



Dave Yost • Auditor of State

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	15
Reconciliation of Total Government Fund Balances to Net Position of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non GAAP Budgetary Basis) - General Fund.....	19
Statement of Proprietary Fund Net Position – Proprietary Fund.....	20
Statement of Revenues, Expenses and Changes in Proprietary Fund Net Position – Proprietary Fund.....	21
Statement of Cash Flows – Proprietary Fund.....	22
Statement of Fiduciary Net Position – Fiduciary Funds.....	23
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund.....	24
Notes to the Basic Financial Statements	25
Schedule of Federal Awards Receipts and Expenditures.....	51
Notes to the Federal Awards Receipts and Expenditures.....	52
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	53
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133.....	55
Schedule of Findings.....	57
Independent Accountants' Report on Applying Agreed-Upon Procedures	59

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canfield Local School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Canfield Local School District, Mahoning County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and No. 65, "items previously reported as Assets and Liabilities". We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 7, 2014

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Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

This discussion and analysis of Canfield Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- In total, Net Position increased by \$142,003.
- Revenues for governmental activities totaled \$26,582,667 in fiscal year 2013. Of this total, 90 percent consisted of general revenues while program revenues accounted for the balance of 10 percent.
- Program expenses totaled \$26,440,664. Instructional expenses made up 59 percent of this total while support services accounted for 33 percent. Other expenses rounded out the remaining 8 percent.
- Outstanding long-term obligations, excluding compensated absences, decreased by \$960,466.
- The general fund balance was \$5,154,307 on a budget basis at fiscal year end, down from \$5,260,804 at June 30, 2012.

Using this Annual Financial Report

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Canfield Local School District, the general fund is the most significant fund.

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially in fiscal year 2013?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and the changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District.

In the Statement of Net Position and the Statement of Activities, all activities of the School District are classified as governmental. Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

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

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The School District as a Whole

Recall that the statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's Net Position for 2013 compared to 2012:

Net Position (Table 1)
Governmental Activities

	2013	2012	Change
Assets			
Current and Other Assets	\$25,646,732	\$26,553,145	(\$906,413)
Capital Assets, Net	<u>13,420,953</u>	<u>13,884,366</u>	<u>(463,413)</u>
<i>Total Assets</i>	<u>39,067,685</u>	<u>40,437,511</u>	<u>(1,369,826)</u>
Liabilities			
Current Liabilities	2,457,961	2,505,083	(47,122)
Long-Term Liabilities			
Due within One Year	126,819	1,051,501	(924,682)
Due in More than One Year	<u>2,607,357</u>	<u>2,820,690</u>	<u>(213,333)</u>
<i>Total Liabilities</i>	<u>5,192,137</u>	<u>6,377,274</u>	<u>(1,185,137)</u>
Deferred Inflows of Resources			
Property Taxes	<u>15,306,529</u>	<u>15,633,221</u>	<u>(326,692)</u>
Net Position			
Net Investment in Capital Assets	13,394,725	12,897,672	497,053
Restricted	2,914,015	3,169,659	(255,644)
Unrestricted	<u>2,260,279</u>	<u>2,359,685</u>	<u>(99,406)</u>
<i>Total Net Position</i>	<u>\$18,569,019</u>	<u>\$18,427,016</u>	<u>\$142,003</u>

Total assets decreased by \$1,369,826. This decrease is due mostly to a decrease in the amount of property taxes receivable and also capital assets as a result of current year depreciation exceeding capital asset additions this fiscal year.

Total liabilities decreased by \$1,185,137. The majority of this decrease was due to a reduction in principal owed on notes payable in the amount of \$840,000.

By comparing assets and liabilities, one can see the overall position of the School District has improved as evidenced by the increase in net position of \$142,003.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$23,843,136 or 90 percent of the total revenue. The most significant portion of the general revenue is local property tax. The remaining amount of revenue received was in the form of program revenues, which equaled \$2,739,531 or 10 percent of total revenue.

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 2 shows the changes in Net Position for fiscal year 2013.

Table 2
Change in Net Position
Governmental Activities

	2013	2012	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,459,573	\$1,338,275	\$121,298
Operating Grants and Contributions	1,211,691	1,645,858	(434,167)
Capital Grants and Contributions	68,267	13,271	54,996
<i>Total Program Revenues</i>	<u>2,739,531</u>	<u>2,997,404</u>	<u>(257,873)</u>
General Revenues			
Property Taxes	15,334,002	15,829,053	(495,051)
Intergovernmental	8,398,726	8,766,171	(367,445)
Investment Earnings	10,614	17,134	(6,520)
Miscellaneous	99,794	146,512	(46,718)
Gain on Sale of Capital Assets	0	4,400	(4,400)
<i>Total General Revenues</i>	<u>23,843,136</u>	<u>24,763,270</u>	<u>(920,134)</u>
<i>Total Revenues</i>	<u>26,582,667</u>	<u>27,760,674</u>	<u>(1,178,007)</u>
Program Expenses			
Current:			
Instruction:			
Regular	12,721,401	13,771,802	(1,050,401)
Special	2,522,625	2,214,000	308,625
Vocational	297,892	305,588	(7,696)
Support Services:			
Pupils	1,418,828	1,322,630	96,198
Instructional Staff	1,217,607	1,288,363	(70,756)
Board of Education	41,957	36,668	5,289
Administration	1,617,686	1,513,545	104,141
Fiscal	548,476	598,971	(50,495)
Business	222,459	202,237	20,222
Operation and Maintenance of Plant	1,979,825	1,993,636	(13,811)
Pupil Transportation	1,697,059	1,798,570	(101,511)
Central	134,095	118,025	16,070
Operation of Non-Instructional Services	79,749	32,446	47,303
Operation of Food Services	1,006,891	994,516	12,375
Extracurricular Activities	928,065	910,069	17,996
Interest and Fiscal Charges	6,049	26,956	(20,907)
<i>Total Program Expenses</i>	<u>26,440,664</u>	<u>27,128,022</u>	<u>(687,358)</u>
<i>Change in Net Position</i>	142,003	632,652	(490,649)
Net Position Beginning of Year	18,427,016	17,794,364	632,652
<i>Net Position End of Year</i>	<u>\$18,569,019</u>	<u>\$18,427,016</u>	<u>\$142,003</u>

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five fiscal years.

Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs. Approximately 59 percent of the School District's budget is used to fund instructional expenses. Additional supporting services for pupils, staff and business operations encompass 33 percent. The remaining amount of program expenses, 8 percent, is budgeted to pay for other obligations of the School District such as interest and fiscal charges, the food service program and numerous extracurricular activities.

The Statement of Activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$12,721,401	\$12,320,602	\$13,771,802	\$12,959,289
Special	2,522,625	2,204,183	2,214,000	1,865,007
Vocational	297,892	292,266	305,588	301,150
Support Services:				
Pupils	1,418,828	1,315,534	1,322,630	1,140,638
Instructional Staff	1,217,607	1,056,910	1,288,363	1,120,191
Board of Education	41,957	41,141	36,668	36,121
Administration	1,617,686	1,381,192	1,513,545	1,382,136
Fiscal	548,476	538,164	598,971	590,418
Business	222,459	218,152	202,237	199,230
Operation and Maintenance of Plant	1,979,825	1,933,115	1,993,636	1,955,451
Pupil Transportation	1,697,059	1,669,382	1,798,570	1,776,616
Central	134,095	131,641	118,025	109,178
Operation of Non-Instructional Services	79,749	24,234	32,446	(27,975)
Food Service Operation	1,006,891	(37,173)	994,516	21,816
Extracurricular Activities	928,065	605,741	910,069	674,396
Interest and Fiscal Charges	6,049	6,049	26,956	26,956
Total Expenditures	\$26,440,664	\$23,701,133	\$27,128,022	\$24,130,618

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

As one can see, the reliance upon local tax revenues for governmental activities is crucial. Approximately 58 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs support 32 percent and program revenues support the remaining expenses.

The School District's Funds

Information regarding the School District's major funds begins on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$26,789,782 and other financing sources of \$85,500 to offset expenditures and other financing uses of \$27,175,039. The net change in fund balance for the year was most significant in the bond retirement debt service fund, which decreased by \$508,359, due to expenditures exceeding revenues by more than \$590,000 as the District paid off its outstanding note obligation.

Within the general fund revenues increased by \$321,031, and expenditures decreased by \$73,634, respectively, from the prior year. While the District was able to reduce expenditures in the general fund, they continue to outpace revenues. For fiscal year 2013, expenditures exceeded revenues by only \$6,227, which was the main reason behind the general fund balance staying relatively consistent with the prior year.

As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property taxes are the largest revenue source, accounting for nearly 58 percent of total governmental revenue. Clearly, the community is the greatest source of financial support for the students of the Canfield Local School District.

General Fund Budgeting Highlights

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

During the course of fiscal year 2013, the School District only required one amendment to its original general fund appropriations. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenses but provide flexibility for program based decision and management.

For the general fund, actual revenue equaled the final estimate. Actual expenses totaled \$89,663 less than original appropriations and final appropriations. The majority of this difference was due to decreases in utility costs as well as overall conservative spending by all School District personnel.

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$13,420,953 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Table 4 shows fiscal year 2013 balances compared to fiscal year 2012:

Table 4
Capital Assets at June 30 (Net of Depreciation)

	2013	2012
Land	\$441,370	\$441,370
Land Improvements	262,904	338,020
Buildings and Improvements	11,633,285	12,118,738
Furniture and Equipment	401,849	358,428
Vehicles	681,545	627,810
<i>Total</i>	\$13,420,953	\$13,884,366

All capital assets, except land, are reported net of depreciation. As one can see, an overall decrease in capital assets of \$463,413 occurred during the fiscal year. The majority of this decrease is due to current year depreciation of \$782,949 and net deletions of \$899 exceeding current year additions of \$320,435. For more information about the School District's capital assets, see Note 9 to the basic financial statements.

Debt

Table 5 summarizes the School District's long-term obligations outstanding at fiscal year end.

Table 5
Outstanding Debt at Year End

	2013	2012
School Improvement Bonds	\$0	\$40,000
Energy Conservation Loan	26,228	106,694
School Improvement Notes	0	840,000
<i>Total</i>	\$26,228	\$986,694

The School Improvement Bonds issued in 2007 were issued to purchase lighting and electrical upgrades to the stadium. The energy conservation loan was issued for capital improvements under House Bill 264. These improvements were approved by the Ohio Department of Education for energy conservation measures which have resulted in operating cost savings.

Canfield Local School District

Mahoning County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited*

The District issued school improvement notes in 1998 to provide for additions and renovations to all buildings within the School District. The note balance of \$840,000 was paid in full during the current fiscal year. For more information about the School District's debt, see Note 13 to the basic financial statements.

