



Mary Taylor, CPA
Auditor of State

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

*For the Year Ended June 30, 2007
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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 21, 2008

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
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, 2007. 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 2007 are as follows:

- In total, net assets increased by \$3,297,834.
- Revenues for governmental activities totaled \$29,378,002 in fiscal year 2007. Of this total, 88.1 percent consisted of general revenues while program revenues accounted for the balance of 11.9 percent.
- Program expenses totaled \$26,080,168. Instructional expenses made up 56.8 percent of this total while support services accounted for 34.7 percent. Other expenses rounded out the remaining 8.5 percent.
- Outstanding long-term obligations, excluding compensated absences, decreased by \$1,002,746.
- The general fund balance was \$6,355,525 on a budget basis at fiscal year end, up from \$5,146,351 at June 30, 2006.

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 Assets 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 and the bond retirement fund are the most significant funds.

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Reporting the School District as a Whole

Statement of Net Assets 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 2007?" The *Statement of Net Assets* 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 assets and changes in those assets. This change in net assets 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 Assets 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 9. 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 funds are the general fund and the bond retirement debt service 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 Assets 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, 2007
Unaudited

The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2007 compared to 2006:

Table 1
Net Assets
Governmental Activities

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Assets			
Current and Other Assets	\$26,443,037	\$24,599,069	\$1,843,968
Capital Assets	<u>16,538,752</u>	<u>15,739,100</u>	<u>799,652</u>
<i>Total Assets</i>	<u>42,981,789</u>	<u>40,338,169</u>	<u>2,643,620</u>
Liabilities			
Current Liabilities	18,785,100	19,720,868	(935,768)
Long-Term Liabilities			
Due within One Year	238,354	246,088	(7,734)
Due in More than One Year	<u>9,954,796</u>	<u>9,665,508</u>	<u>289,288</u>
<i>Total Liabilities</i>	<u>28,978,250</u>	<u>29,632,464</u>	<u>(654,214)</u>
Net Assets			
Invested in Capital Assets			
Net of Related Debt	8,858,569	7,056,171	1,802,398
Restricted	2,547,274	2,301,881	245,393
Unrestricted	<u>2,597,696</u>	<u>1,347,653</u>	<u>1,250,043</u>
<i>Total Net Assets</i>	<u>\$14,003,539</u>	<u>\$10,705,705</u>	<u>\$3,297,834</u>

Total assets increased by \$2,643,620. The increase can be attributed to \$1,147,968 worth of capital assets being donated to the School District, along with an increase in cash and cash equivalents due to an increase in carryover cash balances as a result of revenues exceeding expenses.

Total liabilities decreased by \$654,214. The majority of this decrease was due to a reduction in principal owed on notes payable in the amount of \$1,020,000.

By comparing assets and liabilities, one can see the overall position of the School District has improved as evidenced by the increase in net assets of \$3,297,834.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$25,888,341 or 88.1 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 \$3,489,661 or 11.9 percent of total revenue.

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
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Table 2 shows the changes in net assets for fiscal year 2007.

