



Dave Yost • Auditor of State

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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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, 2014 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 E 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 Awards Receipts and Expenditures (the schedule) 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 relates 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 23, 2015, 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 "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

March 23, 2015

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Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
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, 2014. 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 2014 are as follows:

- In total, Net Position increased by \$672,144.
- Revenues for governmental activities totaled \$27,896,240 in fiscal year 2014. Of this total, 89 percent consisted of general revenues while program revenues accounted for the balance of 11 percent.
- Program expenses totaled \$27,224,096. Instructional expenses made up 61 percent of this total while support services accounted for 31 percent. Other expenses rounded out the remaining 8 percent.
- Outstanding long-term obligations, excluding compensated absences, increased by \$411,167 as the District entered into a new bus acquisition note.
- The general fund balance was \$7,353,535 on a budget basis at fiscal year-end, up from \$5,154,307 at June 30, 2013.

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, 2014
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 2014?" 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, 2014
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 2014 compared to 2013:

Net Position (Table 1)
Governmental Activities

	2014	2013	Change
Assets			
Current and Other Assets	\$30,328,584	\$25,646,732	\$4,681,852
Capital Assets, Net	12,940,894	13,420,953	(480,059)
<i>Total Assets</i>	<u>43,269,478</u>	<u>39,067,685</u>	<u>4,201,793</u>
Liabilities			
Current Liabilities	2,531,692	2,457,961	73,731
Long-Term Liabilities			
Due within One Year	232,066	126,819	105,247
Due in More than One Year	2,948,224	2,607,357	340,867
<i>Total Liabilities</i>	<u>5,711,982</u>	<u>5,192,137</u>	<u>519,845</u>
Deferred Inflows of Resources			
Property Taxes	18,316,333	15,306,529	3,009,804
Net Position			
Net Investment in Capital Assets	12,861,319	13,394,725	(533,406)
Restricted	2,745,624	2,914,015	(168,391)
Unrestricted	3,634,220	2,260,279	1,373,941
<i>Total Net Position</i>	<u>\$19,241,163</u>	<u>\$18,569,019</u>	<u>\$672,144</u>

Total assets increased by \$4,201,793, due mostly to an increase in the amount of property taxes receivable related to the passage of the 5.9 mill, five year, current operating expense levy. Capital assets decreased as a result of current year depreciation exceeding capital asset additions this fiscal year.

Total liabilities increased by \$519,845. The majority of this increase was due to the issuance of a new bus acquisition note in the amount of \$437,395.

By comparing assets, liabilities and deferred inflows of resources, one can see the overall position of the School District has improved as evidenced by the increase in net position of \$672,144.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$24,945,718 or 89 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 \$2,950,522 or 11 percent of total revenue.

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2 shows the changes in Net Position for fiscal year 2014.

Table 2
Change in Net Position
Governmental Activities

	2014	2013	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,407,195	\$1,459,573	(\$52,378)
Operating Grants and Contributions	1,430,327	1,211,691	218,636
Capital Grants and Contributions	113,000	68,267	44,733
<i>Total Program Revenues</i>	<u>2,950,522</u>	<u>2,739,531</u>	<u>210,991</u>
General Revenues			
Property Taxes	16,231,235	15,334,002	897,233
Intergovernmental	8,659,030	8,398,726	260,304
Investment Earnings	13,901	10,614	3,287
Miscellaneous	37,702	99,794	(62,092)
Gain on Sale of Capital Assets	3,850	0	3,850
<i>Total General Revenues</i>	<u>24,945,718</u>	<u>23,843,136</u>	<u>1,102,582</u>
<i>Total Revenues</i>	<u>27,896,240</u>	<u>26,582,667</u>	<u>1,313,573</u>
Program Expenses			
Current:			
Instruction:			
Regular	13,406,924	12,721,401	685,523
Special	2,886,401	2,522,625	363,776
Vocational	309,975	297,892	12,083
Support Services:			
Pupils	1,305,047	1,418,828	(113,781)
Instructional Staff	554,094	1,217,607	(663,513)
Board of Education	43,769	41,957	1,812
Administration	1,748,888	1,617,686	131,202
Fiscal	567,155	548,476	18,679
Business	165,631	222,459	(56,828)
Operation and Maintenance of Plant	2,135,890	1,979,825	156,065
Pupil Transportation	1,872,894	1,697,059	175,835
Central	66,234	134,095	(67,861)
Operation of Non-Instructional Services	47,709	79,749	(32,040)
Operation of Food Services	1,032,093	1,006,891	25,202
Extracurricular Activities	1,078,425	928,065	150,360
Interest and Fiscal Charges	2,967	6,049	(3,082)
<i>Total Program Expenses</i>	<u>27,224,096</u>	<u>26,440,664</u>	<u>783,432</u>
<i>Change in Net Position</i>	672,144	142,003	530,141
Net Position Beginning of Year	18,569,019	18,427,016	142,003
<i>Net Position End of Year</i>	<u>\$19,241,163</u>	<u>\$18,569,019</u>	<u>\$672,144</u>

