



**NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types and Similar Fiduciary Funds	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual (NON-GAAP Budgetary Basis) All Governmental Fund Types and Similar Fiduciary Funds	12
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types and Similar Fiduciary Funds	20
Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Fiduciary Funds	22
Notes to the General Purpose Financial Statements	25
Schedule of Receipts and Expenditures of Federal Awards	53
Notes to the Schedule of Receipts and Expenditures of Federal Awards	54
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	55
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	57
Schedule of Findings	59

This page intentionally left blank.



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

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

North Canton City School District
Stark County
525 Seventh Street
North Canton, Ohio 44720

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

December 11, 2000

This page intentionally left blank.

This page intentionally left blank.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY

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

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>Assets and Other Debits</u>				
Cash, cash equivalents and investments	\$ 2,328,992	\$ 754,394	\$ 1,500,091	\$ 257,551
Receivable (Net allowances for uncollectables)				
Taxes - current	14,346,330	-	1,717,330	-
Taxes - delinquent	163,137	-	22,830	-
Accounts	5,609	-	-	-
Due from other governments	5,420	-	-	-
Accrued interest	29,536	-	-	-
Due from other funds	2,100	-	-	-
Inventory held for resale	-	-	-	-
Materials and supplies inventory	2,039	-	-	-
Restricted Assets:				
Cash, cash equivalents and investments	387,885	-	-	-
Property, plant and equipment				
(Net of accumulated depreciation)	-	-	-	-
Amount available in Debt Service Fund	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total Assets and Other Debits	\$ 17,271,048	\$ 754,394	\$ 3,240,251	\$ 257,551

The notes to the general purpose financial statements are an integral part of this statement.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMO- RANDUM ONLY)
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
\$ 194,373	\$ 470	\$ 184,178	\$ -	\$ -	\$ 5,220,049
-	-	-	-	-	16,063,660
-	-	-	-	-	185,967
-	-	400	-	-	6,009
-	-	-	-	-	5,420
-	-	-	-	-	29,536
-	-	-	-	-	2,100
4,598	-	-	-	-	4,598
4,391	-	-	-	-	6,430
-	-	-	-	-	387,885
107,859	-	-	52,100,229	-	52,208,088
-	-	-	-	1,606,961	1,606,961
-	-	-	-	21,983,390	21,983,390
\$ 311,221	\$ 470	\$ 184,578	\$ 52,100,229	\$ 23,590,351	\$ 97,710,093

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY

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

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>Liabilities, Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts payable	\$ 63,006	\$ 667	\$ -	\$ -
Accrued wages and benefits	2,825,488	89,851	-	-
Compensated absences payable	-	-	-	-
Due to other governments	446,040	13,732	-	-
Due to other funds	-	-	-	-
Deferred revenue	13,781,677	-	1,633,290	-
Due to students	-	-	-	-
General obligation bonds payable	-	-	-	-
Total Liabilities	17,116,211	104,250	1,633,290	-
<u>Equity and Other Credits</u>				
Investment in general fixed assets	-	-	-	-
Retained earnings : unreserved	-	-	-	-
Fund balances:				
Reserved for Endowment	-	-	-	-
Reserved for budget stabilization	387,885	-	-	-
Reserved for inventory	2,039	-	-	-
Reserved for property taxes	727,790	-	106,870	-
Unreserved - Undesignated	(962,877)	650,144	1,500,091	257,551
Total Equity and Other Credits	154,837	650,144	1,606,961	257,551
Total Liabilities, Equity and Other Credits	\$ 17,271,048	\$ 754,394	\$ 3,240,251	\$ 257,551

The notes to the general purpose financial statements are an integral part of this statement.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	(MEMO-RANDUM ONLY)
\$ 5,891	\$ -	\$ 1,475	\$ -	\$ -	\$ 71,039
37,463	-	-	-	-	2,952,802
29,849	-	-	-	1,338,684	1,368,533
28,608	-	-	-	216,667	705,047
2,100	-	-	-	-	2,100
-	-	-	-	-	15,414,967
-	-	105,579	-	-	105,579
-	-	-	-	22,035,000	22,035,000
103,911	-	107,054	-	23,590,351	42,655,067
-	-	-	52,100,229	-	52,100,229
207,310	470	44,163	-	-	251,943
-	-	-	-	-	-
-	-	-	-	-	387,885
-	-	-	-	-	2,039
-	-	-	-	-	834,660
-	-	33,361	-	-	1,478,270
207,310	470	77,524	52,100,229	-	55,055,026
\$ 311,221	\$ 470	\$ 184,578	\$ 52,100,229	\$ 23,590,351	\$ 97,710,093

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
<u>Revenues</u>			
Taxes	\$ 14,460,222	\$ -	\$ 1,906,743
Tuition and fees	267,301	219,041	218,537
Earnings on investments	486,807	8,237	-
Intergovernmental	10,212,627	1,129,119	-
Extracurricular activities	4,315	248,845	-
Miscellaneous	635,932	79,558	-
Total Revenues	26,067,204	1,684,800	2,125,280
<u>Expenditures</u>			
Instruction:			
Regular	13,354,874	60,667	-
Special	2,052,984	300,984	-
Vocational	1,026,022	55,279	-
Other	48,872	5,629	-
Support Services:			
Pupils	1,054,490	103,357	-
Instructional staff	1,325,083	378,320	-
Board of education	14,839	-	-
Administration	1,988,091	284,142	-
Fiscal	632,030	-	34,758
Business	53,998	-	-
Operations and maintenance	2,786,495	7,254	-
Pupil transportation	1,688,966	-	-
Central	149,860	77,964	-
Extracurricular activities	584,826	223,609	-
Facilities acquisition	492,032	-	-
Operation of non-instructional services	136,039	173,171	-
Debt Service:			
Principal retirement	-	-	925,000
Interest and fiscal charges	-	-	1,167,471
Total Expenditures	\$ 27,389,501	\$ 1,670,376	\$ 2,127,229

The notes to the general purpose financial statements are an integral part of this statement.

