44707

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Canton Local School District, Stark County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the aggregate remaining fund information of the Canton Local School District, Stark County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

February 28, 2018

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**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The management's discussion and analysis of the Canton Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- In total, net position of governmental activities increased \$3,375,855 which represents a 13.51% increase over the 2016 deficit balance of \$24,989,053.
- General revenues accounted for \$25,533,800 in revenue or 79.55% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$6,563,910 or 20.45% of total revenues of \$32,097,710.
- The District had \$28,721,855 in expenses related to governmental activities; only \$6,563,910 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$25,533,800 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, the debt service fund and the building fund. The general fund had \$25,672,283 in revenues and other financing sources and \$25,056,837 in expenditures and other financing uses. During fiscal 2017, the general fund's fund balance increased \$615,446 from \$6,136,916 to \$6,752,362.
- The debt service fund had \$11,968,768 in revenues and other financing sources and \$11,930,697 in expenditures and other financing uses. During fiscal 2017, the debt service fund's fund balance increased \$38,071 from \$456,968 to \$495,039.
- The building fund had \$45,320 in revenues and \$15,096,105 in expenditures. During fiscal 2017, the building fund's fund balance decreased \$15,050,785 from \$19,581,215 to \$4,530,430.

Using These Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, the debt service fund and the building fund are by far the most significant funds, and the only governmental funds reported as major funds.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 19-20 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the debt service fund and the building fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 21-25 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position private-purpose trust and agency funds on page 26 and changes in fiduciary net position for private-purpose trust fund on page 27. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-70 of this report.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net position liability. The required supplementary information can be found on pages 72 through 78 of this report.

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**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

The table below provides a summary of the District's net position at June 30, 2017 and June 30, 2016.

	Net Position	
	Governmental Activities 2017	Governmental Activities 2016
	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current and other assets	\$ 34,688,285	\$ 46,337,241
Capital assets, net	<u>35,598,014</u>	<u>20,750,810</u>
Total assets	<u>70,286,299</u>	<u>67,088,051</u>
<u>Deferred outflows of resources</u>		
Deferred charges on refunding	1,528,805	-
Pension	<u>7,592,777</u>	<u>3,459,650</u>
Total deferred outflows of resources	<u>9,121,582</u>	<u>3,459,650</u>
<u>Liabilities</u>		
Current liabilities	4,764,434	6,695,438
Long-term liabilities	<u>82,118,468</u>	<u>73,119,820</u>
Total liabilities	<u>86,882,902</u>	<u>79,815,258</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for the next fiscal year	13,672,064	12,752,600
Pension	<u>466,113</u>	<u>2,968,896</u>
Total deferred inflows of resources	<u>14,138,177</u>	<u>15,721,496</u>
<u>Net Position</u>		
Net investment in capital assets	4,609,754	4,393,190
Restricted	1,547,034	748,968
Unrestricted (deficit)	<u>(27,769,986)</u>	<u>(30,131,211)</u>
Total net position (deficit)	<u>\$ (21,613,198)</u>	<u>\$ (24,989,053)</u>

The District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," and GASB Statement 71 "Pension Transition for Contributions made subsequent to the measurement date—an Amendment of GASB Statement No.68," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$21,613,198.

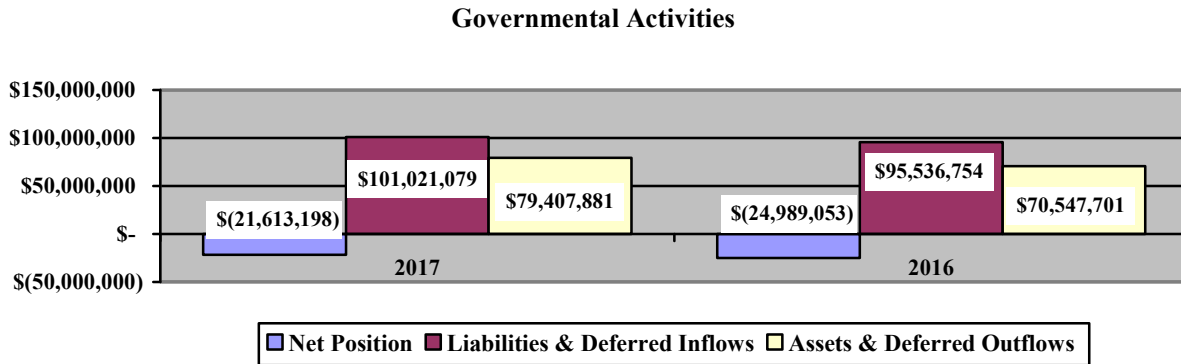
**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

At year end, capital assets represented 50.65% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2017, was \$4,609,754. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$1,547,034, represents resources that are subject to external restriction on how they may be used. The remaining balance is a deficit of unrestricted net position.

The graph below shows the District's assets, liabilities and net position at June 30, 2017 and 2016.



The table below shows the change in net position for fiscal years 2017 and 2016.

	Change in Net Position	
	Governmental Activities 2017	Governmental Activities 2016
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,851,416	\$ 2,645,841
Operating grants and contributions	3,657,309	3,693,851
Capital grants and contributions	55,185	99,386
General revenues:		
Property taxes	13,677,000	11,961,401
Payments in-lieu of taxes	41,894	78,952
Grants and entitlements	11,718,540	12,228,299
Investment earnings	64,224	10,623
Increase (decrease) in fair value of investments	(33,210)	(26,288)
Miscellaneous	65,352	52,071
Total revenues	\$ 32,097,710	\$ 30,744,136

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 11,286,965	\$ 10,415,419
Special	3,639,645	3,439,284
Vocational	1,368,271	1,367,683
Adult / continuing	5,000	5,000
Other	168	1,899
Support services:		
Pupil	1,349,759	1,243,566
Instructional staff	1,413,539	1,321,051
Board of education	96,876	84,218
Administration	2,164,779	1,994,202
Fiscal	375,409	348,583
Business	332,529	330,798
Operations and maintenance	2,286,885	1,983,817
Pupil transportation	929,396	873,954
Central	218,299	164,292
Operation of non-instructional services:		
Other non-instructional services	42,428	46,749
Food service operations	1,059,710	1,016,868
Extracurricular activities	929,065	771,537
Interest and fiscal charges	<u>1,223,132</u>	<u>1,474,044</u>
Total expenses	<u>28,721,855</u>	<u>26,882,964</u>
Change in net position	3,375,855	3,861,172
Net position (deficit) at beginning of year	<u>(24,989,053)</u>	<u>(28,850,225)</u>
Net position (deficit) at end of year	<u>\$ (21,613,198)</u>	<u>\$ (24,989,053)</u>

Governmental Activities

Net position of the District's governmental activities increased \$3,375,855 over the 2016 balance. Total governmental expenses of \$28,721,855 were offset by program revenues of \$6,563,910 and general revenues of \$25,533,800. Program revenues supported 22.85% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 79.12% of total governmental revenue.