Current Financial Issues

The Canfield Local School District has continued to maintain a high level of service to our students, parents and community. The state performance index ranks the district 31 out of over 600 districts in the State of Ohio. This has been accomplished while maintaining an average cost per pupil well below the state average. The Board of Education and administration closely monitor its revenue and expenditures in accordance with its financial forecast and are working diligently to make sure tax dollars are being used efficiently and effectively.

The District's administration strives to be good stewards of their residents' investment in the schools by continuing their practice of being prudent and frugal in the use of their resources while also seeking new ways of obtaining grants and other funds. However, major changes in funding from the state and federal government have resulted in significantly less total revenue. This, combined with increased expenditures has resulted in deficit spending and the erosion of the general fund carryover balance. To combat the revenue loss and increased expenditures, the Board of Education has attempted (albeit unsuccessfully) three separate operating levies; 6.8 mills in November 2010, 6.8 mills in May 2012 and 4.9 mills in November 2012. With the defeat of these levies, significant staffing cuts have been made as well as contract concessions by all employee groups. Based on the current funding system, the district continued to realize the need to rely heavily on taxpayers to support its operations and meet student needs. As a result the district made its fourth attempt at passage of a new levy in November 2013. This 5.9 mill, five year current operating expense levy passed by a margin of 53 votes (50.5%). The funds generated from this levy will allow the district to expand course offerings, institute all day kindergarten, reinstate high school transportation, and provide much needed technology and safety upgrades. The district is very grateful to the community for their continued financial support which will help toward reaching the district's vision statement of being ranked top 10 in the State of Ohio by 2017.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Patricia P. Kesner, Treasurer, Canfield Local School District, 100 Wadsworth Street, Canfield, Ohio 44406 or email at pkesner@canfieldschools.net.

Canfield Local School District

Mahoning County, Ohio

Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,449,682
Investments	250,000
Accrued Interest Receivable	3,126
Accounts Receivable	72,536
Property Taxes Receivable	16,778,566
Inventory Held for Resale	9,765
Materials and Supplies Inventory	83,057
Nondepreciable Capital Assets	441,370
Depreciable Capital Assets, Net	12,979,583
<i>Total Assets</i>	<u>39,067,685</u>
Liabilities	
Accounts Payable	20,967
Accrued Wages and Benefits Payable	2,061,979
Intergovernmental Payable	345,740
Unearned Revenue	5,455
Accrued Interest Payable	186
Claims Payable	23,634
Long-Term Liabilities:	
Due Within One Year	126,819
Due In More Than One Year	2,607,357
<i>Total Liabilities</i>	<u>5,192,137</u>
Deferred Inflows of Resources	
Property Taxes	<u>15,306,529</u>
Net Position	
Net Investment in Capital Assets	13,394,725
Restricted for:	
Capital Projects	1,640,600
Debt Service	648,431
Other Purposes	543,289
Instructional Materials and Supplies:	
Expendable	6,643
Nonexpendable	75,052
Unrestricted	2,260,279
<i>Total Net Position</i>	<u>\$18,569,019</u>

See accompanying notes to the basic financial statements

Canfield Local School District
Mahoning County, Ohio

Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Instruction:					
Regular	\$12,721,401	\$236,817	\$163,982	\$0	(\$12,320,602)
Special	2,522,625	43,077	275,365	0	(2,204,183)
Vocational	297,892	5,626	0	0	(292,266)
Support Services:					
Pupils	1,418,828	25,621	77,673	0	(1,315,534)
Instructional Staff	1,217,607	20,971	139,726	0	(1,056,910)
Board of Education	41,957	816	0	0	(41,141)
Administration	1,617,686	29,451	207,043	0	(1,381,192)
Fiscal	548,476	10,312	0	0	(538,164)
Business	222,459	4,307	0	0	(218,152)
Operation and Maintenance of Plant	1,979,825	37,710	7,200	1,800	(1,933,115)
Pupil Transportation	1,697,059	27,677	0	0	(1,669,382)
Central	134,095	2,454	0	0	(131,641)
Operation of Non-Instructional Services	79,749	0	55,515	0	(24,234)
Operation of Food Services	1,006,891	763,024	281,040	0	37,173
Extracurricular Activities	928,065	251,710	4,147	66,467	(605,741)
Interest and Fiscal Charges	6,049	0	0	0	(6,049)
Total Governmental Activities	\$26,440,664	\$1,459,573	\$1,211,691	\$68,267	(23,701,133)
General Revenues					
Property Taxes Levied for:					
					14,568,262
					288,624
					477,116
Grants and Entitlements not					
					8,398,726
					10,614
					99,794
					<u>23,843,136</u>
					Change in Net Position 142,003
					<i>Net Position Beginning of Year</i> 18,427,016
					<u><i>Net Position End of Year</i> \$18,569,019</u>