<u>CAPITAL PROJECTS</u>	<u>FIDUCIARY FUND TYPE EXPENDABLE TRUST</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
\$ -	\$ -	\$ 16,366,965
26,076	239	731,194
140	-	495,184
9,225	-	11,350,971
-	-	253,160
-	4,658	720,148
35,441	4,897	29,917,622
-	-	13,415,541
-	-	2,353,968
31,704	-	1,113,005
-	-	54,501
-	-	1,157,847
-	258	1,703,661
-	-	14,839
-	602	2,272,835
-	-	666,788
183,330	-	237,328
-	-	2,793,749
-	-	1,688,966
-	5,298	233,122
-	213	808,648
145,656	-	637,688
-	-	309,210
-	-	925,000
-	-	1,167,471
\$ 360,690	\$ 6,371	\$ 31,554,167

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2000

(Continued)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
Excess (Deficit) of Revenues			
Over (Under) Expenditures	\$ (1,322,297)	\$ 14,424	\$ (1,949)
<u>Other Financing Sources/ (Uses)</u>			
Sale of assets	5,737	-	-
Advances in	-	-	-
Operating transfers in	-	-	283,076
Operating transfers out	(283,076)	-	-
Refund of prior year receipts	(181)	(10,109)	-
Refund of prior year expenditures	54,636	-	-
Total Other Financing Sources/ (Uses)	(222,884)	(10,109)	283,076
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(1,545,181)	4,315	281,127
Fund Balances - July 1, 1999	1,700,971	645,829	1,325,834
Decrease in Reserve for Inventory	(953)	-	-
Fund Balances - June 30, 2000	\$ 154,837	\$ 650,144	\$ 1,606,961

The notes to the general purpose financial statements are an integral part of this statement.

<u>CAPITAL PROJECTS</u>	<u>FIDUCIARY FUND TYPE EXPENDABLE TRUST</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
\$ (325,249)	\$ (1,474)	\$ (1,636,545)
-	-	5,737
-	-	-
-	-	283,076
-	-	(283,076)
-	-	(10,290)
4,385	-	59,021
<u>4,385</u>	<u>-</u>	<u>54,468</u>
(320,864)	(1,474)	(1,582,077)
578,415	7,265	4,258,314
<u>-</u>	<u>-</u>	<u>(953)</u>
<u>\$ 257,551</u>	<u>\$ 5,791</u>	<u>\$ 2,675,284</u>

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY

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

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
Revenues			
Taxes	\$ 14,389,992	\$ 14,389,992	\$ -
Intergovernmental	10,210,776	10,210,776	-
Tuition and fees	292,733	292,733	-
Earnings on investments	401,166	401,166	-
Extracurricular activities	4,315	4,315	-
Miscellaneous	639,298	639,303	5
Total Revenues	25,938,280	25,938,285	5
Expenditures			
Instruction:			
Regular	13,246,349	13,246,138	211
Special	2,030,523	2,030,484	39
Vocational	1,021,969	1,021,924	45
Other	39,596	39,592	4
Support Services:			
Pupils	1,052,299	1,045,410	6,889
Instructional staff	1,322,125	1,322,031	94
Board of education	14,848	14,838	10
Administration	1,975,082	1,974,602	480
Fiscal	627,035	627,014	21
Business	54,003	53,998	5
Operations and maintenance	2,770,803	2,769,779	1,024
Pupil transportation	1,689,849	1,689,829	20
Central	147,775	147,764	11
Operation of non-instructional services	136,488	136,486	2
Extracurricular activities	560,918	560,901	17
Facilities acquisition	492,034	492,031	3
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	\$ 27,181,696	\$ 27,172,821	\$ 8,875

The notes to the general purpose financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS			
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)		
\$ -	\$ -	\$ -	\$ 1,902,172	\$ 1,902,172	\$ -		
1,194,710	1,129,119	(65,591)	218,536	218,536	-		
228,041	228,041	-	-	-	-		
8,236	8,236	-	-	-	-		
248,845	248,845	-	-	-	-		
83,024	83,024	-	-	-	-		
1,762,856	1,697,265	(65,591)	2,120,708	2,120,708	-		
58,187	44,736	13,451	-	-	-		
312,434	295,430	17,004	-	-	-		
56,494	55,434	1,060	-	-	-		
22,721	5,628	17,093	-	-	-		
125,575	103,045	22,530	-	-	-		
551,841	364,678	187,163	-	-	-		
-	-	-	-	-	-		
296,812	287,899	8,913	-	-	-		
-	-	-	34,757	34,757	-		
23,015	7,254	15,761	-	-	-		
-	-	-	-	-	-		
-	-	-	-	-	-		
78,113	77,963	150	-	-	-		
278,816	175,402	103,414	-	-	-		
230,525	223,966	6,559	-	-	-		
-	-	-	-	-	-		
-	-	-	925,000	925,000	-		
-	-	-	1,167,471	1,167,471	-		
\$ 2,034,533	\$ 1,641,435	\$ 393,098	\$ 2,127,228	\$ 2,127,228	\$ -		