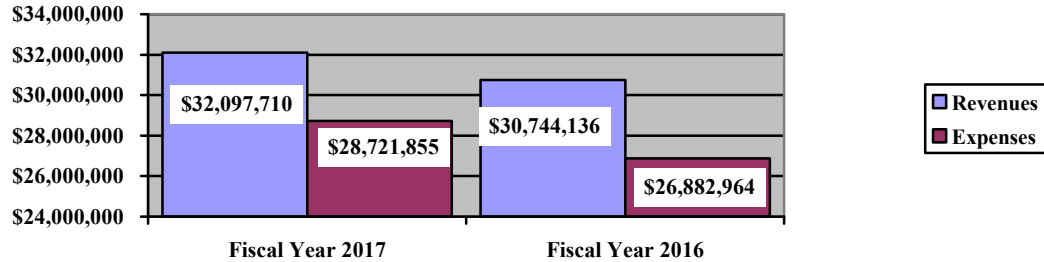
The largest expense of the District is for instructional programs. Instruction expenses totaled \$16,300,049 or 56.75% of total governmental expenses for fiscal year 2017.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2017 and 2016.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>
Program expenses				
Instruction:				
Regular	\$ 11,286,965	\$ 9,254,247	\$ 10,415,419	\$ 8,384,777
Special	3,639,645	1,431,242	3,439,284	1,467,327
Vocational	1,368,271	992,992	1,367,683	904,999
Adult / continuing	5,000	(3,050)	5,000	(10,018)
Other	168	168	1,899	1,899
Support services:				
Pupil	1,349,759	1,189,156	1,243,566	1,107,330
Instructional staff	1,413,539	1,379,344	1,321,051	1,293,072
Board of education	96,876	96,876	84,218	84,218
Administration	2,164,779	1,732,609	1,994,202	1,558,234
Fiscal	375,409	375,409	348,583	348,583
Business	332,529	330,363	330,798	327,978
Operations and maintenance	2,286,885	2,274,602	1,983,817	1,936,044
Pupil transportation	929,396	883,936	873,954	850,972
Central	218,299	218,299	164,292	164,292
Operation of non-instructional services:				
Other non-instructional services	42,428	22,822	46,749	25,244
Food service operations	1,059,710	73,741	1,016,868	(26,111)
Extracurricular activities	929,065	682,057	771,537	551,002
Interest and fiscal charges	1,223,132	1,223,132	1,474,044	1,474,044
Total expenses	<u>\$ 28,721,855</u>	<u>\$ 22,157,945</u>	<u>\$ 26,882,964</u>	<u>\$ 20,443,886</u>

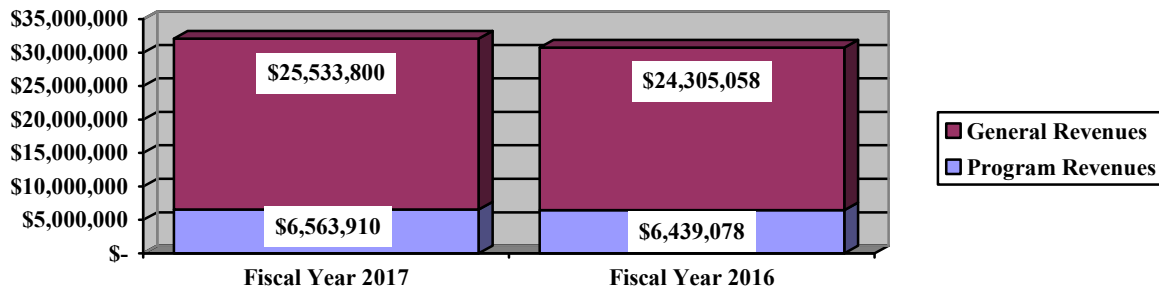
**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The dependence upon tax and other general revenues for governmental activities is apparent; 71.63% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 77.15%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2017 and 2016.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$15,525,514, which is a lower balance than last year's total balance of \$26,481,248. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Increase (Decrease)
General	\$ 6,752,362	\$ 6,136,916	\$ 615,446
Debt service	495,039	456,968	38,071
Building	4,530,430	19,581,215	(15,050,785)
Other governmental	<u>3,747,683</u>	<u>306,149</u>	<u>3,441,534</u>
Total	<u>\$ 15,525,514</u>	<u>\$ 26,481,248</u>	<u>\$(10,955,734)</u>

General Fund

The District's general fund's fund balance increased \$615,446 from \$6,136,916 to \$6,752,362. The table that follows assists in illustrating the financial activities and fund balance of the general fund. The District's general fund revenues exceeded expenditures by \$3,287,576. During fiscal year 2017, the District reported an increase in tax revenues due to an increase in the collections of public utility personal property tax revenue and real estate taxes. Tuition revenues increased due to an increase in revenues related to special education tuition. Earning on investments increased due to an increase in investments and the interest earned on those investments. Intergovernmental revenues decreased in fiscal year 2017 due to a decrease in basic aid. Other revenues decreased due to a decrease in revenue in lieu of taxes. Expenditures related to instruction and support services increased due to an increase in wages and benefits. All other revenues and expenditures remained consistent with the prior fiscal year.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 11,159,877	\$ 9,650,061	\$ 1,509,816	15.65 %
Tuition	1,150,006	1,079,619	70,387	6.52 %
Earnings on investments	53,535	10,623	42,912	403.95 %
Intergovernmental	12,760,303	13,242,056	(481,753)	(3.64) %
Other revenues	<u>275,692</u>	<u>337,158</u>	<u>(61,466)</u>	(18.23) %
Total	<u>\$ 25,399,413</u>	<u>\$ 24,319,517</u>	<u>\$ 1,079,896</u>	4.44 %
<u>Expenditures</u>				
Instruction	\$ 13,486,250	\$ 13,065,066	\$ 421,184	3.22 %
Support services	7,952,696	7,586,914	365,782	4.82 %
Operation of non-instructional	18,916	21,462	(2,546)	(11.86) %
Extracurricular activities	<u>653,975</u>	<u>618,698</u>	<u>35,277</u>	5.70 %
Total	<u>\$ 22,111,837</u>	<u>\$ 21,292,140</u>	<u>\$ 819,697</u>	3.85 %

Debt Service Fund

The debt service fund had \$11,968,768 in revenues and other financing sources and \$11,930,697 in expenditures and other financing uses. During fiscal 2017, the debt service fund's fund balance increased \$38,071 from \$456,968 to \$495,039.

Building Fund

The building fund had \$45,320 in revenues and \$15,096,105 in expenditures. During fiscal 2017, the building fund's fund balance decreased \$15,050,785 from \$19,581,215 to \$4,530,430.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2017, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$24,413,945, which was lower than the original budgeted revenues and other financing sources of \$24,703,693. Actual revenues and other financing sources for fiscal 2017 were \$25,667,418 which was \$1,253,473 higher than the final budgeted revenues. Actual revenues were greater than budgeted revenues due to an increase in Real Estate Taxes and intergovernmental state revenues.

General fund original appropriations and other financing uses of \$22,625,078 were increased to \$25,816,331 in the final budget primarily due to transfer out. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled \$25,673,197, which was \$143,134 less than the final budgeted appropriations.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the District had \$35,598,014 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows fiscal 2017 balances compared to the 2016. 2016 balances have been reclassified to correctly state asset balances between asset classes. There was no effect on net position:

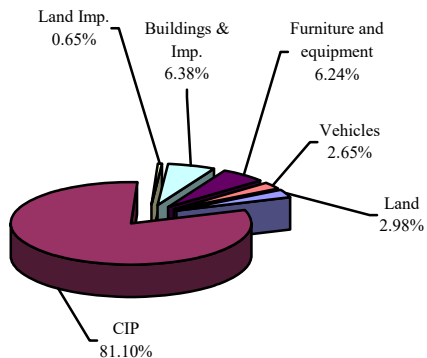
**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2017	(Restated) 2016
Land	\$ 1,060,919	\$ 1,060,919
Construction in progress	28,869,457	16,166,173
Land improvements	232,669	148,933
Building and improvements	2,269,827	2,142,314
Furniture and equipment	2,221,673	349,569
Vehicles	943,469	882,902
Total	<u>\$ 35,598,014</u>	<u>\$ 20,750,810</u>

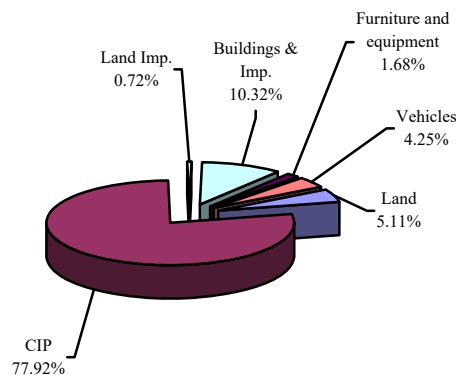
The overall increase in capital assets of \$14,847,204 is due to capital outlays of \$15,372,525 exceeding depreciation expense of \$409,641 and net disposals of \$115,680.

The graphs below present the District's capital assets for fiscal years 2017 and 2016.