Table 2
Change in Net Assets
Governmental Activities

	2007	2006	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,235,684	\$1,248,690	(\$13,006)
Operating Grants and Contributions	1,059,378	993,197	66,181
Capital Grants and Contributions	1,194,599	45,456	1,149,143
<i>Total Program Revenues</i>	<u>3,489,661</u>	<u>2,287,343</u>	<u>1,202,318</u>
General Revenues			
Property Taxes	16,574,591	15,588,288	986,303
Intergovernmental	8,798,925	8,738,886	60,039
Investment Earnings	467,863	289,051	178,812
Miscellaneous	42,382	36,541	5,841
Gain on Sale of Capital Assets	4,580	3,400	1,180
<i>Total General Revenues</i>	<u>25,888,341</u>	<u>24,656,166</u>	<u>1,232,175</u>
<i>Total Revenues</i>	<u>29,378,002</u>	<u>26,943,509</u>	<u>2,434,493</u>
Program Expenses			
Current:			
Instruction:			
Regular	12,933,655	12,585,988	347,667
Special	1,627,917	1,525,643	102,274
Vocational	254,370	247,730	6,640
Support Services:			
Pupils	951,978	927,359	24,619
Instructional Staff	1,451,311	1,351,345	99,966
Board of Education	38,887	18,458	20,429
Administration	1,716,457	1,643,663	72,794
Fiscal	472,696	517,237	(44,541)
Business	272,418	239,004	33,414
Operation and Maintenance of Plant	2,194,988	2,168,319	26,669
Pupil Transportation	1,830,037	1,921,389	(91,352)
Central	111,677	96,031	15,646
Operation of Non-Instructional Services	75,129	75,836	(707)
Operation of Food Services	824,123	752,405	71,718
Extracurricular Activities	1,045,193	939,795	105,398
Interest and Fiscal Charges	279,332	254,474	24,858
<i>Total Program Expenses</i>	<u>26,080,168</u>	<u>25,264,676</u>	<u>815,492</u>
<i>Increase in Net Assets</i>	3,297,834	1,678,833	1,619,001
Net Assets Beginning of Year	10,705,705	9,026,872	1,678,833
<i>Net Assets End of Year</i>	<u>\$14,003,539</u>	<u>\$10,705,705</u>	<u>\$3,297,834</u>

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenues and expenditures over the next five fiscal years. In November of 2002, the School District successfully passed a 6.9 mill five-year operating levy that is generating over \$3,000,000 in additional revenue per year. This additional income is currently being used and will continue to be dedicated to the operational and capital needs of the School District.

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 56.8 percent of the School District's budget is used to fund instructional expenses. Additional supporting services for pupils, staff and business operations encompass 34.7 percent. The remaining amount of program expenses, 8.5 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

	2007		2006	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$12,933,655	\$12,422,668	\$12,585,988	\$12,293,211
Special	1,627,917	1,273,481	1,525,643	1,277,845
Vocational	254,370	245,654	247,730	247,730
Support Services:				
Pupils	951,978	831,367	927,359	837,307
Instructional Staff	1,451,311	1,287,194	1,351,345	1,165,422
Board of Education	38,887	38,596	18,458	18,458
Administration	1,716,457	1,434,369	1,643,663	1,395,568
Fiscal	472,696	468,728	517,237	517,237
Business	272,418	269,754	239,004	227,004
Operation and Maintenance of Plant	2,194,988	2,138,436	2,168,319	2,168,319
Pupil Transportation	1,830,037	1,790,460	1,921,389	1,892,033
Central	111,677	88,520	96,031	85,564
Operation of Non-Instructional Services	75,129	6,919	75,836	29,170
Food Service Operation	824,123	32,124	752,405	(52,998)
Extracurricular Activities	1,045,193	(17,095)	939,795	620,989
Interest and Fiscal Charges	279,332	279,332	254,474	254,474
<i>Total Expenditures</i>	<u>\$26,080,168</u>	<u>\$22,590,507</u>	<u>\$25,264,676</u>	<u>\$22,977,333</u>

Canfield Local School District

Mahoning County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited*

As one can see, the reliance upon local tax revenues for governmental activities is crucial. Approximately 64 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs support 34 percent and program revenues support the majority of the remaining expenses.

The School District's Funds

Information regarding the School District's major funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$27,837,367 and other financing sources of \$7,218,551 to offset expenditures and other financing uses of \$32,525,774. The net change in fund balance for the year was most significant in the general fund, which increased \$1,336,213. 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 more than 58 percent of total governmental revenue. Clearly, the community is the greatest source of financial support for the students of the Canfield Local School District.

General Fund Budgeting Highlights

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

During the course of fiscal year 2007, the School District did not require any amendments to its original general fund appropriations. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenses but provide flexibility for program based decision and management.