See accompanying notes to the basic financial statements

Canfield Local School District

Mahoning County, Ohio

*Balance Sheet
Governmental Funds
June 30, 2013*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,018,254	\$2,961,685	\$7,979,939
Investments	250,000	0	250,000
Accrued Interest Receivable	3,126	0	3,126
Accounts Receivable	66,653	5,883	72,536
Property Taxes Receivable	16,185,208	593,358	16,778,566
Inventory Held for Resale	0	9,765	9,765
Materials and Supplies Inventory	82,454	603	83,057
<i>Total Assets</i>	<u>\$21,605,695</u>	<u>\$3,571,294</u>	<u>\$25,176,989</u>
Liabilities			
Accounts Payable	\$0	\$20,967	\$20,967
Accrued Wages and Benefits Payable	2,029,584	32,395	2,061,979
Intergovernmental Payable	344,383	1,357	345,740
Unearned Revenue	5,455	0	5,455
<i>Total Liabilities</i>	<u>2,379,422</u>	<u>54,719</u>	<u>2,434,141</u>
Deferred Inflows of Resources			
Property Taxes	14,762,490	544,039	15,306,529
Unavailable Revenue - Property Taxes	1,422,718	49,319	1,472,037
<i>Total Deferred Inflows of Resources</i>	<u>16,185,208</u>	<u>593,358</u>	<u>16,778,566</u>
Fund Balances			
Nonspendable	82,454	73,566	156,020
Restricted	0	2,832,449	2,832,449
Committed	25,678	17,202	42,880
Assigned	94,169	0	94,169
Unassigned (Deficit)	2,838,764	0	2,838,764
<i>Total Fund Balances</i>	<u>3,041,065</u>	<u>2,923,217</u>	<u>5,964,282</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$21,605,695</u>	<u>\$3,571,294</u>	<u>\$25,176,989</u>

See accompanying notes to the basic financial statements

Canfield Local School District

Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
For the Fiscal Year Ended June 30, 2013*

Total Governmental Fund Balances	\$5,964,282
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***Amounts reported for governmental activities in the
statement of net position are different because***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,420,953
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds. Property Taxes	1,472,037
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An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	446,109
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In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds an interest expenditure is reported when due.	(186)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Energy Conservation Loan	(26,228)
Compensated Absences	(2,707,948)

Total	<u>(2,734,176)</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$18,569,019</u></u>
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See accompanying notes to the basic financial statements

Canfield Local School District
Mahoning County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$14,784,965	\$822,619	\$15,607,584
Tuition and Fees	246,282	0	246,282
Interest	5,923	4,691	10,614
Charges for Services	0	763,024	763,024
Extracurricular Activities	177,512	240,583	418,095
Rentals	31,317	855	32,172
Contributions and Donations	111,373	23,325	134,698
Intergovernmental	8,266,110	1,211,409	9,477,519
Miscellaneous	9,988	89,806	99,794
<i>Total Revenues</i>	<u>23,633,470</u>	<u>3,156,312</u>	<u>26,789,782</u>
Expenditures			
Current:			
Instruction:			
Regular	12,304,521	170,860	12,475,381
Special	2,213,671	273,743	2,487,414
Vocational	289,752	0	289,752
Support Services:			
Pupils	1,293,937	80,505	1,374,442
Instructional Staff	1,118,650	138,536	1,257,186
Board of Education	42,025	0	42,025
Administration	1,552,668	95,368	1,648,036
Fiscal	560,679	16,159	576,838
Business	219,938	0	219,938
Operation and Maintenance of Plant	1,888,110	35,044	1,923,154
Pupil Transportation	1,436,109	139,374	1,575,483
Central	126,371	7,200	133,571
Operation of Non-Instructional Services	0	77,990	77,990
Operation of Food Services	0	962,715	962,715
Extracurricular Activities	573,111	240,022	813,133
Capital Outlay	20,155	233,813	253,968
Debt Service:			
Principal Retirement	0	960,466	960,466
Interest and Fiscal Charges	0	18,547	18,547
<i>Total Expenditures</i>	<u>23,639,697</u>	<u>3,450,342</u>	<u>27,090,039</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(6,227)</u>	<u>(294,030)</u>	<u>(300,257)</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	500	0	500
Transfers In	0	85,000	85,000
Transfers Out	(85,000)	0	(85,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(84,500)</u>	<u>85,000</u>	<u>500</u>
<i>Net Change in Fund Balances</i>	(90,727)	(209,030)	(299,757)
<i>Fund Balances Beginning of Year</i>	3,131,792	3,132,247	6,264,039
<i>Fund Balances End of Year</i>	<u>\$3,041,065</u>	<u>\$2,923,217</u>	<u>\$5,964,282</u>

See accompanying notes to the basic financial statements

Canfield Local School District

Mahoning County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2013*

Net Change in Fund Balances - Total Governmental Funds (\$299,757)

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those assets are
allocated over their estimated useful lives as depreciation expense.
This is the amount by which depreciation exceeded capital outlay
in the current period.

Capital Outlay	320,435	
Current Year Depreciation	<u>(782,949)</u>	
Total		(462,514)

The net effect of various transactions involving capital assets
(i.e.; disposals, sales and donations) is a reduction in net position.

Assets Disposed	(29,839)	
Accumulated Depreciation on Disposals	<u>28,940</u>	
Total		(899)

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

Property Taxes		(273,582)
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Repayment of long-term debt and loans principal is an expenditure
in the governmental funds, but the repayment reduces long-term
liabilities in the statement of net position.

960,466

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

Accrued Interest on Bonds		12,498
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Some expenses reported in the statement of activities, such as
compensated absences, do not require the use of current financial
resources and therefore are not reported as expenditures
in governmental funds.

177,549

The internal service fund used by management to charge the costs of
insurance to individual funds are not reported in the district-wide
statement of activities. Governmental fund expenditures and related
internal service fund revenues are eliminated. The net revenue
(expense) of the internal service fund is allocated among the
governmental activities.