Capital Assets - Governmental Activities 2017



Capital Assets - Governmental Activities 2016



**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2017, the District had \$34,928,108 in general obligation bonds, \$374,117 in energy conservation notes outstanding and \$58,371 in OWDA loans outstanding. Of this total, \$688,628 is due within one year and \$34,671,968 is due in greater than one year. The following table summarizes the outstanding obligations for fiscal year 2017 compared to 2016.

	Outstanding Debt, at Year End	
	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
General obligation bonds	\$ 34,928,108	\$ 35,306,148
Energy conservation notes	374,117	431,787
OWDA loan	<u>58,371</u>	<u>63,040</u>
Total	<u>\$ 35,360,596</u>	<u>\$ 35,800,975</u>

See Note 9 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The voters of the District approved the renewal of a combined five-year operating and permanent improvement levy on March 15, 2016. Funds are to be used for operational costs, building maintenance and repairs, and equipment replacement. This levy will expire in 2021. The District passed an 8.0 mill levy on November 5, 2013 that generated \$36.6 million to be used for construction of a new high school and improvements to other District sites.

As a result of the continuing decline in student enrollment, the Board decided to implement several cost-saving measures. Beginning with the 2010-11 school year, the fifth grade was relocated from Walker Elementary to Faircrest Middle School; and the kindergarten and first grade were relocated from Amos McDannel Elementary to Walker Elementary. The District now operates one elementary, one middle school, and one high school. No further staff reductions or restructuring is currently planned. The District collectively bargained new agreements in 2017 with both classified and certified employees that are in effect through June 30, 2020 for certified and 2021 for classified. Both agreements include small wage increases.

The uncertainty surrounding school funding for Ohio public school districts, and particularly the funding as it relates to the District's declining pupil enrollment, will continue to present a challenge to the District's management. Legislative action regarding school funding, including phase out of tangible personal property tax replacement payments that represents 8 percent of the District's general fund resources, could significantly alter the financial condition of the District. Despite minimal increases in State Unrestricted Aid over the past five years, the District's financial condition has improved.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Jason Schatzel, Treasurer, Canton Local School District, 600 Faircrest Street, Canton, OH 44707.

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**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 18,158,288
Cash in segregated accounts	1,079,069
Receivables:	
Taxes	14,639,529
Accounts	7,702
Accrued interest	16,774
Intergovernmental	736,685
Prepayments	39,911
Materials and supplies inventory.	3,035
Inventory held for resale.	7,292
Capital assets:	
Land and construction in progress.	29,930,376
Depreciable capital assets, net.	5,667,638
Capital assets, net	35,598,014
Total assets.	70,286,299
 Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	1,528,805
Pension - STRS	5,943,256
Pension - SERS	1,649,521
Total deferred outflows of resources	9,121,582
 Liabilities:	
Accounts payable.	295,856
Contracts payable.	162,332
Retainage payable	1,082,325
Accrued wages and benefits payable	2,475,996
Pension obligation payable.	383,235
Intergovernmental payable	147,000
Accrued interest payable	217,690
Long-term liabilities:	
Due within one year.	967,399
Due in more than one year:	
Net pension liability	42,518,811
Other amounts due in more than one year	38,632,258
Total liabilities	86,882,902
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	13,672,064
Pension - STRS.	305,578
Pension - SERS.	160,535
Total deferred inflows of resources	14,138,177
 Net position:	
Net investment in capital assets	4,609,754
Restricted for:	
Capital projects	1,118,162
Debt service.	275,521
Federally funded programs	1,590
Student activities	108,663
Other purposes	43,098
Unrestricted (deficit)	(27,769,986)
Total net position.	\$ (21,613,198)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 11,286,965	\$ 1,782,417	\$ 195,116	\$ 55,185	\$ (9,254,247)
Special	3,639,645	311,810	1,896,593	-	(1,431,242)
Vocational	1,368,271	28,956	346,323	-	(992,992)
Adult/continuing.	5,000	-	8,050	-	3,050
Other	168	-	-	-	(168)
Support services:					
Pupil.	1,349,759	80,938	79,665	-	(1,189,156)
Instructional staff	1,413,539	-	34,195	-	(1,379,344)
Board of education	96,876	-	-	-	(96,876)
Administration.	2,164,779	272,496	159,674	-	(1,732,609)
Fiscal.	375,409	-	-	-	(375,409)
Business.	332,529	2,159	7	-	(330,363)
Operations and maintenance	2,286,885	1,748	10,535	-	(2,274,602)
Pupil transportation.	929,396	-	45,460	-	(883,936)
Central	218,299	-	-	-	(218,299)
Operation of non-instructional services:					
Other non-instructional services	42,428	98	19,508	-	(22,822)
Food service operations	1,059,710	140,305	845,664	-	(73,741)
Extracurricular activities.	929,065	230,489	16,519	-	(682,057)
Interest and fiscal charges	1,223,132	-	-	-	(1,223,132)
Total governmental activities	\$ 28,721,855	\$ 2,851,416	\$ 3,657,309	\$ 55,185	(22,157,945)

General revenues:

Property taxes levied for:		
General purposes		11,188,317
Debt service.		1,916,098
Capital outlay.		572,585
Payments in lieu of taxes.		41,894
Grants and entitlements not restricted to specific programs		11,718,540
Investment earnings		64,224
Decrease in fair value of investments.		(33,210)
Miscellaneous		65,352
Total general revenues		25,533,800
Change in net position		3,375,855
Net position (deficit) at beginning of year.		(24,989,053)
Net position (deficit) at end of year		\$ (21,613,198)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Debt Service	Building	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 9,185,088	\$ 454,979	\$ 4,553,065	\$ 3,965,156	\$ 18,158,288
Cash in segregated accounts	-	-	1,079,069	-	1,079,069
Receivables:					
Taxes	11,948,690	2,082,489	-	608,350	14,639,529
Accounts	7,528	-	-	174	7,702
Accrued interest	13,257	-	3,517	-	16,774
Intergovernmental	60,126	-	158,025	518,534	736,685
Prepayments	37,165	-	-	2,746	39,911
Materials and supplies inventory	-	-	-	3,035	3,035
Inventory held for resale	-	-	-	7,292	7,292
Due from other funds	166,582	-	-	-	166,582
Total assets	<u>21,418,436</u>	<u>2,537,468</u>	<u>5,793,676</u>	<u>5,105,287</u>	<u>34,854,867</u>
Liabilities:					
Accounts payable	\$ 231,214	\$ -	\$ 17,226	\$ 47,416	\$ 295,856
Contracts payable	-	-	162,332	-	162,332
Retainage payable	-	-	1,082,325	-	1,082,325
Accrued wages and benefits payable	2,107,827	-	-	368,169	2,475,996
Compensated absences payable	33,358	-	-	2,503	35,861
Early retirement incentive payable	2,814	-	-	-	2,814
Pension obligation payable	323,458	-	-	59,777	383,235
Intergovernmental payable	142,137	-	-	4,863	147,000
Due to other funds	-	-	-	166,582	166,582
Total liabilities	<u>2,840,808</u>	<u>-</u>	<u>1,261,883</u>	<u>649,310</u>	<u>4,752,001</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	11,190,223	1,920,749	-	561,092	13,672,064
Delinquent property tax revenue not available	573,561	121,680	-	35,601	730,842
Accrued interest not available	10,689	-	1,363	-	12,052
Intergovernmental revenue not available	50,793	-	-	111,601	162,394
Total deferred inflows of resources	<u>11,825,266</u>	<u>2,042,429</u>	<u>1,363</u>	<u>708,294</u>	<u>14,577,352</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory	-	-	-	3,035	3,035
Prepays	37,165	-	-	2,746	39,911
Restricted:					
Debt service	-	495,039	-	-	495,039
Capital improvements	-	-	4,530,430	755,368	5,285,798
Targeted academic assistance	-	-	-	4,398	4,398
Other purposes	-	-	-	43,098	43,098
Extracurricular	-	-	-	108,663	108,663
Committed:					
Capital improvements	-	-	-	2,900,000	2,900,000
Assigned:					
Student instruction	172,616	-	-	-	172,616
Student and staff support	205,177	-	-	-	205,177
Extracurricular activities	21	-	-	-	21
Uniform school supplies	45,723	-	-	-	45,723
Operation of non-instructional	384	-	-	-	384
Other purposes	11,717	-	-	-	11,717
Unassigned (deficit)	6,279,559	-	-	(69,625)	6,209,934
Total fund balances	<u>6,752,362</u>	<u>495,039</u>	<u>4,530,430</u>	<u>3,747,683</u>	<u>15,525,514</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 21,418,436</u>	<u>\$ 2,537,468</u>	<u>\$ 5,793,676</u>	<u>\$ 5,105,287</u>	<u>\$ 34,854,867</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Total governmental fund balances		\$	15,525,514
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			35,598,014
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Taxes receivable	\$	730,842	
Accrued interest receivable		12,052	
Intergovernmental receivable		162,394	
Total		905,288	905,288
Unamortized premiums on bonds issued are not recognized in the funds.			(1,878,405)
Unamortized amounts on refundings are not recognized in the funds.			1,528,805
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		7,592,777	
Deferred inflows of resources - pension		(466,113)	
Net pension liability		(42,518,811)	
Total		(35,392,147)	(35,392,147)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(217,690)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(34,928,108)	
Compensated absences		(2,140,981)	
Energy conservation notes		(374,117)	
OWDA loan		(58,371)	
Pollution obligation		(181,000)	
Total		(37,682,577)	(37,682,577)
Net position of governmental activities		\$	(21,613,198)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Taxes	\$ 11,159,877	\$ 1,907,558	\$ -	\$ 570,915	\$ 13,638,350
Payment in lieu of taxes	41,894	-	-	-	41,894
Tuition	1,150,006	-	-	-	1,150,006
Earnings on investments	53,535	-	58,309	103	111,947
Charges for services	28,956	-	-	1,281,366	1,310,322
Extracurricular	34,443	-	-	230,489	264,932
Classroom materials and fees	43,161	-	-	-	43,161
Contributions and donations	9,258	-	-	31,343	40,601
Other local revenues	138,201	888	-	10,837	149,926
Intergovernmental - state	12,645,515	64,989	-	196,731	12,907,235
Intergovernmental - federal	114,788	-	-	2,261,550	2,376,338
Decrease in fair value of investments	(20,221)	-	(12,989)	-	(33,210)
Total revenues	25,399,413	1,973,435	45,320	4,583,334	32,001,502
Expenditures:					
Current:					
Instruction:					
Regular	9,772,654	-	-	1,010,893	10,783,547
Special	2,497,202	-	-	997,424	3,494,626
Vocational	1,216,235	-	-	70,009	1,286,244
Adult/continuing	-	-	-	5,000	5,000
Other	159	-	-	-	159
Support services:					
Pupil	1,125,327	-	-	160,241	1,285,568
Instructional staff	1,317,235	-	-	39,477	1,356,712
Board of education	96,539	-	-	-	96,539
Administration	1,647,997	-	-	396,579	2,044,576
Fiscal	354,232	-	-	-	354,232
Business	290,188	30,021	-	12,320	332,529
Operations and maintenance	2,055,597	-	-	71,812	2,127,409
Pupil transportation	862,618	-	-	33,063	895,681
Central	202,963	-	-	-	202,963
Operation of non-instructional services:					
Other operation of non-instructional	18,916	-	-	18,198	37,114
Food service operations	-	-	-	1,009,394	1,009,394
Extracurricular activities	653,975	-	-	250,608	904,583
Facilities acquisition and construction	-	-	15,096,105	7,113	15,103,218
Debt service:					
Principal retirement	-	492,670	-	4,669	497,339
Interest and fiscal charges	-	1,207,173	-	-	1,207,173
Refunding bond issuance costs	-	185,187	-	-	185,187
Total expenditures	22,111,837	1,915,051	15,096,105	4,086,800	43,209,793
Excess (deficiency) of revenues over (under) expenditures	3,287,576	58,384	(15,050,785)	496,534	(11,208,291)
Other financing sources (uses):					
Premium on bonds	-	1,595,733	-	-	1,595,733
Sale of refunding bonds	-	8,399,600	-	-	8,399,600
Proceeds from sale of assets	272,870	-	-	-	272,870
Transfers in	-	-	-	2,945,000	2,945,000
Transfers (out)	(2,945,000)	-	-	-	(2,945,000)
Payment to refunding bond escrow agent	-	(10,015,646)	-	-	(10,015,646)
Total other financing sources (uses)	(2,672,130)	(20,313)	-	2,945,000	252,557
Net change in fund balances	615,446	38,071	(15,050,785)	3,441,534	(10,955,734)
Fund balances at beginning of year	6,136,916	456,968	19,581,215	306,149	26,481,248
Fund balances at end of year	\$ 6,752,362	\$ 495,039	\$ 4,530,430	\$ 3,747,683	\$ 15,525,514

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds \$ (10,955,734)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$ 15,372,525	
Current year depreciation	(409,641)	
Total		14,962,884

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (115,680)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	38,650	
Earnings on investments	7,565	
Intergovernmental	33,886	
Total		80,101

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 497,339

Issuances of bonds are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position. (8,399,600)

Payment to refunding bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net assets. 10,015,646

Premiums on bonds are amortized over the life of the issuance in the statement of activities. (1,595,733)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Decrease in accrued interest payable	211,900	
Accreted interest on capital appreciation bonds	(57,360)	
Amortization of bond premiums	59,361	
Amortization of deferred charges	(44,673)	
Total		169,228

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 2,048,866

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (3,076,759)

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	(73,703)	
Pollution remediation obligation	(181,000)	
Total		(254,703)

Change in net position of governmental activities \$ 3,375,855

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 10,669,570	\$ 10,544,018	\$ 11,158,712	\$ 614,694
Payment in lieu of taxes	90,000	90,000	120,846	30,846
Tuition.	1,118,158	1,105,000	1,150,006	45,006
Earnings on investments	101,191	100,000	132,585	32,585
Classroom materials and fees	-	-	2,036	2,036
Rental income	253	250	-	(250)
Other local revenues	51,667	50,000	136,223	86,223
Intergovernmental - state	12,490,913	12,343,927	12,505,202	161,275
Intergovernmental - federal	101,191	100,000	113,280	13,280
Total revenues	<u>24,622,943</u>	<u>24,333,195</u>	<u>25,318,890</u>	<u>985,695</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,660,377	9,788,130	10,063,266	(275,136)
Special.	2,664,191	2,664,191	2,582,115	82,076
Vocational.	1,441,007	1,441,007	1,338,856	102,151
Other.	2,252	2,252	160	2,092
Support services:				
Pupil.	1,216,764	1,216,764	1,186,192	30,572
Instructional staff	1,387,530	1,392,280	1,351,430	40,850
Board of education	118,141	118,141	121,456	(3,315)
Administration.	1,690,664	1,715,664	1,598,515	117,149
Fiscal	370,792	370,792	351,725	19,067
Business	299,288	299,288	293,526	5,762
Operations and maintenance.	1,934,921	2,034,921	2,031,070	3,851
Pupil transportation	940,508	940,508	908,598	31,910
Central.	244,218	262,968	235,885	27,083
Operation of non-instructional services:				
Other non-instructional services	21,078	21,078	15,469	5,609
Extracurricular activities.	633,347	633,347	649,934	(16,587)
Total expenditures	<u>22,625,078</u>	<u>22,901,331</u>	<u>22,728,197</u>	<u>173,134</u>
Excess of revenues over expenditures.	<u>1,997,865</u>	<u>1,431,864</u>	<u>2,590,693</u>	<u>1,158,829</u>
Other financing sources (uses):				
Refund of prior year's expenditures	74,750	74,750	78,832	4,082
Transfers (out).	-	(2,915,000)	(2,945,000)	(30,000)
Sale of capital assets	6,000	6,000	269,696	263,696
Total other financing sources (uses)	<u>80,750</u>	<u>(2,834,250)</u>	<u>(2,596,472)</u>	<u>237,778</u>
Net change in fund balance	2,078,615	(1,402,386)	(5,779)	1,396,607
Fund balance at beginning of year	8,063,827	8,063,827	8,063,827	-
Prior year encumbrances appropriated . .	611,972	611,972	611,972	-
Fund balance at end of year	<u>\$ 10,754,414</u>	<u>\$ 7,273,413</u>	<u>\$ 8,670,020</u>	<u>\$ 1,396,607</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 12,973	\$ 86,263
Receivables:		
Accounts	-	287
Total assets.	12,973	\$ 86,550
Liabilities:		
Accounts payable.	-	\$ 1,327
Intergovernmental payable	-	1,025
Due to students.	-	84,198
Total liabilities	-	\$ 86,550
Net position:		
Held in trust for scholarships	12,973	
Total net position.	\$ 12,973	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Private Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 19,214
Total additions.	19,214
 Deductions:	
Scholarships awarded	9,561
Change in net position	9,653
Net position at beginning of year.	3,320
Net position at end of year	\$ 12,973