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY

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

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ (1,243,416)	\$ (1,234,536)	\$ 8,880
<u>Other Financing Sources/ (Uses)</u>			
Advances in	680	680	-
Advances out	-	(2,100)	(2,100)
Sale of assets	3,779	3,779	-
Refund of prior year expenditures	54,311	54,311	-
Refund of prior year receipts	(182)	(180)	2
Operating transfers in	-	-	-
Operating transfers out	(283,078)	(283,076)	2
Total Other Financing Sources/ (Uses)	(224,490)	(226,586)	(2,096)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(1,467,906)	(1,461,122)	6,784
Fund Balances - July 1, 1999	4,175,276	4,175,276	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balances - June 30, 2000	\$ 2,707,370	\$ 2,714,154	\$ 6,784

The notes to the general purpose financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
\$ (271,677)	\$ 55,830	\$ 327,507	\$ (6,520)	\$ (6,520)	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(10,108)	(10,108)	-	-	-	-
-	-	-	283,076	283,076	-
-	-	-	-	-	-
(10,108)	(10,108)	-	283,076	283,076	-
(281,785)	45,722	327,507	276,556	276,556	-
708,679	708,679	-	1,223,533	1,223,533	-
-	-	-	-	-	-
\$ 426,894	\$ 754,401	\$ 327,507	\$ 1,500,089	\$ 1,500,089	\$ -

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY

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

	CAPITAL PROJECTS FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
<u>Revenues</u>			
Taxes	\$ -	\$ -	-
Intergovernmental	9,225	9,225	-
Tuition and fees	26,076	26,076	-
Earnings on investments	140	140	-
Extracurricular activities	-	-	-
Miscellaneous	-	-	-
Total Revenues	35,441	35,441	-
<u>Expenditures</u>			
Instruction:			
Regular	-	-	-
Special	-	-	-
Vocational	31,703	31,703	-
Other	-	-	-
Support Services:			
Pupils	-	-	-
Instructional staff	-	-	-
Board of education	-	-	-
Administration	-	-	-
Fiscal	-	-	-
Business	221,961	183,329	38,632
Operations and maintenance	-	-	-
Pupil transportation	-	-	-
Central	-	-	-
Operation of non-instructional services	-	-	-
Extracurricular activities	-	-	-
Facilities acquisition	374,744	171,157	203,587
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	\$ 628,408	\$ 386,189	\$ 242,219

The notes to the general purpose financial statements are an integral part of this statement.

EXPENDABLE TRUST FUND			TOTALS (MEMORANDUM ONLY)		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 16,292,164	\$ 16,292,164	\$ -
-	-	-	11,633,247	11,567,656	(65,591)
239	239	-	547,089	547,089	-
-	-	-	409,542	409,542	-
-	-	-	253,160	253,160	-
4,658	4,658	-	726,980	726,985	5
4,897	4,897	-	29,862,182	29,796,596	(65,586)
-	-	-	13,304,536	13,290,874	13,662
-	-	-	2,342,957	2,325,914	17,043
-	-	-	1,110,166	1,109,061	1,105
-	-	-	62,317	45,220	17,097
-	-	-	1,177,874	1,148,455	29,419
258	258	-	1,874,224	1,686,967	187,257
-	-	-	14,848	14,838	10
601	601	-	2,272,495	2,263,102	9,393
-	-	-	661,792	661,771	21
-	-	-	298,979	244,581	54,398
-	-	-	2,770,803	2,769,779	1,024
-	-	-	1,689,849	1,689,829	20
5,299	5,299	-	231,187	231,026	161
-	-	-	415,304	311,888	103,416
213	213	-	791,656	785,080	6,576
-	-	-	866,778	663,188	203,590
-	-	-	925,000	925,000	-
-	-	-	1,167,471	1,167,471	-
\$ 6,371	\$ 6,371	\$ -	\$ 31,978,236	\$ 31,334,044	\$ 644,192

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY

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

	CAPITAL PROJECTS FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ (592,967)	\$ (350,748)	\$ 242,219
<u>Other Financing Sources/ (Uses)</u>			
Advances in	-	-	-
Advances out	-	-	-
Sale of assets	-	-	-
Refund of prior year expenditures	4,385	4,385	-
Refund of prior year receipts	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total Other Financing Sources/ (Uses)	4,385	4,385	-
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(588,582)	(346,363)	242,219
Fund Balances - July 1, 1999	463,109	463,109	-
Prior Year Encumbrances Appropriated	140,812	140,812	-
Fund Balances - June 30, 2000	\$ 15,339	\$ 257,558	\$ 242,219

The notes to the general purpose financial statements are an integral part of this statement.