28,242

Change in Net Position of Governmental Activities

\$142,003

See accompanying notes to the basic financial statements

Canfield Local School District
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$14,464,000	\$14,784,965	\$14,784,965	\$0
Tuition and Fees	264,070	253,557	253,557	0
Interest	13,317	12,787	12,787	0
Extracurricular Activities	153,668	147,550	147,550	0
Rentals	32,563	31,267	31,267	0
Intergovernmental	8,104,300	8,272,058	8,272,058	0
Miscellaneous	1,082	1,039	1,039	0
<i>Total Revenues</i>	<u>23,033,000</u>	<u>23,503,223</u>	<u>23,503,223</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	12,344,855	12,344,855	12,344,517	338
Special	2,210,985	2,210,985	2,210,779	206
Vocational	289,105	289,105	288,184	921
Support Services:				
Pupils	1,290,050	1,290,050	1,288,540	1,510
Instructional Staff	1,131,710	1,131,710	1,131,313	397
Board of Education	44,960	44,960	42,025	2,935
Administration	1,408,200	1,408,200	1,404,348	3,852
Fiscal	573,805	573,805	573,697	108
Business	222,940	222,940	220,370	2,570
Operation and Maintenance of Plant	1,892,720	1,892,720	1,892,146	574
Pupil Transportation	1,484,530	1,484,530	1,431,076	53,454
Central	126,495	126,495	126,261	234
Extracurricular Activities	594,645	594,645	572,081	22,564
<i>Total Expenditures</i>	<u>23,615,000</u>	<u>23,615,000</u>	<u>23,525,337</u>	<u>89,663</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(582,000)</u>	<u>(111,777)</u>	<u>(22,114)</u>	<u>89,663</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	617	617	0
Transfers Out	(85,000)	(85,000)	(85,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(85,000)</u>	<u>(84,383)</u>	<u>(84,383)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(667,000)	(196,160)	(106,497)	89,663
<i>Fund Balance Beginning of Year</i>	5,260,804	5,260,804	5,260,804	0
<i>Fund Balance End of Year</i>	<u>\$4,593,804</u>	<u>\$5,064,644</u>	<u>\$5,154,307</u>	<u>\$89,663</u>

See accompanying notes to the basic financial statements

Canfield Local School District

Mahoning County, Ohio

Statement of Proprietary Fund Net Position

Proprietary Fund

June 30, 2013

	<u>Internal Service</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$469,743
Liabilities	
Claims Payable	<u>23,634</u>
Net Position	
Unrestricted	<u><u>\$446,109</u></u>

See accompanying notes to the basic financial statements

Canfield Local School District

Mahoning County, Ohio

*Statement of Revenues,
Expenses and Changes in Proprietary Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2013*

	<u>Internal Service</u>
Operating Revenues	
Charges for Services	<u>\$1,004,203</u>
Operating Expenses	
Purchased Services	12,249
Claims	963,712
<i>Total Operating Expenses</i>	<u>975,961</u>
<i>Change in Net Position</i>	28,242
<i>Net Position Beginning of Year</i>	<u>417,867</u>
<i>Net Position End of Year</i>	<u><u>\$446,109</u></u>

See accompanying notes to the basic financial statements

Canfield Local School District

Mahoning County, Ohio

*Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2013*

	<u>Internal Service</u>
<i>Decrease in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Charges for Services	\$1,004,203
Cash Payments for Goods and Services	(12,249)
Cash Payments for Claims	<u>(1,029,183)</u>
<i>Net Cash Used for Operating Activities</i>	(37,229)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>506,972</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$469,743</u></u>
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	\$28,242
Adjustments:	
Change in Claims Payable	<u>(65,471)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$37,229)</u></u>
See accompanying notes to the basic financial statements	

Canfield Local School District

Mahoning County, Ohio

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$43,478	\$107,475
Liabilities		
Due to Students	0	\$107,475
Net Position		
Held in Trust for Scholarships	\$43,478	

See accompanying notes to the basic financial statements

Canfield Local School District

Mahoning County, Ohio

Statement of Changes in Fiduciary Net Position

Private Purpose Trust Fund

For the Fiscal Year Ended June 30, 2013

	<u>Scholarship</u>
Additions	
Interest	\$299
Deductions	
Scholarships Awarded	<u>1,750</u>
<i>Change in Net Position</i>	(1,451)
<i>Net Position Beginning of Year</i>	<u>44,929</u>
<i>Net Position End of Year</i>	<u><u>\$43,478</u></u>

See accompanying notes to the basic financial statements

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five member Board form of government. Each member is elected to a four year term. The School District provides educational services as mandated by state and/or federal agencies. The Board of Education controls the School District's four instructional support facilities staffed by 129 non-certificated and 175 certified teaching personnel and 11 administrators who provide services to students and other community members.

The School District is located in Canfield Ohio, Mahoning County. The average daily membership for the School District during the 2013 fiscal year was 2,888. The School District operates two elementary schools (K-4), one middle school (5-8), and one high school (9-12).

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Canfield Local School District.

The School District participates in two jointly governed organizations and one public entity risk pool. These organizations are the Area Cooperative Computerized Educational Service System Council of Governments, the Mahoning County Career and Technical Center and the Mahoning County Schools Employee Insurance Consortium. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

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

The other governmental funds of the School District account for grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Canfield Local School District

Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds. The following is a description of the School District's internal service fund.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self-insurance fund that accounts for prescription drug, dental and vision claims of the School District's employees.

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenditures) in total net position.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund.

The private purpose trust fund is accounted for using the economic resources measurement focus.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The District had no deferred outflows of resources to report in the government-wide statement of net position.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

period. For the District unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been given authority to allocate board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were passed by the Board of Education.

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

F. Cash and Cash Equivalents

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

During fiscal year 2013, investments were limited to certificates of deposit, a Federal Home Loan Bank Bond and STAR Ohio.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2013.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$5,923, none of which was assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. See Note 15 for additional information regarding set asides.

I. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 years
Buildings and Improvements	45 years
Furniture, Fixtures and Equipment	5 - 10 years
Vehicles	10 years

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

J. Compensated Absences

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

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

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

L. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

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

M. Fund Balance

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

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

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education, which may be expressed by a motion but need not be passed by formal action, such as a Board Resolution.

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

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

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs that are incurred to provide the good or service that is the primary activity of the fund. Any revenue or expense not meeting the definition of operating is reported as non-operating.

O. Interfund Activity

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

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

P. Estimates

The preparation of 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.

Note 3 – Change in Accounting Principle

A. Change in Accounting Principles For fiscal year 2013, the District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”, Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”, Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” and Statement No. 65, “Items Previously Reported as Assets and Liabilities.”

GASB Statement No. 60 addresses issues related to service concession arrangements (SCA’s), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity, most notably, the fiscal dependency criterion. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 4 - Budgetary Basis of Accounting

While the School District is reporting its financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balances (GAAP).
4. *Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP).

*As part of Governmental Accounting Standards Board No. 54 "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. These include the public school support, community television and underground storage special revenue funds.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	(\$90,727)
Net Adjustment for Revenue Accruals	(139,611)
Net Adjustment for Funds Budgeted as Special Revenue	9,481
Net Adjustment for Expenditure Accruals	116,160
Adjustment for Encumbrances	<u>(1,800)</u>
Budget Basis	<u><u>(\$106,497)</u></u>

Note 5 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the School District can 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 payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

At year end, the District had \$1,342 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

At June 30, 2013, the carrying value amount of all the District's deposits was \$8,138,660. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2013, \$7,530,877 of the District's bank balance of \$8,780,877 was exposed to custodial risk as described below. \$1,250,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

Canfield Local School District
Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Investments

As of June 30, 2013, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
STAR Ohio	\$460,633	6 months or less
Federal Home Loan Bank	250,000	3 to 5 years
Total Portfolio	\$710,633	

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within one year from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Federal Home Loan Bank bond carries a rating of AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The School District's investment in STAR Ohio and the Federal Home Loan Bank bond represent 65 and 35 percent, respectively, of the School District's total investments.

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the Statement of Net position as of June 30, 2013:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Position</u>	
Carrying amount of deposits	\$8,138,660	Governmental Activities	\$8,699,682
Investments	710,633	Private Purpose Trust Fund	43,478
Cash on Hand	1,342	Agency Fund	107,475
Total	\$8,850,635		\$8,850,635

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenue received in calendar 2013 represent collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market 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.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Mahoning 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, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

Due to the timing of the tax bills sent by the County, there is no money available as an advance to the School District at June 30, 2013 and June 30, 2012.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been made unavailable.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$536,839,740	98.35 %	\$540,461,220	98.19 %
Public Utility Personal	9,014,220	1.65	9,941,750	1.81
Total	\$545,853,960	100.00 %	\$550,402,970	100.00 %
Tax rate per \$1,000 of assessed valuation	\$55.00		\$54.00	

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 7 - Receivables

Receivables at June 30, 2013, consisted of taxes, accounts (rent, student fees and tuition), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year.

At June 30, 2013, the School District had no intergovernmental receivables.

Note 8 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Nonmajor Governmental	Total
<i>Nonspendable:</i>			
Inventory	\$82,454	\$603	\$83,057
Permanent Fund Principal	0	72,963	72,963
<i>Total Nonspendable</i>	82,454	73,566	156,020
<i>Restricted for:</i>			
Food Service Operations	0	455,961	455,961
Athletics & Music	0	114,288	114,288
Auxiliary Services	0	3,774	3,774
Student Achievement	0	11,883	11,883
Special Education	0	6,645	6,645
Debt Service Payments	0	640,389	640,389
Capital Improvements	0	1,599,509	1,599,509
<i>Total Restricted</i>	0	2,832,449	2,832,449
<i>Committed to:</i>			
College Scholarships	0	17,202	17,202
Community Television	14,678	0	14,678
Underground Storage	11,000	0	11,000
<i>Total Committed</i>	25,678	17,202	42,880
<i>Assigned to:</i>			
Other Purposes	92,369	0	92,369
Encumbrances	1,800	0	1,800
<i>Total Assigned</i>	94,169	0	94,169
<i>Unassigned</i>	2,838,764	0	2,838,764
<i>Total Fund Balances</i>	\$3,041,065	\$2,923,217	\$5,964,282

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$441,370	\$0	\$0	\$441,370
<i>Capital assets being depreciated:</i>				
Land improvements	751,158	0	0	751,158
Buildings and improvements	24,313,668	0	0	24,313,668
Furniture, fixtures and equipment	2,941,047	110,244	0	3,051,291
Vehicles	2,510,828	210,191	(29,839)	2,691,180
<i>Total capital assets being depreciated</i>	<u>30,516,701</u>	<u>320,435</u>	<u>(29,839)</u>	<u>30,807,297</u>
<i>Accumulated depreciation:</i>				
Land improvements	(413,138)	(75,116)	0	(488,254)
Buildings and improvements	(12,194,930)	(485,453)	0	(12,680,383)
Furniture, fixtures and equipment	(2,582,619)	(66,823)	0	(2,649,442)
Vehicles	(1,883,018)	(155,557)	28,940	(2,009,635)
<i>Total accumulated depreciation</i>	<u>(17,073,705)</u>	<u>(782,949) *</u>	<u>28,940</u>	<u>(17,827,714)</u>
Capital assets being depreciated, net	<u>13,442,996</u>	<u>(462,514)</u>	<u>(899)</u>	<u>12,979,583</u>
Governmental activities capital assets, net	<u>\$13,884,366</u>	<u>(\$462,514)</u>	<u>(\$899)</u>	<u>\$13,420,953</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$370,174
Special	32,476
Vocational	8,389
Support Services:	
Pupil	19,683
Instructional Staff	999
Administration	7,194
Fiscal	1,307
Business	765
Operation and Maintenance of Plant	48,874
Pupil Transportation	133,049
Central	524
Operation of Non-Instructional Services	1,759
Operation of Food Services	42,575
Extracurricular	115,181
Total Depreciation Expense	<u>\$782,949</u>