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District employs 105 non-certified and 169 certified employees to provide services to approximately 1,879 students in grades K through 12 and various community groups. The District is located in Canton Township, Stark County, Ohio and serves an area of approximately 25 square miles. The District operates one elementary school, one middle school and one high school.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District’s significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Stark/Portage Area Computer Consortium (SPARCC)

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

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

Stark County Tax Incentive Review Council (SCTIRC)

SCTIRC is a jointly governed organization, created as an advisory council pursuant to State statutes. SCTIRC has 24 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, ten members appointed by township trustees, one member from the county auditor's office and six members appointed by Boards of Education located within the enterprise zones of Stark County. The SCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the Council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this Council. The continued existence of the SCTIRC is not dependent upon the District's continued participation and no measurable equity interest exists.

PUBLIC ENTITY RISK POOLS

Risk Sharing Pool

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

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Insurance Purchasing Pool

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. SchoolComp is jointly sponsored by the Ohio Association of School Business Officials (OASBO) and the Ohio School Board Association (OSBA) as a group purchasing pool.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets and deferred outflows of resources are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance.

The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt service fund - The debt service fund is used to account for the retirement of debt.

Building fund - The building fund is used to account for the receipts and expenditures related to all special bond funds in the District.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for a scholarship program for students. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The District's agency fund accounts for student and community activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows and current liabilities and deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the 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 6). 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange 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 Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 12 for deferred outflows of resources related the District's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 12 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental 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.

E. Budgets

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

Tax Budget:

On October 25, 2005, the Stark County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15th and the filing by January 20th. The Budget Commission now requires an alternate tax budget be submitted by January 20th, which no longer requires specific Board approval.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

By 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 July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts from the certificate of estimated resources that was in effect at the time the original and final appropriations were passed by the Board of Education.

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, three supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget amounts reflect the first appropriation for that fund covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

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. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year-end are reported as components of restricted, committed, or assigned classification of fund balance.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Lapsing of Appropriations:

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2017, investments were limited to Federal Home Loan Bank (FHLB) securities, repurchase agreements, investments in government mutual funds and negotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2017 amounted to \$53,535, which includes \$12,111 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the consumption method which means that the cost of inventory items are recorded as an expenditure in the governmental funds when consumed.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000 for its general capital assets. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	50 years
Buildings and improvements	50 years
Furniture and equipment	5 - 20 years
Vehicles	15 - 20 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as “due to/from other funds”. These amounts are eliminated in the governmental activities columns on the statement of net position.

J. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB No. 16, “Accounting for Compensated Absences”. Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the “termination payment method”. The termination payment method accrues a liability that is based entirely on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit. The estimate is based on past experience. This estimate (ratio) is then applied to employee’s sick leave balances and current wages at fiscal year end.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The entire compensated absence liability is reported on the government-wide financial statements.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

For governmental fund financial statements, 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 noncurrent portion of the liability is not reported.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

O. Estimates

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

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Unamortized Bond Premiums and Discounts/Accounting Gain or Loss

Bond premiums are deferred and amortized over the term of the bonds. Using the straight-line method, which approximates the effective interest method, bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred inflow or deferred outflow of resources.

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.

Q. Vocational Education

The District has entered into a career technical education agreement with the Sandy Valley Local School District, Perry Local School District and the Osnaburg Local School District to provide career technical education programs for students of the three participating districts. The District is the principal agency for the programs and is responsible for the physical facilities of the programs. The District receives state foundation funding for students from neighboring districts that attend career technical education programs in the District.

R. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Interfund activity between governmental funds is eliminated in the statement of activities.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2017.

U. Fair Market Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2017, the District has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in the District's fiscal year 2017 financial statements (see Note 19); however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2017 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 4,503
Other grant funds	39,185
Public school preschool	13,661
IDEA, Part-B	2,904
Vocational education	642
Improving teacher quality	2,949

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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;

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 items (1) and (2) above 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);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date 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 note debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash in Segregated Accounts

At June 30, 2017, the District had \$1,079,069 held in an account for retainage. These funds are included below and are reported on the financial statement as "cash in segregated accounts"

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Cash on Hand

At year end, the District had \$150 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

C. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all District deposits was \$7,521,112, exclusive of the \$9,618 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, \$7,026,973 of the District's bank balance of \$7,613,913 was exposed to custodial credit risk, while \$586,940 was covered by the FDIC.

D. Investments

As of June 30, 2017, the District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	<u>Investment Maturities</u>				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
Fair Value:						
Repurchase agreement	\$ 9,618	\$ 9,618	\$ -	\$ -	\$ -	\$ -
Government mutual fund	990,441	990,441	-	-	-	-
Negotiable CD's	8,489,613	3,479,817	2,269,000	1,481,906	761,124	497,766
FHLB	<u>1,246,590</u>	<u>-</u>	<u>748,455</u>	<u>498,135</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,736,262</u>	<u>\$ 4,479,876</u>	<u>\$ 3,017,455</u>	<u>\$ 1,980,041</u>	<u>\$ 761,124</u>	<u>\$ 497,766</u>

The weighted average maturity of investments is 0.74 years.

The District's investments in government mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FHLB), repurchase agreements and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's Government mutual funds carry a rating of AAA by Moody's and a rating of A+ by Standard and Poor's. The District's investments in federal agency securities (FHLB) were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$100,000 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2017:

<u>Measurement/ Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Fair Value:		
Repurchase agreement	\$ 9,618	0.09
Government mutual fund	990,441	9.23
Negotiable CD's	8,489,613	79.07
FHLB	<u>1,246,590</u>	<u>11.61</u>
Total	<u>\$ 10,736,262</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 7,521,112
Investments	10,736,262
Cash in segregated accounts	1,079,069
Cash on hand	<u>150</u>
Total	<u>\$ 19,336,593</u>

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 19,237,357
Private-purpose trust funds	12,973
Agency funds	<u>86,263</u>
 Total	 <u>\$ 19,336,593</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2017, as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 166,582</u>

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were requested, but were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund transfers for the year ended June 30, 2017, consisted of the following, as reported on the fund financial statement:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental fund	<u>\$ 2,945,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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 alternate payment dates to be established. Public utility property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Stark County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was \$184,906 in the general fund, \$40,060 in the debt service fund and \$11,657 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2016 was \$183,741 in the general fund, \$34,467 in the debt service fund and \$10,831 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 226,882,600	68.19	\$ 230,337,760	65.82
Public utility personal	<u>105,827,670</u>	<u>31.81</u>	<u>119,587,890</u>	<u>34.18</u>
Total	<u>\$ 332,710,270</u>	<u>100.00</u>	<u>\$ 349,925,650</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$48.20		\$48.20	
Permanent improvements	1.90		1.90	
Debt service	5.70		5.80	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2017 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position are as follows:

Governmental activities:

Taxes	\$ 14,639,529
Accounts	7,702
Accrued interest	16,774
Intergovernmental	<u>736,685</u>
Total	<u>\$ 15,400,690</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows. Beginning balances have been reclassified to correctly state asset balances between asset classes. There was no effect on net position.