For the general fund, actual revenue totaled \$63,108 more than original estimates. The majority of this increase was due to increased interest earnings over original estimates. Actual expenditures totaled \$444,876 less than original appropriations. The majority of this difference was due to an unanticipated midyear decrease in hospitalization premiums, additional wages and benefits being charged to federal grants and overall conservative spending by all School District personnel.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, the School District had \$16,538,752 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Table 4 shows fiscal year 2007 balances compared to fiscal year 2006:

Canfield Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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

	2007	2006
Land	\$441,370	\$361,849
Land Improvements	713,600	0
Buildings and Improvements	13,994,503	13,984,188
Furniture and Equipment	489,786	575,612
Vehicles	899,493	817,451
<i>Total</i>	\$16,538,752	\$15,739,100

All capital assets, except land, are reported net of depreciation. As one can see, an increase in capital assets during the fiscal year occurred in all categories, except for furniture and equipment. The School District received donated capital assets in the amount of \$1,147,968 during the fiscal year and purchased assets in the amount of \$517,662, which resulted in the overall increase in capital assets. The majority of the donated capital assets represents improvements to the high school stadium and is a result of the contributions from the Cardinal Nest Builders, a non-profit organization dedicated to expansion and renovation needs of Canfield students. For more information about the School District's capital assets, see Note 7 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

	2007	2006
Real Estate Acquisition Bonds	\$180,000	\$0
School Improvement Bonds	0	71,000
Various Purpose Bonds	128,800	161,000
Energy Conservation Loan	462,409	530,929
School Improvement Notes	6,900,000	7,920,000
Premium on Notes	8,974	0
<i>Total</i>	\$7,680,183	\$8,682,929

The Real Estate Acquisition Bonds issued in 2006 and the School Improvement Bonds issued in 2002 were issued to purchase acreage for future school expansion. The Various Purpose Bonds were issued in 2006 to purchase a school bus and a new boiler. 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 school improvement notes were issued in 1998 to provide for additions and renovations to all buildings within the School District. For more information about the School District's debt, see Note 12 to the basic financial statements.

Canfield Local School District

Mahoning County, Ohio

*Management's Discussion and Analysis
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Unaudited*

Current Financial Issues

The Canfield Local School District has continued to maintain a high level of service to our students, parents and community. For the eighth consecutive year, the Canfield Local School District has achieved the State's highest rating of "Excellent" 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 doing everything in their power to make sure tax dollars are being used efficiently and effectively.

However, major changes in the State tax structure have created many challenges. As a result, the School District will continue its need to rely heavily on its taxpayers to support its operations and meet student needs.

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 canf_pk@access-k12.org.

Canfield Local School District

Mahoning County, Ohio

Statement of Net Assets

June 30, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,771,571
Accrued Interest Receivable	5,942
Accounts Receivable	26,147
Intergovernmental Receivable	23,279
Property Taxes Receivable	17,547,023
Inventory Held for Resale	5,597
Materials and Supplies Inventory	56,626
Prepaid Items	6,852
Nondepreciable Capital Assets	441,370
Depreciable Capital Assets, Net	16,097,382
<i>Total Assets</i>	<u>42,981,789</u>
Liabilities	
Accounts Payable	23,491
Accrued Wages and Benefits Payable	1,600,338
Intergovernmental Payable	639,908
Deferred Revenue	16,239,614
Accrued Interest Payable	240,537
Claims Payable	41,212
Long-Term Liabilities:	
Due Within One Year	238,354
Due In More Than One Year	9,954,796
<i>Total Liabilities</i>	<u>28,978,250</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	8,858,569
Restricted for:	
Capital Projects	269,825
Debt Service	1,359,496
Other Purposes	376,027
Set-asides	508,884
Instructional Materials and Supplies:	
Expendable	7,990
Nonexpendable	25,052
Unrestricted	2,597,696
<i>Total Net Assets</i>	<u>\$14,003,539</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, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Instruction:					
Regular	\$12,933,655	\$92,929	\$131,637	\$286,421	(\$12,422,668)
Special	1,627,917	9,560	318,476	26,400	(1,273,481)
Vocational	254,370	1,844	0	6,872	(245,654)
Support Services:					
Pupils	951,978	6,349	98,161	16,101	(831,367)
Instructional Staff	1,451,311	9,626	154,491	0	(1,287,194)
Board of Education	38,887	291	0	0	(38,596)
Administration	1,716,457	136,095	141,421	4,572	(1,434,369)
Fiscal	472,696	3,345	0	623	(468,728)
Business	272,418	2,041	0	623	(269,754)
Operation and Maintenance of Plant	2,194,988	25,515	0	31,037	(2,138,436)
Pupil Transportation	1,830,037	12,446	0	27,131	(1,790,460)
Central	111,677	671	22,486	0	(88,520)
Operation of Non-Instructional Services	75,129	0	47,660	20,550	(6,919)
Operation of Food Services	824,123	659,310	132,689	0	(32,124)
Extracurricular Activities	1,045,193	275,662	12,357	774,269	17,095
Interest and Fiscal Charges	279,332	0	0	0	(279,332)
<i>Total Governmental Activities</i>	<u>\$26,080,168</u>	<u>\$1,235,684</u>	<u>\$1,059,378</u>	<u>\$1,194,599</u>	<u>(22,590,507)</u>
General Revenues					
Property Taxes Levied for:					
					14,882,159
					1,287,480
					404,952
					8,798,925
					467,863
					42,382
					4,580
					<u>25,888,341</u>
					3,297,834
					10,705,705
					<u>\$14,003,539</u>