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the School District contracted for the following insurance coverage:

<u>Type of Coverage</u>	<u>Coverage</u>
Coverage provided by Hylant Administrative Services:	
Property/Boiler and Machinery (\$2,500 deductible)	\$84,675,161
Inland Marine (\$1,000 deductible)	2,947,110
Crime (\$2,500 deductible)	25,000
Fleet Insurance, single limit (\$1,000 deductible - comprehensive) (\$1,000 deductible - collision)	5,000,000
General Liability	
in aggregate	\$5,000,000
Per occurrence	5,000,000
Excess Liability Coverage	
in aggregate	\$1,000,000
Per occurrence	1,000,000

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

B. Workers' Compensation

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Employee Medical Benefits

The School District has contracted with the Mahoning County School Employees Insurance Consortium to provide employee medical/surgical benefits since 1982. The Mahoning County School Employees Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County school districts. Rates are set through an annual calculation process. The Canfield Local School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays ninety-one percent of the monthly medical/surgical premiums for all employees. Premiums for all groups are \$1,047 for family, \$636 for employee and children, \$786 for employee and spouse and \$374 for single.

The School District has elected to provide vision, dental and prescription drug benefits through a self-insurance program. The School District maintains an insurance reserve internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Meritain Health, reviews all claims which are then paid by the School District. The School District pays into the insurance reserve internal service fund \$12 for family vision coverage and \$6 for single vision coverage per employee per month, \$73 for dental per month and \$307 for family and \$131 for single prescription drug coverage per month which represents the entire premium required. The

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$23,634 reported in the internal service fund at June 30, 2013, is based on an estimate provided by the third party administrator and the requirements of the Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the claims liability amount during the last two fiscal years were as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2012	\$79,062	1,060,209	1,050,166	\$89,105
2013	89,105	963,712	1,029,183	23,634

Note 11 - Pension Plans

A - School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2013, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$421,020, \$404,031, and \$437,747, respectively; 99 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

B - State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plans. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by three percent of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2013, were 10 percent of covered payroll for members and 14 percent for employers. The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$1,549,102, \$1,617,744, and \$1,687,246, respectively; 84 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$65,657 made by the School District and \$46,898 made by the plan members.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2013 *Comprehensive Annual Financial Report* are available.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Additional information or copies of STRS Ohio's 2013 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Note 12 - Postemployment Benefits

A - School Employees Retirement System

Plan Description – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan – The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation is 0.74 percent. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$23,783, \$23,860 and \$28,170, respectively, which equaled the required contributions each year.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is 0.16 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2013, 2012, and 2011 were \$5,142, \$17,497 and \$99,667, respectively; 99 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. That report can be obtained on SERS' website at www.ohsers.org, under *Employers/Audit Resources*.

B. State Teachers Retirement System of Ohio

Plan Description - STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issued as stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2013, 2012 and 2011. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$119,162, \$124,442 and \$129,788, respectively; 84 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 13 - Long-term Obligations

The changes in the School District's long-term obligations during fiscal year 2013 were as follows:

	Principal Outstanding 6/30/12	Additions	Deductions	Principal Outstanding 6/30/13	Amounts due in One Year
Governmental-Type Activities					
2012 School Improvement Note 1.45%	\$840,000	\$0	(\$840,000)	\$0	\$0
2007 Facilities Improvement Bonds 4.75%	40,000	0	(40,000)	0	0
1999 Energy Conservation Loan 4.75%	106,694	0	(80,466)	26,228	26,228
Compensated Absences	2,885,497	51,264	(228,813)	2,707,948	100,591
<i>Total Long-Term Obligations</i>	<u>\$3,872,191</u>	<u>\$51,264</u>	<u>(\$1,189,279)</u>	<u>\$2,734,176</u>	<u>\$126,819</u>

The \$840,000, 2012 School Improvement Note issued at 1.45 percent and outstanding at June 30, 2012, matured August 23, 2012. The note was backed by the full faith of Canfield Local School District.

The \$200,000 facilities improvement bond was issued August 31, 2007 at an interest rate of 4.75 percent and matured on August 31, 2012. The bond was issued for the purpose of paying the costs of acquiring and installing stadium improvements, including lighting and electrical upgrades.

The \$880,000 energy conservation loan was issued in 1999 for capital improvements under House Bill 264 at an interest rate of 4.75 percent, later changed to 4.25 percent. These improvements were approved by the Ohio Department of Education for energy conservation measures which have resulted in operating cost saving for the District. The loan matures during fiscal year 2014.

The \$200,000 facilities improvement bond and the \$880,000 energy conservation loan will be paid from the bond retirement debt service fund. Compensated absences will be paid from the general fund and the food service special revenue fund.