	Restated Balance <u>07/01/16</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/17</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,060,919	\$ -	\$ -	\$ 1,060,919
Construction in progress	<u>16,166,173</u>	<u>12,703,284</u>	<u>-</u>	<u>28,869,457</u>
Total capital assets, not being depreciated	<u>17,227,092</u>	<u>12,703,284</u>	<u>-</u>	<u>29,930,376</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,019,018	99,975	(8,244)	1,110,749
Buildings and improvements	11,728,113	325,167	(63,900)	11,989,380
Furniture and equipment	1,711,687	2,095,479	(742,863)	3,064,303
Vehicles	<u>2,044,807</u>	<u>148,620</u>	<u>-</u>	<u>2,193,427</u>
Total capital assets, being depreciated	<u>16,503,625</u>	<u>2,669,241</u>	<u>(815,007)</u>	<u>18,357,859</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(870,085)	(16,239)	8,244	(878,080)
Buildings and improvements	(9,585,799)	(171,896)	38,142	(9,719,553)
Furniture and equipment	(1,362,118)	(133,453)	652,941	(842,630)
Vehicles	<u>(1,161,905)</u>	<u>(88,053)</u>	<u>-</u>	<u>(1,249,958)</u>
Total accumulated depreciation	<u>(12,979,907)</u>	<u>(409,641)</u>	<u>699,327</u>	<u>(12,690,221)</u>
Governmental activities capital assets, net	<u>\$ 20,750,810</u>	<u>\$ 14,962,884</u>	<u>\$ (115,680)</u>	<u>\$ 35,598,014</u>

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 189,919
Special	2,896
Vocational	51,355
<u>Support services:</u>	
Pupil	1,605
Instructional staff	3,706
Administration	1,067
Operations and maintenance	32,736
Pupil transportation	102,025
Central	3,111
Other non-instructional services	5,310
Extracurricular activities	8,594
Food service operations	<u>7,317</u>
Total depreciation expense	<u>\$ 409,641</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2017, the following changes occurred in governmental activities long-term obligations.

	Balance			Balance	Due in
	<u>07/01/16</u>	<u>Increase</u>	<u>Decrease</u>	<u>06/30/17</u>	<u>One Year</u>
Compensated absences	\$ 2,079,636	\$ 112,378	\$ (12,358)	\$ 2,179,656	\$ 97,771
School improvement bonds, series 2014					
Current interest bonds	35,145,000	-	(8,835,000)	26,310,000	600,000
Capital appreciation bonds	95,000	-	-	95,000	-
Accreted interest	66,148	45,177	-	111,325	-
General obligation refunding bonds, series 2016					
Current interest bonds	-	8,045,000	-	8,045,000	25,000
Capital appreciation bonds	-	354,600	-	354,600	-
Accreted interest	-	12,183	-	12,183	-
Energy conservation notes	431,787	-	(57,670)	374,117	58,959
OWDA loan	63,040	-	(4,669)	58,371	4,669
Pollution remediation obligation	-	181,000	-	181,000	181,000
Net pension liability	<u>34,855,008</u>	<u>7,663,803</u>	<u>-</u>	<u>42,518,811</u>	<u>-</u>
Total	<u>\$ 72,735,619</u>	<u>\$ 16,414,141</u>	<u>\$ (8,909,697)</u>	80,240,063	<u>\$ 967,399</u>
Add: unamortized premiums				1,878,405	
Total on statement of net position				<u>\$ 82,118,468</u>	

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Pollution Remediation Obligation

During fiscal year 2017, the District commenced pollution remediation by removing asbestos in one of their buildings. The pollution remediation is expected to be completed in fiscal year 2018 and the obligation will be paid from the building fund.

Compensated Absences and Early Retirement Incentives

Compensated absences and early retirement incentives will be paid from the fund from which the employee is paid which, for the District, is primarily the general fund and food service fund (a nonmajor governmental fund).

Net Pension Liability

See Note 12 for detail.

- B.** School Improvement Bonds, Series 2014 - On March 12, 2014, the District issued \$36,600,000 in general obligation serial bonds, for the purpose of improving school facilities. Principal and interest payments are made from the debt service fund (a nonmajor governmental fund).

The issue is comprised of both current interest serial bonds, par value \$36,505,000, and capital appreciation bonds par value \$95,000. The interest rates on the current interest bonds range from 1.5%-5.0%. The capital appreciation bonds mature on November 1, 2020 (stated interest rate 26.31%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$490,000.

Interest payments on the current interest serial bonds are due on May 1 and November 1 of each year. During 2017, the District issued General Obligation Refunding Bonds (Series 2016 refunding bonds) to refund \$8,400,000 of the Series 2014 current interest bonds. As a result, the final maturity of the Series 2014 bonds is November 1, 2040.

Unspent proceeds as of June 30, 2017 were \$4,204,600.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the Series 2014 Bonds:

Fiscal Year	Current Interest - Series 2014			Capital Appreciation - Series 2014		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 600,000	\$ 1,003,750	\$ 1,603,750	\$ -	\$ -	\$ -
2019	605,000	996,213	1,601,213	-	-	-
2020	615,000	987,063	1,602,063	-	-	-
2021	130,000	980,825	1,110,825	95,000	395,000	490,000
2022	625,000	971,388	1,596,388	-	-	-
2023 - 2027	2,975,000	4,515,372	7,490,372	-	-	-
2028 - 2032	5,195,000	3,800,522	8,995,522	-	-	-
2033 - 2037	7,575,000	2,527,438	10,102,438	-	-	-
2038 - 2041	7,990,000	704,863	8,694,863	-	-	-
Total	<u>\$ 26,310,000</u>	<u>\$ 16,487,434</u>	<u>\$ 42,797,434</u>	<u>\$ 95,000</u>	<u>\$ 395,000</u>	<u>\$ 490,000</u>

C. Series 2016 General Obligation Refunding Bonds

On October 5, 2016, the District issued General Obligation Refunding Bonds (Series 2016 refunding bonds). These bonds refunded \$8,400,000 of the Series 2014 issue current interest bonds. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position.

This issue is comprised of both current interest serial bonds, par value \$8,045,000, and capital appreciation bonds, par value \$354,600. The interest rates on the current interest bonds range from 1.5% - 4.0%. The capital appreciation bonds mature on November 1, 2041 (stated interest rate 7.02) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,000,000. Payments on the current interest bonds are due on May 1 and November 1 of each year. The final maturity stated in the issue is November 1, 2043.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,573,478. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 27 years by \$1,353,714 and resulted in an economic gain of \$979,254.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the Series 2016 refunding bonds:

Fiscal Year	Current Interest - Series 2016			Capital Appreciation - Series 2016		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 25,000	\$ 312,888	\$ 337,888	\$ -	\$ -	\$ -
2019	50,000	312,325	362,325	-	-	-
2020	50,000	311,575	361,575	-	-	-
2021	50,000	310,825	360,825	-	-	-
2022	50,000	310,075	360,075	-	-	-
2023 - 2027	1,030,000	1,487,450	2,517,450	-	-	-
2028 - 2032	455,000	1,308,100	1,763,100	-	-	-
2033 - 2037	390,000	1,229,400	1,619,400	-	-	-
2038 - 2042	850,000	1,136,000	1,986,000	354,600	1,645,400	2,000,000
2043 - 2044	5,095,000	205,700	5,300,700	-	-	-
Total	<u>\$ 8,045,000</u>	<u>\$ 6,924,338</u>	<u>\$ 14,969,338</u>	<u>\$ 354,600</u>	<u>\$ 1,645,400</u>	<u>\$ 2,000,000</u>

- D. During fiscal year 2008, the District issued energy conservation notes to provide for energy improvements to various District buildings. The primary source of repayment of these notes is through energy savings as a result of the improvements.