See accompanying notes to the basic financial statements

Canfield Local School District
Mahoning County, Ohio

<i>Balance Sheet</i>				
<i>Governmental Funds</i>				
<i>June 30, 2007</i>				
	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$5,863,141	\$1,517,077	\$682,913	\$8,063,131
Accrued Interest Receivable	5,942	0	0	5,942
Accounts Receivable	20,958	251	4,938	26,147
Intergovernmental Receivable	0	0	23,279	23,279
Property Taxes Receivable	15,746,497	1,370,251	430,275	17,547,023
Inventory Held for Resale	0	0	5,597	5,597
Materials and Supplies Inventory	54,903	0	1,723	56,626
Prepaid Items	6,852	0	0	6,852
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	508,884	0	0	508,884
<i>Total Assets</i>	<u>\$22,207,177</u>	<u>\$2,887,579</u>	<u>\$1,148,725</u>	<u>\$26,243,481</u>
Liabilities				
Accounts Payable	\$17,197	\$0	\$6,294	\$23,491
Accrued Wages and Benefits Payable	1,586,988	0	13,350	1,600,338
Intergovernmental Payable	613,869	0	26,039	639,908
Deferred Revenue	15,665,142	1,366,106	428,740	17,459,988
<i>Total Liabilities</i>	<u>17,883,196</u>	<u>1,366,106</u>	<u>474,423</u>	<u>19,723,725</u>
Fund Balances				
Reserved for Encumbrances	1,311	0	729	2,040
Reserved for Textbooks	508,884	0	0	508,884
Unreserved:				
Designated for:				
Underground Storage Tanks	0	0	11,000	11,000
Undesignated, Reported in:				
General Fund	3,813,786	0	0	3,813,786
Special Revenue Funds	0	0	385,670	385,670
Debt Service Funds	0	1,521,473	0	1,521,473
Capital Projects Funds	0	0	243,861	243,861
Permanent Fund	0	0	33,042	33,042
<i>Total Fund Balances</i>	<u>4,323,981</u>	<u>1,521,473</u>	<u>674,302</u>	<u>6,519,756</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$22,207,177</u>	<u>\$2,887,579</u>	<u>\$1,148,725</u>	<u>\$26,243,481</u>

See accompanying notes to the basic financial statements

Canfield Local School District
Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities*

June 30, 2007

Total Governmental Fund Balances	\$6,519,756
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	16,538,752
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes.	1,220,374
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 assets.	158,344
In the statement of activities, interest is accrued on outstanding general obligation bonds and notes, whereas in governmental funds, an interest expenditure is reported when due.	(240,537)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Notes Payable	(6,900,000)
General Obligation Bonds	(308,800)
Energy Conservation Loan	(462,409)
Premium on Notes	(8,974)
Compensated Absences	<u>(2,512,967)</u>
 Total	 <u>(10,193,150)</u>
 <i>Net Assets of Governmental Activities</i>	 <u><u>\$14,003,539</u></u>