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
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 61 percent of the School District's budget is used to fund instructional expenses. Additional supporting services for pupils, staff and business operations encompass 31 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

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$13,406,924	\$12,759,765	\$12,721,401	\$12,320,602
Special	2,886,401	2,476,999	2,522,625	2,204,183
Vocational	309,975	306,650	297,892	292,266
Support Services:				
Pupils	1,305,047	1,208,413	1,418,828	1,315,534
Instructional Staff	554,094	473,576	1,217,607	1,056,910
Board of Education	43,769	43,769	41,957	41,141
Administration	1,748,888	1,640,235	1,617,686	1,381,192
Fiscal	567,155	567,155	548,476	538,164
Business	165,631	165,631	222,459	218,152
Operation and Maintenance of Plant	2,135,890	2,091,286	1,979,825	1,933,115
Pupil Transportation	1,872,894	1,872,894	1,697,059	1,669,382
Central	66,234	59,034	134,095	131,641
Operation of Non-Instructional Services	47,709	(2,271)	79,749	24,234
Food Service Operation	1,032,093	72,501	1,006,891	(37,173)
Extracurricular Activities	1,078,425	534,971	928,065	605,741
Interest and Fiscal Charges	2,967	2,967	6,049	6,049
Total Expenditures	\$27,224,096	\$24,273,575	\$26,440,664	\$23,701,133

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

As one can see, the reliance upon local tax revenues for governmental activities is crucial. Approximately 60 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 \$28,416,565 and other financing sources of \$468,713 to offset expenditures and other financing uses of \$26,579,018. The net change in fund balance for the year was most significant in the general fund, which increased by \$2,086,960

Within the general fund revenues increased by \$1,731,477, and expenditures decreased by \$387,028 from the prior year, resulting in the larger overall increase to fund balance. Prior to the passage of the 5.9 mill, five year current operating expense levy in 2013, District expenditures outpaced revenues within the general fund. For fiscal year 2014, revenues exceeded expenditures by only \$2,112,278, which was a direct result of the new 5.9 mill levy.

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 59 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 2014, the School District did not amend 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 was \$3,494 more than the final estimate. Actual expenditures totaled \$768,695 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, 2014
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$12,940,894 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Table 4 shows fiscal year 2014 balances compared to fiscal year 2013:

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

	2014	2013
Land	\$441,370	\$441,370
Land Improvements	187,788	262,904
Buildings and Improvements	11,255,388	11,633,285
Furniture, Fixtures and Equipment	385,838	401,849
Vehicles	670,510	681,545
<i>Total</i>	\$12,940,894	\$13,420,953

All capital assets, except land, are reported net of depreciation. As one can see, an overall decrease in capital assets of \$480,059 occurred during the fiscal year. The majority of this decrease is due to current year depreciation of \$800,623 and net deletions exceeding current year additions of \$320,564. 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

	2014	2013
Bus Acquisition Note	\$437,395	\$0
Energy Conservation Loan	0	26,228
<i>Total</i>	\$437,395	\$26,228

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.

The bus acquisition note was issued to finance the cost of new busses for the District.

For more information about the School District's debt, see Note 13 to the basic financial statements.