EXPENDABLE TRUST FUND				TOTALS (MEMORANDUM ONLY)			
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)		REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	
\$ (1,474)	\$ (1,474)	\$ -		\$ (2,116,054)	\$ (1,537,448)	\$ 578,606	
-	-	-		680	680	-	
-	-	-		-	(2,100)	(2,100)	
-	-	-		3,779	3,779	-	
-	-	-		58,696	58,696	-	
-	-	-		(10,290)	(10,288)	2	
-	-	-		283,076	283,076	-	
-	-	-		(283,078)	(283,076)	2	
-	-	-		52,863	50,767	(2,096)	
(1,474)	(1,474)	-		(2,063,191)	(1,486,681)	576,510	
7,265	7,265	-		6,577,862	6,577,862	-	
-	-	-					
\$ 5,791	\$ 5,791	\$ -		\$ 4,514,671	\$ 5,091,181	\$ 576,510	

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

	PROPRIETARY FUND TYPES		FIDUCIARY
	ENTERPRISE FUND	INTERNAL SERVICE FUND	NON- EXPENDABLE TRUST FUND
<u>Operating Revenues</u>			
Tuition and fees	\$ 43,070	\$ -	\$ -
Food services	767,243	-	-
Classroom materials and supplies	107,857	-	-
Extracurricular	4,999	-	-
Miscellaneous revenues	24,299	-	6,798
Total Operating Revenues	947,468	-	6,798
<u>Operating Expenses</u>			
Salaries	375,766	-	-
Fringe benefits	150,289	-	-
Purchased services	40,061	-	-
Materials and supplies	500,684	-	-
Depreciation Expense	17,798	-	-
Capital Outlay	-	200	-
Other operating expenses	2,544	-	5,270
Total Operating Expenses	1,087,142	200	5,270
Operating Income (loss)	(139,674)	(200)	1,528
<u>Nonoperating Revenues/ (Expenses)</u>			
Intergovernmental revenues	103,120	-	-
Interest Income	6,743	-	-
Donated Commodities	27,928	-	-
Total Nonoperating Revenues/(Expenses)	137,791	-	-
Net Income (Loss)	(1,883)	(200)	1,528
Retained Earnings - July 1, 1999	209,193	670	70,205
Retained Earnings - June 30, 2000	\$ 207,310	\$ 470	\$ 71,733

The notes to the general purpose financial statements are an integral part of this statement.

TOTALS
(MEMORANDUM
ONLY)

\$ 43,070
767,243
107,857
4,999
31,097

954,266

375,766
150,289
40,061
500,684
17,798
200
7,814

1,092,612

(138,346)

103,120
6,743
27,928

137,791

(555)

280,068

\$ 279,513

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY

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

	PROPRIETARY FUNDS TYPES		FIDUCIARY FUND TYPE
	ENTERPRISE FUND	INTERNAL SERVICE FUND	NON- EXPENDABLE TRUST FUND
<u>Cash Flows from Operating Activities</u>			
Operating Income (loss)	\$ (139,674)	\$ (200)	\$ 1,528
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation Expense	17,798		
<i>(Increase) decrease in assets:</i>			
Materials and supplies inventory	2,441	-	-
Accounts receivable	1,545	-	-
Due from other government	20,104	-	-
<i>Increase (decrease) in liabilities:</i>			
Accounts payable	5,891	-	-
Accrued salaries and benefits payable	(419)	-	-
Compensated absences payable	2,212	-	-
Deferred revenues	(2,727)	-	-
Interfund payable	1,420	-	-
Due to other governments	1,072	-	-
Total Adjustments	<u>49,337</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	(90,337)	(200)	1,528
<u>Cash Flows from Capital Financing Activities</u>			
Acquisition of Capital Assets	(8,861)	-	-
<u>Cash Flows from Noncapital Financing Activities</u>			
Intergovernmental revenues	103,120	-	-
Interest Income	6,743	-	-
Donated Commodities	27,928	-	-
Net cash provided by noncapital financing activities	<u>137,791</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	38,593	(200)	1,528
Cash and cash equivalents - July 1, 1999	<u>155,780</u>	<u>670</u>	<u>70,205</u>
Cash and cash equivalents - June 30, 2000	<u>\$ 194,373</u>	<u>\$ 470</u>	<u>\$ 71,733</u>
Reconciliation to Combined Balance Sheet : Add Agency and Expendable Trust			<u>112,445</u>
Cash and cash equivalents - June 30, 2000 per Combined Balance Sheet			<u>\$ 184,178</u>

The notes to the general purpose financial statements are an integral part of this statement.

TOTALS
(MEMORANDUM
ONLY)

\$ (138,346)

17,798

2,441
1,545
20,104

5,891
(419)
2,212
(2,727)
1,420
1,072
49,337

(89,009)

-8,861

103,120
6,743
27,928

137,791

39,921

226,655

\$ 266,576

This page intentionally left blank.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

1. Description of the School District and Reporting Entity

The North Canton City 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 governed by a five-member board of education (the Board) elected by its citizens. The Board controls the District's eight school buildings, bus garage, warehouse, and administration building staffed by administrators, teachers, and non-certified personnel providing educational opportunities to its students.

The Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the general purpose financial statements of the District are not misleading. A primary government consists of all funds, agencies, departments and offices 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or 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. The District does not have any component units.

The following organizations are not part of the reporting entity and are excluded from the accompanying financial statements:

City of North Canton - The City is a separate politic and corporate body. City officials are elected independent of any relationship with the District and administer the provisions of traditional City services. The City Council acts as the taxing and budgetary authority for the services provided in the City.