Payments of principal and interest relating to the energy conservation notes are recorded as expenditures in the debt service fund (a nonmajor governmental fund). The unmatured obligations at year end are accounted for in the statement of net position. The energy conservation project was primarily for various building maintenance and repairs, which have not been capitalized by the District. The District has capitalized \$38,660 in equipment spent from the note proceeds; the remaining expenditures were expensed as repairs and maintenance costs.

The following is a description of the District's energy conservation notes outstanding as of June 30, 2017:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance 07/01/16	Issued in 2017	Retired in 2017	Balance 06/30/17
Energy conservation notes	4.47%	12/14/07	12/1/22	<u>\$ 431,787</u>	<u>\$ -</u>	<u>\$ (57,670)</u>	<u>\$ 374,117</u>

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation notes:

Fiscal Year Ending	Principal	Interest	Total
2018	\$ 58,959	\$ 15,405	\$ 74,364
2019	60,276	12,740	73,016
2020	61,624	10,016	71,640
2021	63,001	7,231	70,232
2022	64,409	4,383	68,792
2023	65,848	1,475	67,323
Total	<u>\$ 374,117</u>	<u>\$ 51,250</u>	<u>\$ 425,367</u>

- E. During fiscal year 2010, the District entered into a debt financing arrangement through the Ohio Water Development Authority (OWDA) to fund the well project at Walker Elementary. The amounts due to the OWDA are being paid from the permanent improvement fund (a nonmajor governmental fund).

The following is a description of the OWDA loan outstanding as of June 30, 2017:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance 07/01/16	Issued in 2017	Retired in 2017	Balance 06/30/17
OWDA Loan	0.00%	1/1/10	7/1/29	\$ 63,040	-	\$ (4,669)	\$ 58,371

The following is a summary of the District's future annual debt service requirements to maturity for the OWDA loan:

Fiscal Year Ending	Principal
2018	\$ 4,669
2019	4,669
2020	4,669
2021	4,669
2022	4,669
2023 - 2027	23,347
2028 - 2030	11,679
Total	<u>\$ 58,371</u>

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

Revised Code Section 133.06(E) permits a school districts to incur indebtedness in excess of the 9% limitation if, based on five-year projects showing annual property value growth of 1.5% or more, the State Superintendent determines that such district is a "special needs" district. On August 5, 2013, the District received special needs consent from the State Superintendent and the Tax Commissioner.

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made to certified and classified employees for one-fourth of accrued, but unused sick leave credit up to a maximum 81 days.

B. Early Retirement Incentive

The District offered one early retirement incentive effective July 1, 2017 for members of SERS who have at least 20 years of service with the District and are determined to be first time eligible for retirement under SERS. The incentive was a one-time cash payment based on years of service. An employee with 20 to 25 years of employment shall be paid a cash incentive equal to 20 days, paid at their daily rate at the time or retirement. An employee with 25 or more years of employment shall be paid a cash incentive equal to 25 days, paid at their daily rate at the time or retirement. At June 30, 2017, it was known that one employee would be taking advantage of this early retirement incentive option in fiscal year 2018.

C. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through Stark County Council of Governments Health Benefits Program. Coverage in the amount of \$75,000 is provided for administrators, \$70,000 is provided for certified employees and \$60,000 is provided for classified employees.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The 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 2017, the District contracted with Liberty Mutual Insurance Company for education liability, commercial auto coverage, property, general and excess liability insurance. The Liberty Mutual Insurance Company also covers boiler and machinery, inland marine, audio/visual equipment and musical instruments. Coverages under these policies are as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage Amount</u>
Liberty Mutual Insurance	Commercial Property	\$112,920,800
	Computers and Equipment	2,755,056
	Musical Instruments	310,413
	School Cameras	117,220
	Commercial Auto	1,000,000
	Customer's Autos - Garage Keepers	60,000
	Uninsured Motorists Bodily Injury	100,000
	Uninsured Motorist Property Damage	7,500
	Umbrella Liability	10,000,000
	General Liability, General aggregate	2,000,000
	General Liability, per occurrence	1,000,000
	Damage to rented premises	300,000
	Medical Expense	15,000
Flood	500,000	

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

B. Employee Health Benefits

The District has contracted with Stark County Schools Council of Governments (a shared risk pool) (Note 2) to provide employee medical/surgical benefits. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participants. The District's Board of Education pays \$1,792 for family coverage health and dental insurance and \$737 for single coverage health and dental insurance, per month. The average employee's share of monthly premiums is \$238 for family coverage and \$98 for single coverage. The District received three premium holidays for fiscal year 2017 meaning the District's Board and the employees did not have to pay premiums for three months.

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

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

The District participates in a workers' compensation program jointly sponsored by the Ohio Association of School Business Officials (OASBO) and the Ohio School Board Association (OSBA), known as SchoolComp (Note 2). CompManagement, Inc. (CMI) is the program's third party administrator. SchoolComp serves to group its members' risks for the purpose of obtaining a favorable experience rating to determine its premium liability to the Ohio Bureau of Workers' Compensation (OBWC) and the Ohio Workers' Compensation Fund. This may be accomplished through participation in a group rating program or through group retrospective rating. The District has chosen to participate in the group rating program for the current fiscal year. Participation in SchoolComp is restricted to members who meet enrollment criteria and are jointly in good standing with OASBO and OSBA. OASBO and OSBA are certified sponsors recognized by OBWC.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension obligation payable* on both the accrual and modified accrual bases of accounting.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$449,847 for fiscal year 2017. Of this amount, \$51,306 is reported as *pension obligation payable*.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS was \$1,599,019 for fiscal year 2017. Of this amount, \$267,213 is reported as *pension obligation payable*.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.099874500%	0.105496230%	
Proportion of the net pension liability current measurement date	0.100058000%	0.105145860%	
Change in proportionate share	0.000183500%	-0.000350370%	
Proportionate share of the net pension liability	\$ 7,323,322	\$ 35,195,489	\$ 42,518,811
Pension expense	\$ 651,770	\$ 2,424,989	\$ 3,076,759

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 98,773	\$ 1,422,067	\$ 1,520,840
Net difference between projected and actual earnings on pension plan investments	604,066	2,922,170	3,526,236
Changes of assumptions	488,872	-	488,872
Difference between District contributions and proportionate share of contributions/ change in proportionate share	7,963	-	7,963
District contributions subsequent to the measurement date	<u>449,847</u>	<u>1,599,019</u>	<u>2,048,866</u>
Total deferred outflows of resources	<u><u>\$ 1,649,521</u></u>	<u><u>\$ 5,943,256</u></u>	<u><u>\$ 7,592,777</u></u>
Deferred inflows of resources			
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>\$ 160,535</u>	<u>\$ 305,578</u>	<u>\$ 466,113</u>
Total deferred inflows of resources	<u><u>\$ 160,535</u></u>	<u><u>\$ 305,578</u></u>	<u><u>\$ 466,113</u></u>

\$2,048,866 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2018	\$ 225,769	\$ 589,282	\$ 815,051
2019	225,332	589,282	814,614
2020	414,396	1,710,600	2,124,996
2021	<u>173,642</u>	<u>1,149,495</u>	<u>1,323,137</u>
Total	<u><u>\$ 1,039,139</u></u>	<u><u>\$ 4,038,659</u></u>	<u><u>\$ 5,077,798</u></u>

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
- Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 9,695,622	\$ 7,323,322	\$ 5,337,609

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
 Total	 <u>100.00 %</u>	 <u>7.61 %</u>

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 46,771,945	\$ 35,195,489	\$ 25,430,066

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Changes Between Measurement Date and Report Date - In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to District's NPL is expected to be significant.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the District's surcharge obligation was \$56,259.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$56,259, \$51,858, and \$77,578, respectively. The fiscal year 2017 amount has been reported as *pension obligation payable*. The full amount has been contributed for fiscal years 2016 and 2015.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (5,779)
Net adjustment for revenue accruals	(33,607)
Net adjustment for expenditure accruals	120,373
Net adjustment for other sources/uses	(75,658)
Funds budgeted elsewhere	9,294
Adjustment for encumbrances	600,823
GAAP basis	\$ 615,446

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special rotary fund, public school support fund and the uniform school supplies fund.