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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 37 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 School District's administration strives to be excellent 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 combined with increased expenditures resulted in deficit spending in fiscal years 2011, 2012 and 2013. This began to erode the general fund carryover balance and necessitated the need for additional local funds. After three unsuccessful attempts at passing operating levies from November 2010 to November 2012, significant staffing cuts and contract concessions were made. Then in November 2013, a 5.9 mill, five year current operating expense levy was passed. Half the proceeds from this new levy were received in the current fiscal year (2014) and as a result the district was able to institute all day kindergarten, reinstate high school transportation, and provide much needed technology and safety upgrades as well as expand course offerings. The School 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, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$7,804,747
Investments	3,212,460
Accrued Interest Receivable	1,361
Accounts Receivable	37,662
Intergovernmental Receivable	41,094
Property Taxes Receivable	19,154,195
Inventory Held for Resale	6,898
Materials and Supplies Inventory	70,167
Nondepreciable Capital Assets	441,370
Depreciable Capital Assets, Net	12,499,524
<i>Total Assets</i>	<u>43,269,478</u>
Liabilities	
Accounts Payable	21,921
Accrued Wages and Benefits Payable	2,109,387
Intergovernmental Payable	366,896
Accrued Interest Payable	1,914
Claims Payable	31,574
Long-Term Liabilities:	
Due Within One Year	232,066
Due In More Than One Year	2,948,224
<i>Total Liabilities</i>	<u>5,711,982</u>
Deferred Inflows of Resources	
Property Taxes	<u>18,316,333</u>
Net Position	
Net Investment in Capital Assets	12,861,319
Restricted for:	
Capital Projects	1,418,096
Debt Service	758,169
Other Purposes	491,042
Instructional Materials and Supplies:	
Expendable	3,265
Nonexpendable	75,052
Unrestricted	3,634,220
<i>Total Net Position</i>	<u><u>\$19,241,163</u></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, 2014

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position	
			Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
Current:					
Instruction:					
Regular	\$13,406,924	\$175,529	\$471,630	\$0	(\$12,759,765)
Special	2,886,401	48,594	360,808	0	(2,476,999)
Vocational	309,975	3,325	0	0	(306,650)
Support Services:					
Pupils	1,305,047	0	96,635	0	(1,208,412)
Instructional Staff	554,094	0	80,518	0	(473,576)
Board of Education	43,769	0	0	0	(43,769)
Administration	1,748,888	0	108,653	0	(1,640,235)
Fiscal	567,155	0	0	0	(567,155)
Business	165,631	0	0	0	(165,631)
Operation and Maintenance of Plant	2,135,890	41,604	0	3,000	(2,091,286)
Pupil Transportation	1,872,894	0	0	0	(1,872,894)
Central	66,234	0	7,200	0	(59,034)
Operation of Non-Instructional Services	47,709	0	49,980	0	2,271
Operation of Food Services	1,032,093	713,464	246,128	0	(72,501)
Extracurricular Activities	1,078,425	424,679	8,775	110,000	(534,971)
Interest and Fiscal Charges	2,967	0	0	0	(2,967)
Total Governmental Activities	\$27,224,096	\$1,407,195	\$1,430,327	\$113,000	(24,273,574)
General Revenues					
Property Taxes Levied for:					
					15,674,229
					92,901
					464,105
Grants and Entitlements not					
					8,659,030
					13,901
					37,702
					3,850
Total General Revenues					24,945,718
Change in Net Position					672,144
Net Position Beginning of Year					18,569,019
Net Position End of Year					\$19,241,163