Non-Public Schools - Within the District's boundaries, St. Paul's Elementary and Word of Life Christian School are operated by religious organizations. Current state legislation provides funding to these schools. The monies are received and disbursed on behalf of the non-public schools by the Treasurer of the District. The accounting of these state monies are reflected as part of the District's Special Revenue Funds.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies

The general purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as it applies to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under the guidelines of Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units That Use Proprietary Fund Accounting*, the District has elected not to apply Financial Accounting Standards Board (FASB) Statements and interpretations issued after November 30, 1989, to its proprietary activities.

The District's significant accounting policies are described below.

A. Basis of Presentation

Fund Accounting

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

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

Governmental Fund Types

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

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

General Fund

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

Special Revenue Funds

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

Debt Service Funds

The Debt Service Funds are used to account for financial resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Fund Types or Nonexpendable Trust Funds.

Proprietary Fund Types

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

Enterprise Funds

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

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Proprietary Fund Types (Continued)

Internal Service Fund

The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a reimbursement basis.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets not owned by the District, but held for a separate entity.

Trust Funds

Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. For the District, these include both Expendable Trust and Non-Expendable Trust Funds.

Agency Funds

Agency Funds are used to account for assets held by the District as an agent. Agency Funds are custodial in nature (Assets equal Liabilities) and do not involve measurement of results of operations.

Account Groups

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Fund Types and the Non-Expendable Trust Funds.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Account Groups (Continued)

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary Fund Types and the Non-Expendable Trust Funds.

B. Measurement Focus and Basis of Accounting

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Fund Types and Expendable Trust Funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the combined balance sheet.

Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Fund Types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Fund equity (i.e., net total assets) is allocated to retained earnings components. Proprietary and Non-Expendable Trust Funds' operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of Accounting

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

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The modified accrual basis of accounting is followed for the Governmental, Expendable Trust, and Agency Funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year.

The available period for the District is sixty days after fiscal year end.

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

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

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

The accrual basis of accounting is utilized for reporting purposes by the Proprietary and Non-Expendable Trust Funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unused donated commodities in the Enterprise Fund at year end are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriation

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

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 by the County Auditor.

All funds, other than Agency Funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board adopted budget is filed with the Stark County Budget Commission for rate determination.

Estimated Resources

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

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

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 must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, one supplemental appropriation was legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Budgetary statements are not presented for Enterprise, Non-Expendable Trust, or Agency Fund Types. As a result, total advances-in and advances-out do not agree.

Formal budgetary integration is employed as a management control device during the year for all District funds consistent with statutory provisions.

Encumbrances

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

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (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.

D. Cash and Investments

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

During the fiscal year 2000, investments were limited to repurchase agreements and federal agency securities.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest credited to the General, Special Revenue, Capital Projects and Enterprise Funds during fiscal year 2000 amounted to \$486,807, \$8,237, \$140 and \$6,743 respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies (Continued)

E. Inventory

Inventories are valued at cost (first in, first out) and are determined by physical count. Inventories in Governmental Funds consist of expendable supplies held for consumption. The cost has been recorded as an expenditure at the time individual inventory items were purchased. Inventory in Proprietary Funds consist of expendable supplies held for consumption and food service items held for resale. The cost has been recorded as an expense at the time individual inventory items were consumed.

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. Fixed assets utilized in the Proprietary Funds are capitalized in those funds. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. The District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of Furniture, Fixtures, and Equipment in the Enterprise Funds is computed using the straight-line method over an estimated useful life of 8 – 20 years.

G. Intergovernmental Revenues

For Governmental Funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for Proprietary Fund operations are recognized as nonoperating revenues in the accounting period in which they are earned and become measurable. The District currently participates in various state and federal programs categorized as follows:

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies (Continued)

G. Intergovernmental Revenues (Continued)

Entitlements

General Fund

State Foundation Program

State Property Tax Relief

Nonreimbursable Grant

Special Revenue Funds

Drug Free Grant

Title I

Title VI

Title VI-B

Preschool Grant

Eisenhower Math & Science Grant

Goals 2000 Grant

Reimbursable Grants

General Fund

School Bus Reimbursement

Telecommunications Act Grant

Special Revenue Fund

Vocational Education Equipment Fund

Enterprise Fund

National School Lunch Program

Government Donated Commodities

Grants and entitlements amounted to approximately 37 percent of District's operating and nonoperating revenue during the 2000 fiscal year.

H. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables." Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies (Continued)

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's severance policy.

For Governmental Funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for both classified and certified employees once they meet the eligibility requirements for retirement from one of the State retirement systems. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees are paid. The remainder is reported in the General Long-Term Obligations Account Group. In Proprietary Funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-Term Obligations

In general, Governmental Fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from Governmental Funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due. Long-term debt and other obligations financed by Proprietary Funds are reported as liabilities of those funds.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies (Continued)

K. Interfund Transactions

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

L. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation for expenditures. Designations represent tentative plans for future use of financial resources. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for property taxes, budget stabilization, endowment and materials and supplies inventory. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for endowment is the amount of the original contribution or investment principal that is stipulated, by legal agreement, to be invested; only the earned interest can be used for purposes set forth in the legal agreement.