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not a party to legal proceedings that would have a material effect on the financial condition of the District.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The net adjustments were not material and are not reflected in the accompanying financial statements.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 16 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2016	\$ -
Current year set-aside requirement	350,789
Current year qualifying expenditures	-
Current year offsets	<u>(704,469)</u>
Total	<u>\$ (353,680)</u>
Balance carried forward to fiscal year 2018	<u>\$ -</u>
Set-aside balance June 30, 2017	<u>\$ -</u>

NOTE 17 - COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

	<u>Year-End Encumbrances</u>
<u>Fund Type</u>	
General fund	\$ 350,880
Building fund	2,289,527
Other governmental	<u>293,020</u>
Total	<u>\$ 2,933,427</u>

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 18 - CONTRACTUAL COMMITMENTS

As of June 30, 2017, the District had the following contractual commitments outstanding related to school improvement projects. A summary of the primary contractual commitments follows:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid Through June 30, 2017</u>	<u>Remaining Contract Amount</u>
Motter & Meadows	\$ 2,757,800	\$ 2,458,394	\$ 299,406
Knoch Corporation	17,963,384	16,863,884	1,099,500
Abbott Electric	2,824,873	2,780,273	44,600
Whisler Plumbing	3,697,367	3,673,367	24,000
Fire Foe Corporation	420,390	410,370	10,020
Inertech Security	464,376	459,876	4,500
Shook Corporation	132,000	114,750	17,250
J. Eslich Construction	887,602	-	887,602
	<u>\$ 29,147,792</u>	<u>\$ 26,760,914</u>	<u>\$ 2,386,878</u>
Total	<u>\$ 29,147,792</u>	<u>\$ 26,760,914</u>	<u>\$ 2,386,878</u>

NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Canton and Canton Township entered into property tax abatement agreements with local businesses under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District property taxes were reduced by \$280,588 during fiscal year 2017.

NOTE 20 – SUBSEQUENT EVENT

On December 27, 2017, the District issued Refunding Bonds, Series 2017, in the amount of \$9,054,972. These bonds bear variable interest rates and mature on November 1, 2040.

In February 2018, the District was awarded two contracts for stadium renovations. The first was to Maumee Bay Turf Center for the installation of synthetic turf on the football field. The total of the contract was \$649,550 and will be paid out of the District's Permanent Improvement Fund. The second contract was to Construction Manager at Risk (CMR) contract to Beaver Constructors, Inc for stadium renovations including a new gated entrance to the stadium, new concession stand/restroom/visitors' locker room and press box renovations. The total of the contract was \$206,670.

REQUIRED SUPPLEMENTARY INFORMATION

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.10005800%	0.09987450%	0.10602500%	0.10602500%
District's proportionate share of the net pension liability	\$ 7,323,322	\$ 5,698,936	\$ 5,365,865	\$ 6,304,966
District's covered-employee payroll	\$ 3,109,157	\$ 3,006,745	\$ 3,050,057	\$ 3,424,886
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.54%	189.54%	175.93%	184.09%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.10514586%	0.10549623%	0.10712716%	0.10712716%
District's proportionate share of the net pension liability	\$ 35,195,489	\$ 29,156,072	\$ 26,057,033	\$ 31,038,967
District's covered-employee payroll	\$ 11,417,829	\$ 11,173,314	\$ 10,163,621	\$ 10,492,929
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	308.25%	260.94%	256.38%	295.81%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 449,847	\$ 435,282	\$ 396,289	\$ 427,008
Contributions in relation to the contractually required contribution	<u>(449,847)</u>	<u>(435,282)</u>	<u>(396,289)</u>	<u>(427,008)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,213,193	\$ 3,109,157	\$ 2,830,636	\$ 3,050,057
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 479,484	\$ 489,968	\$ 442,056	\$ 496,710	\$ 371,328	\$ 385,795
<u>(479,484)</u>	<u>(489,968)</u>	<u>(442,056)</u>	<u>(496,710)</u>	<u>(371,328)</u>	<u>(385,795)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,424,886	\$ 3,499,771	\$ 3,157,543	\$ 3,547,929	\$ 2,652,343	\$ 2,755,679
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,599,019	\$ 1,598,496	\$ 1,564,264	\$ 1,422,907
Contributions in relation to the contractually required contribution	<u>(1,599,019)</u>	<u>(1,598,496)</u>	<u>(1,564,264)</u>	<u>(1,422,907)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 11,421,564	\$ 11,417,829	\$ 11,173,314	\$ 10,163,621
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,469,010	\$ 1,480,889	\$ 1,473,086	\$ 1,577,631	\$ 1,587,590	\$ 1,605,409
<u>(1,469,010)</u>	<u>(1,480,889)</u>	<u>(1,473,086)</u>	<u>(1,577,631)</u>	<u>(1,587,590)</u>	<u>(1,605,409)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,492,929	\$ 10,577,779	\$ 10,522,043	\$ 11,268,793	\$ 11,339,929	\$ 11,467,207
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor Number	Passed Through to Subrecipients	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>(Passed Through Ohio Department of Education)</i>				
Title I Grants to Local Educational Agencies	84.010	572-9017	-	\$467,733
		572-9016	-	105,095
Title I - D Grants to Local Educational Agencies		572-9117	-	128,641
		572-9116	-	56,412
Total Title I Grants to Local Educational Agencies			-	757,881
Special Education Cluster:				
Special Education Grants to States (IDEA, Part B)	84.027	516-9017	-	373,786
		516-9016	-	52,346
Total Special Education Cluster			-	426,132
Improving Teacher Quality State Grants	84.367	590-9017	-	69,975
		590-9016	-	9,009
Total Improving Teacher Quality State Grants			-	78,984
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	524-9017	-	98,469
		524-9016	-	12,688
Total Career and Technical Education - Basic Grants to States (Perkins IV)			-	111,157
Total U.S. Department of Education			-	1,374,154
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>(Passed Through Ohio Department of Education)</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	006-0000	-	94,060
Cash Assistance:				
National School Lunch Program	10.555	006-0000	-	539,263
National School Breakfast Program	10.553	006-0000	-	206,197
Total Child Nutrition Cluster			-	839,520
Total U.S. Department of Agriculture			-	839,520
Total			-	\$2,213,674

The accompanying notes are an integral part of this schedule.

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Canton Local School District (the District's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE D – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE E - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with Ohio Department of Education's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2017 to 2018 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$111,134
Special Education - Grants to States	84.027	\$109,378



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Canton Local School District
Stark County
600 Faircrest Street, SE
Canton, Ohio 44707

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the Canton Local School District, Stark County, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 28, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2017-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2017-001.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 28, 2018



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Canton Local School District
Stark County
600 Faircrest Street, SE
Canton, Ohio 44707

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Canton Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Canton Local School District's major federal program for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. 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 our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Canton Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 28, 2018

**CANTON LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
June 30, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR §200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster, CFDA #10.553 and 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

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

1. **Ohio Revised Code § 5705.10(C)**

<i>Finding Number</i>	2017-001
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NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

Ohio Rev. Code § 5705.10(C) requires all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

During fiscal year 2017, the District misposted \$85,920 in real estate tax advances in the Permanent Improvement Fund. Given the source of the monies, this receipt should be recorded in the Bond Retirement Fund. The adjustment has been recorded to the financial statements and the District's accounting records.

The District should ensure all monies related to the District's bond levies are recorded to the Bond Retirement Fund in order to comply with Ohio Rev. Code § 5705.10(C).

Official's Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Canton Local School District

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cantonlocal.org

Stephen Milano, Superintendent

Jason Schatzel, Treasurer

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) June 30, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The District made the adjustments necessary to correct the posting error of real estate tax advances on January 23, 2018 . The District has added another layer of control over real estate collections that includes an analysis of the ledger posting of all incoming advances with the final settlements to ensure that real estate advances and final settlements are posted to the correct funds.	February 1, 2018	Jason Schatzel, Treasurer

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CANTON LOCAL SCHOOL DISTRICT

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 22, 2018