See accompanying notes to the basic financial statements

Canfield Local School District

Mahoning County, Ohio

*Balance Sheet
Governmental Funds
June 30, 2014*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,211,246	\$3,187,858	\$7,399,104
Investments	3,212,460	0	3,212,460
Accrued Interest Receivable	1,361	0	1,361
Accounts Receivable	34,778	2,884	37,662
Intergovernmental Receivable	41,094	0	41,094
Property Taxes Receivable	18,549,953	604,242	19,154,195
Inventory Held for Resale	0	6,898	6,898
Materials and Supplies Inventory	69,253	914	70,167
<i>Total Assets</i>	<u>\$26,120,145</u>	<u>\$3,802,796</u>	<u>\$29,922,941</u>
Liabilities			
Accounts Payable	\$0	\$21,921	\$21,921
Accrued Wages and Benefits Payable	2,076,906	32,481	2,109,387
Intergovernmental Payable	365,261	1,635	366,896
<i>Total Liabilities</i>	<u>2,442,167</u>	<u>56,037</u>	<u>2,498,204</u>
Deferred Inflows of Resources			
Property Taxes	17,736,406	579,927	18,316,333
Unavailable Revenue - Property Taxes	813,547	24,315	837,862
<i>Total Deferred Inflows of Resources</i>	<u>18,549,953</u>	<u>604,242</u>	<u>19,154,195</u>
Fund Balances			
Nonspendable	69,253	70,499	139,752
Restricted	0	3,055,813	3,055,813
Committed	25,678	16,205	41,883
Assigned	53,863	0	53,863
Unassigned	4,979,231	0	4,979,231
<i>Total Fund Balances</i>	<u>5,128,025</u>	<u>3,142,517</u>	<u>8,270,542</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$26,120,145</u>	<u>\$3,802,796</u>	<u>\$29,922,941</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, 2014*

Total Governmental Fund Balances	\$8,270,542
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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.	12,940,894
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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	837,862
---	---------

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.	374,069
--	---------

In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds an interest expenditure is reported when due.	(1,914)
---	---------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bus Purchase Notes	(437,395)
Compensated Absences	(2,742,895)

Total	<u>(3,180,290)</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$19,241,163</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, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$16,283,400	\$582,010	\$16,865,410
Tuition and Fees	236,866	0	236,866
Interest	8,521	5,380	13,901
Charges for Services	0	713,464	713,464
Extracurricular Activities	172,395	250,297	422,692
Rentals	31,273	2,900	34,173
Contributions and Donations	37,187	26,826	64,013
Intergovernmental	8,561,037	1,467,307	10,028,344
Miscellaneous	34,268	3,434	37,702
<i>Total Revenues</i>	<u>25,364,947</u>	<u>3,051,618</u>	<u>28,416,565</u>
Expenditures			
Current:			
Instruction:			
Regular	12,158,385	472,596	12,630,981
Special	2,385,750	349,257	2,735,007
Vocational	294,185	0	294,185
Support Services:			
Pupils	1,171,067	97,685	1,268,752
Instructional Staff	538,686	81,844	620,530
Board of Education	43,596	0	43,596
Administration	1,676,361	96,241	1,772,602
Fiscal	551,446	10,301	561,747
Business	169,742	0	169,742
Operation and Maintenance of Plant	1,972,999	69,300	2,042,299
Pupil Transportation	1,611,781	0	1,611,781
Central	58,095	7,200	65,295
Operation of Non-Instructional Services	0	40,318	40,318
Operation of Food Services	0	959,739	959,739
Extracurricular Activities	613,739	249,851	863,590
Capital Outlay	6,837	837,082	843,919
Debt Service:			
Principal Retirement	0	26,228	26,228
Interest and Fiscal Charges	0	1,239	1,239
<i>Total Expenditures</i>	<u>23,252,669</u>	<u>3,298,881</u>	<u>26,551,550</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,112,278</u>	<u>(247,263)</u>	<u>1,865,015</u>
Other Financing Sources (Uses)			
Proceeds of Notes	0	437,395	437,395
Proceeds from Sale of Capital Assets	2,150	1,700	3,850
Transfers In	0	27,468	27,468
Transfers Out	(27,468)	0	(27,468)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,318)</u>	<u>466,563</u>	<u>441,245</u>
<i>Net Change in Fund Balances</i>	2,086,960	219,300	2,306,260
<i>Fund Balances Beginning of Year</i>	3,041,065	2,923,217	5,964,282
<i>Fund Balances End of Year</i>	<u>\$5,128,025</u>	<u>\$3,142,517</u>	<u>\$8,270,542</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, 2014*

Net Change in Fund Balances - Total Governmental Funds \$2,306,260

***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 and capital donations in the current period.

Capital Outlay	210,564
Donated Capital Assets	110,000
Current Year Depreciation	<u>(800,623)</u>

Total (480,059)

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

Assets Disposed	(95,962)
Accumulated Depreciation on Disposals	<u>95,962</u>

Total 0

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

Property Taxes (634,175)

Other financing sources in the governmental funds increase long-term liabilities in the statement of net position.