M. Total Columns on General Purpose Financial Statements

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

N. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by the State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

2. Summary of Significant Accounting Policies (Continued)

O. Estimates

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

3. Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (Budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (Budgetary basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditure equivalents for all funds (Budgetary basis) rather than as a reservation of fund balance for Governmental Fund types (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the Budgetary and GAAP basis statements by fund type.

	<u>Excess (Deficiency) of Revenues and Other Financing Sources</u> <u>Over (Under) Expenditures and Other Financing Uses</u>				
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budget Basis	\$(1,461,122)	\$45,722	\$276,556	\$(346,363)	\$ (1,474)
Adjustments for Revenue Accruals	131,201	(12,467)	4,571	-	-
Adjustments for Expenditure Accruals	(214,260)	(28,940)	-	25,499	-
GAAP Basis	<u>\$(1,545,181)</u>	<u>\$ 4,315</u>	<u>\$281,127</u>	<u>\$ (320,864)</u>	<u>\$ (1,474)</u>

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing no 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 monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings accounts, including passbook accounts.

Protection of 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 money deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

4. Deposits and Investments (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits: At year end, the carrying amount of the District's deposits was \$388,443 and the bank balance was \$529,544. Of the bank balance, \$100,000 was covered by federal depository insurance and \$429,544 was uninsured and uncollateralized. Although all statutory requirements for the deposits of money had been followed, non compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments: The District's investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes insured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

4. Deposits and Investments (Continued)

Investments at June 30, 2000 consisted of:

	<u>1</u>	Category <u>2</u>	<u>3</u>	Fair/ Carrying Value
KeyBank Sweep Repurchase Agreement	\$ -	\$ -	\$ 408,432	\$ 408,432
First Merit Sweep Repurchase Agreement	-	-	1,270,000	1,270,000
Federal Agency Securities:				
KeyBank Federal Home Loan Due 12/21/01	-	1,011,609	-	1,011,609
KeyBank Federal Home Loan Due 9/18/00	-	1,526,992	-	1,526,992
FNMA Investment due 11/2/00	<u>-</u>	<u>1,002,458</u>	<u>-</u>	<u>1,002,458</u>
Total Investments	<u>\$ -</u>	<u>\$3,541,059</u>	<u>\$1,678,432</u>	<u>\$5,219,491</u>

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

	Cash and Cash Equivalents	Investments
Per GASB Statement No. 9	\$5,607,934	\$ -
Investments which are part of the Cash Management Pool:		
Sweep Repurchase Agreement	(1,678,432)	1,678,432
Federal Agency Securities	<u>(3,541,059)</u>	<u>3,541,059</u>
Per GASB Statement No. 3	<u>\$ 388,443</u>	<u>\$5,219,491</u>

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

5. Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior fiscal year were levied after April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

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

The 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, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the District as an advance at June 30, 2000, was \$727,790 and \$106,870 in the General and Debt Service Funds, respectively.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

6. Fixed Assets

A summary of the changes in the General Fixed Asset Account Group during the fiscal year is as follows:

	Balance 7/1/99	Additions	Disposals	Balance 6/30/00
Land and Land Improvements	\$ 1,880,280	\$ 13,815	\$ -	\$ 1,894,095
Buildings and Building Improvements	38,146,271	1,616,104	(1,336)	39,761,039
Furniture, Fixtures, and Equipment	8,416,585	572,212	(268,266)	8,720,531
Textbooks and Library Books	<u>1,520,102</u>	<u>204,462</u>	<u>-</u>	<u>1,724,564</u>
Totals	<u>\$49,963,238</u>	<u>\$ 2,406,593</u>	<u>\$ (269,602)</u>	<u>\$ 52,100,229</u>

A summary of the Enterprise Funds' fixed assets at June 30, 2000 is as follows:

	Balance 7/1/99	Additions	Disposals	Balance 6/30/00
Furniture, Fixtures, and Equipment	\$ 499,896	\$ 8,861	\$(15,948)	\$ 492,809
Less: Accumulated Depreciation	<u>(383,100)</u>	<u>(17,798)</u>	<u>15,948</u>	<u>(384,950)</u>
Net Fixed Assets	<u>\$ 116,796</u>	<u>\$ (8,937)</u>	<u>\$ -</u>	<u>\$ 107,859</u>

7. Long-Term Debt and Other Obligations

Debt outstanding at June 30, 2000 consisted of the following:

General Obligation Bond

Principal Outstanding	\$20,850,000
Interest Rates	6.38%

General Obligation Bonds (Energy Conservation)

Principal Outstanding	\$1,185,000
Interest Rate	5.71%

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

7. Long-Term Debt and Other Obligations (Continued)

Outstanding Energy Conservation and General Obligation Bonds consist of school building construction and renovation issues. Energy Conservation and General Obligation Bonds are direct obligations of the District for which the full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the District.

The District issued the Energy Conservation Bonds for the purpose of paying costs of installations, modifications, and remodeling of school buildings to conserve energy.

The District issued the General Obligation Bonds in the principal amount of \$22,953,000 for the purpose of improving Hoover High School (North Campus) to provide a one-site high school for the District, as well as converting the existing Hoover High School (South Campus) to a middle school and improving the Clearmount, Greentown, Northwood, and Orchard Hill Elementary Schools. It also included the Portage Building and Mary L. Evans Kindergarten Center. The District levied a tax outside of the 10-mill limitation imposed by state statutes to pay the debt charges on the bonds and any anticipatory securities.