The School District's overall legal debt margin was \$50,176,656 with an unvoted debt margin of \$550,403 at June 30, 2013. Principal requirements to retire general obligation debt outstanding at June 30, 2013, are as follows:

Fiscal year Ending June 30,	Energy Conservation Loan	
	Principal	Interest
2014	<u>\$26,228</u>	<u>\$1,115</u>

Note 14 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators earn

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

twenty days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

Each employee earns sick leave at the rate of one and one-quarter days per month. Sick leave may be accumulated to a maximum of 260 days for all employees. Upon retirement, classified employees, bus drivers and teachers receive payments for fifty percent of the total sick leave accumulation up to a maximum of 60 days. Administrators receive payment for fifty percent of the total sick leave accumulation up to 75 days.

B. Life Insurance

The School District provides life insurance to all regular employees. Coverage is equal to the annual salary for administrators, the annual salary for certified employees with a minimum of \$34,000 and a maximum of \$50,000, \$40,000 for non-union classified employees, and \$25,000 for classified employees. Life insurance coverage is provided through Dearborn National.

Note 15 - Set-Asides

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

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

	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2012	\$0
Current Year Set-Aside Requirement	498,498
Qualifying Disbursements	<u>(754,343)</u>
Total	<u><u>(\$255,845)</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

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

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 16 - Jointly Governed Organizations

A. Area Cooperative Computerized Educational Service System Council of Governments

The Area Cooperative Computerized Educational Service System/ACCESS Assembly (ACCESS) is a consortium of twenty-six school districts in Mahoning and Columbiana Counties, two educational service centers, twenty non-public schools and two Special Education Regional Resource Centers.

The jointly governed organization was formed for the purpose of utilizing computers and other electronic equipment for administrative and instructional functions among member districts. These include educational management information system services, fiscal services, library services, network services and student services.

ACCESS is governed by an Assembly, which makes all decisions regarding programs, fees, budget and policy. The Assembly is composed of the Superintendent of each of the member districts. Assembly members may designate proxy attendees at meetings for voting purposes. The Assembly meets twice per year, once in November and once in May. Budgets and fees are discussed at the fall meeting, while the Board of Directors are chosen at the spring meeting.

While the Assembly has overall governance for ACCESS, the Board of Directors is selected to make the majority of the day to day operational decisions. Everything from equipment purchases, contracts, personnel action and financial oversight is handled by the Board. The Board is made up of two superintendents each from both Mahoning and Columbiana counties, and the superintendents from both the Mahoning County and Columbiana County Educational Service Centers. The ACCESS Executive Director and the Treasurer are also part of the Board of Directors, but are non-voting members.

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. The School District paid \$85,699 to ACCESS during fiscal year 2013. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Suite 222, Youngstown, Ohio, 44512.

B. Mahoning County Career and Technical Center

The Mahoning County Career and Technical Center is a political subdivision of the State of Ohio operated under the direction of a Board consisting of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school district's and one representative from each of the two city school districts. During fiscal year 2013, no monies were received from the School District. To obtain financial information write to the Treasurer at the Mahoning County Career and Technical Center, 7300 North Palmyra Road, Canfield, Ohio, 44406.

Note 17 - Public Entity Risk Pool

Mahoning County School Employees Insurance Consortium - The Mahoning County School Employees Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services. To obtain the financial information write to Mahoning County School Employees Insurance Consortium, P.O. Box 549, New Middletown, Ohio 44442.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 18 - Interfund Transfers

During fiscal year 2013 there was one transfer made. The general fund transferred \$85,000 to the bond retirement debt service fund to meet a debt service requirement for the HB 264 loan.

Note 19 - Contingencies

A. Grants

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 are 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, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

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

Note 20 – Subsequent Event

On November 5, 2013, the District passed a five year, 5.9 mill current operating expense levy. The levy is expected to generate approximately \$3.2 million annually for the District.

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CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
National School Lunch Program	100866-3L60-2013	10.555	212,218	\$65,467	212,218	\$65,467
<i>Total Nutrition Cluster</i>			212,218	65,467	212,218	65,467
Total U.S. Department of Agriculture			212,218	65,467	212,218	65,467
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
<i>Title I Part A Cluster</i>						
Title I Grants to Local Educational Agencies - 2013	100866-3M00-2013	84.010	131,966		125,321	
<i>Total Title I Grants to Local Educational Agencies</i>			131,966		125,321	
<i>Special Education Cluster (IDEA)</i>						
Special Education Grants to States - 2013	100866-3M20-2013	84.027	496,191		496,191	
<i>Total Special Education Grants to States</i>			496,191		496,191	
Improving Teacher Quality State Grants	100866-3Y60-2013	84.367	41,538		41,538	
<i>Total Improving Teacher Quality State Grants</i>			41,538		41,538	
ARRA - Race to the Top, Incentive Grants - 2012	100866-3FD0-2012	84.395	18,418		18,673	
ARRA - Race to the Top, Incentive Grants - 2013	100866-3FD0-2013	84.395	48,499		45,349	
<i>Total ARRA - Race to the Top, Incentive Grants</i>			66,917		64,022	
Total U.S. Department of Education			736,612		727,072	
Totals			\$948,830	\$65,467	\$939,290	\$65,467

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Canfield Local School District's (the District's) federal award program receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canfield Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 7, 2014, wherein we noted the District adopted the provisions of Governmental Accounting Standards Board Statements No.63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and No. 65, "items previously reported as Assets and Liabilities".

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

March 7, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Canfield Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Canfield Local School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on each Major Federal Program

In our opinion, the Canfield Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 7, 2014

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #84.027 Special Education – Grants to States (IDEA Part B) CFDA #10.555 – National School Lunch Program
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Canfield Local School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on November 17, 2010 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 7, 2014

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CANFIELD LOCAL SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 3, 2014**