Bus Purchase Note Issued (437,395)

Repayment of long-term debt and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

26,228

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 (1,728)

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.

(34,947)

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.

(72,040)

Change in Net Position of Governmental Activities \$672,144

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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$14,762,500	\$16,283,400	\$16,283,400	\$0
Tuition and Fees	190,493	227,673	227,448	(225)
Interest	11,536	13,787	13,756	(31)
Extracurricular Activities	115,129	137,600	141,350	3,750
Rentals	26,373	31,521	31,521	0
Contributions and Donations	226	270	270	0
Intergovernmental	8,269,649	8,519,943	8,519,943	0
Miscellaneous	1,694	10,663	10,663	0
<i>Total Revenues</i>	<u>23,377,600</u>	<u>25,224,857</u>	<u>25,228,351</u>	<u>3,494</u>
Expenditures				
Current:				
Instruction:				
Regular	12,149,290	12,149,290	12,066,568	82,722
Special	2,798,305	2,798,305	2,390,762	407,543
Vocational	294,955	294,955	293,970	985
Support Services:				
Pupils	1,306,295	1,306,295	1,172,013	134,282
Instructional Staff	564,055	564,055	533,678	30,377
Board of Education	46,050	46,050	43,596	2,454
Administration	1,558,275	1,558,275	1,544,534	13,741
Fiscal	559,790	559,790	541,646	18,144
Business	200,540	200,540	168,647	31,893
Operation and Maintenance of Plant	2,001,720	2,001,720	1,972,541	29,179
Pupil Transportation	1,620,160	1,620,160	1,608,589	11,571
Central	59,835	59,835	57,759	2,076
Extracurricular Activities	615,030	615,030	611,302	3,728
<i>Total Expenditures</i>	<u>23,774,300</u>	<u>23,774,300</u>	<u>23,005,605</u>	<u>768,695</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(396,700)</u>	<u>1,450,557</u>	<u>2,222,746</u>	<u>772,189</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	2,150	2,150	0
Transfers Out	(27,500)	(27,500)	(27,468)	32
<i>Total Other Financing Sources (Uses)</i>	<u>(27,500)</u>	<u>(25,350)</u>	<u>(25,318)</u>	<u>32</u>
<i>Net Change in Fund Balance</i>	(424,200)	1,425,207	2,197,428	772,221
<i>Fund Balance Beginning of Year</i>	5,154,307	5,154,307	5,154,307	0
Prior Year Encumbrances Appropriated	1,800	1,800	1,800	0
<i>Fund Balance End of Year</i>	<u>\$4,731,907</u>	<u>\$6,581,314</u>	<u>\$7,353,535</u>	<u>\$772,221</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, 2014

	<u>Internal Service</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$405,643
Liabilities	
Claims Payable	<u>31,574</u>
Net Position	
Unrestricted	<u><u>\$374,069</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, 2014*

	<u>Internal Service</u>
Operating Revenues	
Charges for Services	<u>\$979,445</u>
Operating Expenses	
Purchased Services	11,449
Claims	1,040,036
<i>Total Operating Expenses</i>	<u>1,051,485</u>
<i>Change in Net Position</i>	(72,040)
<i>Net Position Beginning of Year</i>	<u>446,109</u>
<i>Net Position End of Year</i>	<u><u>\$374,069</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, 2014

	<u>Internal Service</u>
<i>Decrease in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Charges for Services	\$979,445
Cash Payments for Goods and Services	(11,449)
Cash Payments for Claims	<u>(1,032,096)</u>
<i>Net Cash Used for Operating Activities</i>	(64,100)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>469,743</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$405,643</u></u>
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$72,040)
Adjustments:	
Change in Claims Payable	<u>7,940</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$64,100)</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, 2014

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$42,851	\$101,511
Liabilities		
Due to Students	0	\$101,511
Net Position		
Held in Trust for Scholarships	\$42,851	