The annual requirements to amortize all bonded debt outstanding as of June 30, 2000, including interest payments of \$16,476,212 are as follows:

Year Ending <u>June 30</u>	Energy Conservation <u>Bonds</u>	General Obligation <u>Bonds</u>
2001	\$ 280,106	\$ 1,833,335
2002	274,156	1,858,494
2003	269,655	1,860,290
2004	271,435	1,840,330
2005	267,280	1,841,746
Thereafter	-	<u>27,914,385</u>
Total	<u>\$1,362,632</u>	<u>\$37,148,580</u>

The following changes occurred in the General Long-Term Obligations Account Group during the year ended June 30, 2000:

	Balance 7/1/99	Additions	Reductions	Balance 6/30/00
G.O. Bonds Payable	\$22,960,000	\$ -	\$925,000	\$22,035,000
Compensated Absences Payable	1,240,357	98,327	-	1,338,684
Due to Other Governments	<u>246,536</u>	<u>-</u>	<u>29,869</u>	<u>216,667</u>
Total	<u>\$24,446,893</u>	<u>\$98,327</u>	<u>\$954,869</u>	<u>\$23,590,351</u>

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

8. Compensated Absences

The criteria for determining vacation and sick leave components derives from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon the 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 a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all personnel. Upon completion of ten or more years of service to the District, State, or other political subdivision, and retirement from the profession, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 59 days for classified employees and 57 days for certified employees. Additionally, \$10 is paid for each day of sick leave accumulated above 200 days, up to the maximum allowed. For certified employees who retired during the fiscal year, an additional retirement incentive payment of \$140,000 will be paid in February 2001.

9. Risk Management

Comprehensive - The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the District contracted with private carriers for property and fleet insurance, liability insurance, and inland marine coverage. Coverage provided by these carriers is as follows:

Building and Contents-replacement cost (\$5,000 deductible) \$79,267,091

Inland Marine Coverage (\$100 deductible) Coverage based on items listed.

Automobile Liability - \$2,000,000

Uninsured Motorists - \$1,000,000 (\$100 deductible - comprehensive; \$250 deductible - collision)

General Liability - \$2,000,000/ each occurrence; \$5,000,000/ aggregate

There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

9. Risk Management (Continued)

Workers Compensation - For fiscal year 2000, the District participated in a program with the Stark County Board of Education to obtain workers' compensation coverage. This program is administered by CompManagement, Inc. The experience of each of the participating school districts is calculated as one experience rate and applied to all participants in the program. Each participant pays its workers' compensation premium to the State's Bureau of Workers' Compensation based on this calculation. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the program. A participant will then either receive money from or be required to contribute to the program. This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the program. Participation in the program is limited to school districts that can meet its selection criteria.

Health Insurance - The District is a participant in the Stark County Schools Council of Governments (COG) for the purpose of obtaining benefits at a reduced premium for health care. The program for health care is administered by Mutual Health Services Company and Aultcare. Payments are made to the COG for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The fiscal officer of the COG is the Treasurer of the Stark County Educational Service Center. The fiscal agent pays Mutual Health Services and Aultcare monthly for the actual amount of claims processed, the stop-loss premium, and the administrative charges.

10. Defined Benefit Pension Plans

A. School Employees Retirement System

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

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

10. Defined Benefit Pension Plans (Continued)

A. School Employees Retirement System (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The contribution rates is 14 percent of annual covered payroll. For fiscal year 2000, 9.79 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$514,928, \$471,229, and \$519,042, respectively. 42% has been contributed for the fiscal year 2000 and 100% for fiscal years 1999 and 1998. \$296,100 representing the unpaid contribution for the fiscal year 2000, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

B. State Teachers Retirement System

The District also contributes to the State Teachers Retirement System of Ohio (STRS), cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 8 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$2,026,484, \$1,914,604, and \$1,799,508, respectively. 83% has been contributed for the fiscal year 2000 and 100% for the fiscal years 1999 and 1998. \$352,596 representing the unpaid contribution for the fiscal year 1999, is recorded as a liability within the respective funds.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

11. Post Employment Benefits

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

The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care costs in the form of a monthly premium. By Ohio law, the cost of coverage paid from the STRS funds shall be included in the employer contributions rate, currently 14 percent of covered payroll. The Retirement Board allocates employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund at year end was \$2.783 billion. For the fiscal year ended June 30, 1999, the latest information available, eligible benefit recipients totaled 95,796 and net health care costs paid by STRS were \$249,929,000.