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, 2007

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$14,517,510	\$1,274,242	\$399,924	\$16,191,676
Tuition and Fees	145,702	0	845	146,547
Interest	447,829	0	14,862	462,691
Charges for Services	0	0	658,465	658,465
Extracurricular Activities	0	0	396,288	396,288
Rentals	24,456	0	9,928	34,384
Contributions and Donations	0	0	64,272	64,272
Intergovernmental	8,620,091	153,044	1,067,527	9,840,662
Miscellaneous	662	0	41,720	42,382
<i>Total Revenues</i>	<u>23,756,250</u>	<u>1,427,286</u>	<u>2,653,831</u>	<u>27,837,367</u>
Expenditures				
Current:				
Instruction:				
Regular	12,188,628	0	129,931	12,318,559
Special	1,260,650	0	317,684	1,578,334
Vocational	243,182	0	0	243,182
Support Services:				
Pupils	838,484	0	84,924	923,408
Instructional Staff	1,250,015	0	161,061	1,411,076
Board of Education	38,662	0	0	38,662
Administration	1,368,171	6,875	290,654	1,665,700
Fiscal	434,769	19,656	6,156	460,581
Business	271,301	0	0	271,301
Operation and Maintenance of Plant	2,051,591	0	63,222	2,114,813
Pupil Transportation	1,781,867	0	126,196	1,908,063
Central	89,191	0	22,486	111,677
Operation of Non-Instructional Services	19	0	74,137	74,156
Operation of Food Services	0	0	777,866	777,866
Extracurricular Activities	532,107	0	280,845	812,952
Capital Outlay	0	0	393,219	393,219
Debt Service:				
Principal Retirement	0	7,071,720	0	7,071,720
Interest and Fiscal Charges	0	265,505	0	265,505
<i>Total Expenditures</i>	<u>22,348,637</u>	<u>7,363,756</u>	<u>2,728,381</u>	<u>32,440,774</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,407,613</u>	<u>(5,936,470)</u>	<u>(74,550)</u>	<u>(4,603,407)</u>
Other Financing Sources (Uses)				
Premium on Notes Issued	0	39,951	0	39,951
Proceeds of Bonds	0	0	180,000	180,000
Proceeds of Notes	0	5,880,000	1,020,000	6,900,000
Proceeds from Sale of Capital Assets	13,600	0	0	13,600
Transfers In	0	85,000	0	85,000
Transfers Out	(85,000)	0	0	(85,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(71,400)</u>	<u>6,004,951</u>	<u>1,200,000</u>	<u>7,133,551</u>
<i>Net Change in Fund Balances</i>	1,336,213	68,481	1,125,450	2,530,144
<i>Fund Balances (Deficit) Beginning of Year</i>	2,987,768	1,452,992	(451,148)	3,989,612
<i>Fund Balances End of Year</i>	<u>\$4,323,981</u>	<u>\$1,521,473</u>	<u>\$674,302</u>	<u>\$6,519,756</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, 2007*

Net Change in Fund Balances - Total Governmental Funds \$2,530,144

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay and donated assets exceeded depreciation in the current period.

Capital Outlay	517,662
Donated Capital Assets	1,147,968
Current Year Depreciation	(856,958)

Total 808,672

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

Assets Disposed	(214,355)
Accumulated Depreciation on Disposals	205,335

Total (9,020)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues were attributed to property taxes.

382,915

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

General Obligation Notes Issued	(6,900,000)
Premium on Notes Issued	(39,951)
General Obligation Bonds Issued	(180,000)

Total (7,119,951)

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

7,071,720

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 Note	(44,804)
Amortization of Premium	30,977

Total (13,827)

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.

(264,300)

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.

(88,519)