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, 2014

	<u>Scholarship</u>
Additions	
Interest	\$373
Deductions	
Scholarships Awarded	<u>1,000</u>
<i>Change in Net Position</i>	(627)
<i>Net Position Beginning of Year</i>	<u>43,478</u>
<i>Net Position End of Year</i>	<u><u>\$42,851</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, 2014

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 127 non-certificated and 175 certified teaching personnel and 9 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 2014 fiscal year was 2,824. 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, 2014

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, 2014

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, 2014

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, 2014, but which were levied to finance fiscal year 2015 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, 2014

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 2014, investments were limited to certificates of deposit, money market accounts, a Federal Home Loan Bank Bond, Federal National Mortgage Association Bonds, a Federal Farm Credit Bureau 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, 2014.

Canfield Local School District

Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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 2014 amounted to \$8,521, 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

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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, 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

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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.

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Notes to the Basic Financial Statements
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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 Principles

For fiscal year 2014, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”, Statement No. 67, “Financial Reporting for Pension Plans”, and Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

GASB Statement No. 67 establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the District.

GASB Statement No. 70 improves the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

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).

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For the Fiscal Year Ended June 30, 2014*

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	\$2,086,960
Net Adjustment for Revenue Accruals	(176,177)
Net Adjustment for Funds Budgeted as Special Revenue	39,581
Net Adjustment for Expenditure Accruals	248,139
Adjustment for Encumbrances	<u>(1,075)</u>
Budget Basis	<u><u>\$2,197,428</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 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;

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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, 2014, the carrying value amount of all the District's deposits was \$7,652,851. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2014, \$6,771,380 of the District's bank balance of \$8,271,380 was exposed to custodial risk as described below. \$1,500,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

Investments

As of June 30, 2014, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
STAR Ohio	\$290,723	6 months or less
Money Market Accounts	4,193	6 months or less
Federal National Mortgage Association	2,844,500	3 to 5 years
Federal Home Loan Bank	250,000	3 to 5 years
Federal Farm Credit Bureau	117,960	3 to 5 years
	\$3,507,376	
Total Portfolio		

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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, Federal National Mortgage Association bonds and Federal Farm Credit bond carry 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 following is the School District's allocation as of June 30, 2014:

Investment	Percent of Total
Federal National Mortgage Association	81.10%
STAR Ohio	8.29%
Federal Home Loan Bank	7.13%
Federal Farm Credit Bureau	3.36%
Money Market Accounts	0.12%
Total	100.00%

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, 2014:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Position</u>	
Carrying amount of deposits	\$7,652,851	Governmental Activities	\$11,017,207
Investments	3,507,376	Private Purpose Trust Fund	42,851
Cash on Hand	1,342	Agency Fund	101,511
Total	\$11,161,569		\$11,161,569

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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 2014 represent collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, 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 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 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, 2014, are available to finance fiscal year 2014 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, 2014 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, 2014 and June 30, 2013.

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 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$540,461,220	98.19 %	\$544,571,810	97.94 %
Public Utility Personal	9,941,750	1.81	11,444,310	2.06
Total	\$550,402,970	100.00 %	\$556,016,120	100.00 %
Tax rate per \$1,000 of assessed valuation	\$55.00		\$55.90	

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Notes to the Basic Financial Statements
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Note 7 - Receivables

Receivables at June 30, 2014, 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, 2014, the School District's intergovernmental receivable in the general fund for \$41,094 related to a special education catastrophic aid reimbursement.