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

For this fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution provides for maintenance of the asset target level for the health care fund.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

11. Post Employment Benefits (Continued)

The target level for the health care reserve is 150 percent of annual health care expenses. For the fiscal year ended June 30, 1999, net health care costs paid by SERS were \$126,380,984 and the target level was \$189.6 million. Net assets available for payment as of June 30, 1999 by the Retirement System were \$188.0 million, at cost. The number of participants currently receiving health care benefits is approximately 51,000. The portion of the District's contributions that were used to fund postemployment benefits was \$314,015

12. Segment Information for Enterprise Funds

The District maintains four Enterprise Funds to account for the operations of food service, uniform school supplies, adult education, and community education. The table following reflects the more significant financial data relating to the enterprise funds of the District as of and for the fiscal year ended June 30, 2000:

	Food Service	Uniform School Supplies	Adult Education	Community Education	Total
Operating Revenues	\$771,795	\$71,176	\$30,671	\$73,826	\$ 947,468
Operating Expenses					
Before Depreciation	875,896	85,925	32,797	74,726	1,069,344
Depreciation Expense	17,798	-	-	-	17,798
Operating Loss	(121,899)	(14,749)	(2,126)	(900)	(139,674)
Nonoperating Revenues	137,791	-	-	-	137,791
Net Income (Loss)	15,892	(14,749)	(2,126)	(900)	(1,883)
Net Working Capital	34,276	(5,074)	(2,080)	71,845	98,967
Total Assets	238,539	817	20	71,845	311,221
Total Equity	142,619	(5,074)	(2,080)	71,845	207,310

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

13. Contingencies and Commitments

Federal and State Assistance

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

School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$8,648,038 of school foundation support for its General Fund.

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

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

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

13. Contingencies and Commitments (Continued)

School Funding Decision (Continued)

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

Litigation

The District is not party to any claims or lawsuits that would have a material effect on the general purpose financial statements.

14. Statutory Reserves

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purpose in future years. The District is also required to set aside money for budget stabilization. Set-aside requirements for fiscal year 2000 are as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance, July 1, 1999	\$ 0	\$ 0	\$ 329,648	\$ 329,648
Required Set-Aside	600,702	600,702	200,234	466,140
Offset Credits	0	0	(141,997)	(141,997)
Qualifying Expenditures	<u>617,835</u>	<u>1,276,011</u>	<u>0</u>	<u>1,893,846</u>
Balance, June 30, 2000	<u>\$ (17,133)</u>	<u>\$ (675,309)</u>	<u>\$ 387,885</u>	<u>\$ (304,557)</u>
Cash Balance, June 30, 2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 387,885</u>	<u>\$ 387,885</u>
Balance Carried Forward to Use in Fiscal Year 2001	<u>\$ 17,133</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,133</u>

This page intentionally left blank.

NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY

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

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	PASS THROUGH ENTITY NUMBER	FEDERAL CFDA NUMBER	RECEIPTS	NON-CASH RECEIPTS	EXPENDITURES	NON-CASH EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION</u> (Passed Through Ohio Department of Education)						
Title I Grants to Local Educational Agencies	C1S199 C1S199C C1S100	84.010	\$ (3,661) 218,168 <u>32,725</u>	\$ 0	\$ 17,916 198,366 <u>32,725</u>	\$ 0
Total Title I Grants to Local Educational Agencies			247,232		249,007	
Special Education Cluster:						
Title VI-B - Special Education - Grants to States	6BSF99 6BSF00	84.027	32,461 <u>229,740</u>		105,317 <u>205,004</u>	
Total Title VI-B - Special Education - Grants to States			262,201		310,321	
Special Education - Preschool Grants	PGS199P PGS100P	84.173	<u>26,672</u>		9,650 <u>21,065</u>	
Total Special Education - Preschool Grants			26,672		30,715	
Total Special Education Cluster			288,873		341,036	
Safe and Drug-Free Schools and Communities - State Grants	DRS199 DRS100	84.186	<u>19,522</u>		9,192 <u>16,733</u>	
Total Safe and Drug-Free Schools and Communities - State Grants			19,522		25,925	
Goals 2000 - State and Local Education Systemic Improvement Grants	C2S399 C2S300	84.276			929 <u>9,889</u>	
Total Goals 2000 - State and Local Education Systemic Improvement Grants					10,818	
Eisenhower Professional Development State Grants	MSS199 MSS100	84.281	<u>7,422</u>		2,696 <u>7,422</u>	
Total Eisenhower Professional Development State Grants			7,422		10,118	
Innovative Education Program Strategies	C2S198C C2S199 C2S100	84.298	3,324 <u>7,730</u>		1,692 8,228 <u>5,629</u>	
Total Innovative Education Program Strategies			11,054		15,549	
Reduce Class Grant	CRS100	84.340	57,281		43,796	
Total U.S. Department of Education			631,384		696,249	
<u>U.S. DEPARTMENT OF AGRICULTURE</u> (Passed Through Ohio Department of Education)						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550		27,928		27,928
National School Lunch Program	N/A	10.555	<u>84,823</u>		<u>84,823</u>	
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>84,823</u>	<u>27,928</u>	<u>84,823</u>	<u>27,928</u>
Total			<u>\$ 716,207</u>	<u>\$ 27,928</u>	<u>\$ 781,072</u>	<u>\$ 27,928</u>

**NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Award (Schedule) is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



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

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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

North Canton City School District
Stark County
525 Seventh Street
North Canton, Ohio 44720

To the Board of Education:

We have audited the general purpose financial statements of the North Canton City School District, Stark County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 11, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 11, 2000.

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 11, 2000.

North Canton City School District
Stark County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

December 11, 2000



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

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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

North Canton City School District
Stark County
525 Seventh Street
North Canton, Ohio 44720

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

December 11, 2000

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

**NORTH CANTON CITY SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

NORTH CANTON CITY 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
JANUARY 16, 2001**