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	\$69,253	\$914	\$70,167
Permanent Fund Principal	0	69,585	69,585
<i>Total Nonspendable</i>	<u>69,253</u>	<u>70,499</u>	<u>139,752</u>
<i>Restricted for:</i>			
Food Service Operations	0	431,003	431,003
Athletics & Music	0	82,296	82,296
Auxiliary Services	0	13,566	13,566
Student Achievement	0	17,264	17,264
Debt Service Payments	0	754,113	754,113
Capital Improvements	0	1,757,571	1,757,571
<i>Total Restricted</i>	<u>0</u>	<u>3,055,813</u>	<u>3,055,813</u>
<i>Committed to:</i>			
College Scholarships	0	16,205	16,205
Community Television	14,678	0	14,678
Underground Storage	11,000	0	11,000
<i>Total Committed</i>	<u>25,678</u>	<u>16,205</u>	<u>41,883</u>
<i>Assigned to:</i>			
Other Purposes	52,788	0	52,788
Encumbrances	1,075	0	1,075
<i>Total Assigned</i>	<u>53,863</u>	<u>0</u>	<u>53,863</u>
<i>Unassigned</i>	<u>4,979,231</u>	<u>0</u>	<u>4,979,231</u>
<i>Total Fund Balances</i>	<u><u>\$5,128,025</u></u>	<u><u>\$3,142,517</u></u>	<u><u>\$8,270,542</u></u>

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance 6/30/13	Additions	Reductions	Balance 6/30/14
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	110,000	0	24,423,668
Furniture, fixtures and equipment	3,051,291	54,979	(29,528)	3,076,742
Vehicles	2,691,180	155,585	(66,434)	2,780,331
Total capital assets being depreciated	30,807,297	320,564	(95,962)	31,031,899
 <i>Accumulated depreciation:</i>				
Land improvements	(488,254)	(75,116)	0	(563,370)
Buildings and improvements	(12,680,383)	(487,897)	0	(13,168,280)
Furniture, fixtures and equipment	(2,649,442)	(70,990)	29,528	(2,690,904)
Vehicles	(2,009,635)	(166,620)	66,434	(2,109,821)
Total accumulated depreciation	(17,827,714)	(800,623) *	95,962	(18,532,375)
Capital assets being depreciated, net	12,979,583	(480,059)	0	12,499,524
Governmental activities capital assets, net	\$13,420,953	(\$480,059)	\$0	\$12,940,894

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$371,088
Special	32,751
Vocational	8,462
Support Services:	
Pupil	19,806
Instructional Staff	999
Administration	8,354
Fiscal	1,307
Business	765
Operation and Maintenance of Plant	56,490
Pupil Transportation	138,614
Central	524
Operation of Non-Instructional Services	1,488
Operation of Food Services	40,382
Extracurricular	119,593
Total Depreciation Expense	\$800,623

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Notes to the Basic Financial Statements
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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 2014, the School District contracted for the following insurance coverage:

<u>Type of Coverage</u>	<u>Coverage</u>
Coverage provided by Ohio School Plan:	
Property/Boiler and Machinery (\$1,000 deductible)	\$87,215,415
Violence	1,000,000
Crime (\$1,000 deductible)	25,000
Fleet Insurance (\$1,000 deductible - comprehensive) (\$1,000 deductible - collision)	5,000,000
General Liability	
General aggregate	\$7,000,000
Per occurrence	5,000,000

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 percent of the monthly medical/surgical premiums for all employees. Premiums for all groups are \$1,100 for family, \$668 for employee and children, \$825 for employee and spouse and \$393 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 premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

The claims liability of \$31,574 reported in the internal service fund at June 30, 2014, 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
2013	\$89,105	963,712	1,029,183	\$23,634
2014	23,634	1,040,036	1,032,096	31,574

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, 2014, 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, 2014, 2013 and 2012 were \$417,602, \$421,020, and \$404,031, respectively; 99 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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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 9.5 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, 2014

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 14 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 11 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, 2014, 2013 and 2012 were \$1,472,370, \$1,549,102, and \$1,617,744, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$57,507 made by the School District and \$45,184 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, 2014

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 2014 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 2014, the actuarially required allocation is 0.76 percent. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$24,227, \$23,783 and \$23,860, respectively; 99 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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, 2014, the health care allocation is 0.14 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 2014, the minimum compensation level was established at \$20,250. 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, 2014, 2013, and 2012 were \$4,463, \$5,142 and \$17,497, respectively; 99 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, 2014, 2013 and 2012. 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, 2014, 2013 and 2012 were \$113,259, \$119,162 and \$124,442, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Canfield Local School District
Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Note 13 - Long-term Obligations

The changes in the School District's long-term obligations during fiscal year 2014 were as follows:

	Principal Outstanding 6/30/13	Additions	Deductions	Principal Outstanding 6/30/14	Amounts due in One Year
Governmental-Type Activities					
2014 Bus Acquisition Note 2.10%	\$0	\$437,395	\$0	\$437,395	\$145,798
1999 Energy Conservation Loan 4.75%	26,228	0	(26,228)	0	0
Compensated Absences	2,707,948	135,538	(100,591)	2,742,895	86,268
<i>Total Long-Term Obligations</i>	<u>\$2,734,176</u>	<u>\$572,933</u>	<u>(\$126,819)</u>	<u>\$3,180,290</u>	<u>\$232,066</u>

The \$437,395, 2014 Bus Acquisition Note issued at 2.10 percent and outstanding at June 30, 2014, was issued to finance the cost of purchasing five new busses for the District. The Note matures April 15, 2017 and is backed by the full faith of Canfield Local School District. As of June 30, 2014, the District reported \$359,734 in unspent note proceeds related to the note issuance.

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 matured during the fiscal year.

The \$437,395 bus acquisition note 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 \$50,358,169 with an unvoted debt margin of \$556,016 at June 30, 2014. Principal requirements to retire general obligation debt outstanding at June 30, 2014, are as follows:

Fiscal year Ending June 30,	Bus Bus Acquisition Note	
	Principal	Interest
2015	\$145,798	\$9,185
2016	145,798	6,124
2017	145,799	3,062
<i>Total</i>	<u>\$437,395</u>	<u>\$18,371</u>

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 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, 2013	\$0
Current Year Set-Aside Requirement	479,112
Qualifying Disbursements	<u>(1,219,641)</u>
Total	<u><u>(\$740,529)</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, 2014

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 \$86,670 to ACCESS during fiscal year 2014. 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 2014, 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, 2014

Note 18 - Interfund Transfers

During fiscal year 2014 there was one transfer made. The general fund transferred \$27,468 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, 2014, if applicable, cannot be determined at this time.

B. Litigation

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

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CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

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	10.555	\$184,319	\$58,781	\$184,319	\$58,781
<i>Total Nutrition Cluster</i>			<u>184,319</u>	<u>58,781</u>	<u>184,319</u>	<u>58,781</u>
Total U.S. Department of Agriculture			<u>184,319</u>	<u>58,781</u>	<u>184,319</u>	<u>58,781</u>
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	100866-3M00-13	84.010	251,516		251,516	
	100866-3M00-14	84.010	62,824		69,469	
<i>Total Title I Grants to Local Educational Agencies</i>			<u>314,340</u>		<u>320,985</u>	
<i>Special Education Cluster (IDEA)</i>						
Special Education Grants to States	100866-3M20-14	84.027	512,889		512,889	
<i>Total Special Education Grants to States</i>			<u>512,889</u>		<u>512,889</u>	
<i>Improving Teacher Quality State Grants</i>						
Improving Teacher Quality State Grants	100866-3Y60-14	84.367	39,951		39,951	
<i>Total Improving Teacher Quality State Grants</i>			<u>39,951</u>		<u>39,951</u>	
<i>ARRA - Race to the Top, Incentive Grants</i>						
ARRA - Race to the Top, Incentive Grants	100866-3FD0-12	84.395	6,046		6,046	
ARRA - Race to the Top, Incentive Grants	100866-3FD0-13	84.395	37,286		40,437	
ARRA - Race to the Top, Incentive Grants	100866-3FD0-14	84.395	83,194		83,194	
<i>Total ARRA - Race to the Top, Incentive Grants</i>			<u>126,526</u>		<u>129,677</u>	
Total U.S. Department of Education			<u>993,706</u>		<u>1,003,502</u>	
Totals			<u>\$1,178,025</u>	<u>\$58,781</u>	<u>\$1,187,821</u>	<u>\$58,781</u>

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (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, 2014, 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 23, 2015.

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 opinion 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*.

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
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www.ohioauditor.gov

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 initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

March 23, 2015



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, 2014. The *Summary of Auditor's 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major 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, 2014.

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 over 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 23, 2015

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

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 #84.010 Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)
<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

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 7, 2015**