Change in Net Assets of Governmental Activities

\$3,297,834

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$14,489,220	\$14,436,200	\$14,436,155	(\$45)
Tuition and Fees	147,800	145,200	145,726	526
Interest	320,000	450,500	450,558	58
Rentals	23,000	22,000	22,506	506
Intergovernmental	8,641,970	8,621,600	8,620,091	(1,509)
Miscellaneous	0	0	662	662
<i>Total Revenues</i>	<u>23,621,990</u>	<u>23,675,500</u>	<u>23,675,698</u>	<u>198</u>
Expenditures				
Current:				
Instruction:				
Regular	12,294,425	12,294,425	12,237,930	56,495
Special	1,325,785	1,325,785	1,258,970	66,815
Vocational	250,070	250,070	249,346	724
Support Services:				
Pupils	834,960	834,960	827,982	6,978
Instructional Staff	1,264,270	1,264,270	1,242,283	21,987
Board of Education	41,135	41,135	39,778	1,357
Administration	1,379,785	1,379,785	1,370,637	9,148
Fiscal	505,610	505,610	453,747	51,863
Business	271,780	271,780	271,362	418
Operation and Maintenance of Plant	2,231,015	2,231,015	2,048,349	182,666
Pupil Transportation	1,802,990	1,802,990	1,780,621	22,369
Central	94,585	94,585	89,159	5,426
Extracurricular Activities	545,090	545,090	526,460	18,630
<i>Total Expenditures</i>	<u>22,841,500</u>	<u>22,841,500</u>	<u>22,396,624</u>	<u>444,876</u>
<i>Excess of Revenues Over Expenditures</i>	<u>780,490</u>	<u>834,000</u>	<u>1,279,074</u>	<u>445,074</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	4,200	14,000	13,600	(400)
Transfers Out	(85,000)	(85,000)	(85,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(80,800)</u>	<u>(71,000)</u>	<u>(71,400)</u>	<u>(400)</u>
<i>Net Change in Fund Balance</i>	699,690	763,000	1,207,674	444,674
<i>Fund Balance Beginning of Year</i>	5,146,351	5,146,351	5,146,351	0
Prior Year Encumbrances Appropriated	1,500	1,500	1,500	0
<i>Fund Balance End of Year</i>	<u>\$5,847,541</u>	<u>\$5,910,851</u>	<u>\$6,355,525</u>	<u>\$444,674</u>

See accompanying notes to the basic financial statements

Canfield Local School District

Mahoning County, Ohio

Statement of Fund Net Assets

Proprietary Fund

June 30, 2007

	<u>Internal Service</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$199,556
Liabilities	
Claims Payable	<u>41,212</u>
Net Assets	
Unrestricted	<u><u>\$158,344</u></u>

See accompanying notes to the basic financial statements

Canfield Local School District

Mahoning County, Ohio

*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Fund*

For the Fiscal Year Ended June 30, 2007

	<u>Internal Service</u>
Operating Revenues	
Charges for Services	<u>\$771,482</u>
Operating Expenses	
Purchased Services	12,022
Claims	853,151
<i>Total Operating Expenses</i>	<u>865,173</u>
<i>Operating Loss</i>	(93,691)
Non-Operating Revenues	
Interest	<u>5,172</u>
<i>Change in Net Assets</i>	(88,519)
<i>Net Assets Beginning of Year</i>	<u>246,863</u>
<i>Net Assets End of Year</i>	<u><u>\$158,344</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, 2007

	<u>Internal Service</u>
<i>Decrease in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services	\$771,482
Cash Payments for Goods and Services	(12,022)
Cash Payments for Claims	<u>(838,418)</u>
<i>Net Cash Used for Operating Activities</i>	(78,958)
Cash Flows from Investing Activities	
Interest on Investments	<u>5,172</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(73,786)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>273,342</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$199,556</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$93,691)
Adjustments:	
Increase in Claims Payable	<u>14,733</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$78,958)</u></u>

See accompanying notes to the basic financial statements

Canfield Local School District
Mahoning County, Ohio

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Current Assets		
Equity in Pooled Cash and Cash Equivalents	<u>\$12,638</u>	<u>\$73,361</u>
Current Liabilities		
Due to Students	<u>0</u>	<u>\$73,361</u>
Net Assets		
Held in Trust for Scholarships	<u>\$12,638</u>	

See accompanying notes to the basic financial statements

Canfield Local School District
Mahoning County, Ohio

Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund

For the Fiscal Year Ended June 30, 2007

	<u>Scholarship</u>
Additions	
Interest	\$555
Deductions	
Scholarships Awarded	<u>400</u>
<i>Change in Net Assets</i>	155
<i>Net Assets Beginning of Year</i>	<u>12,483</u>
<i>Net Assets End of Year</i>	<u><u>\$12,638</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, 2007

Nte 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 149 non-certificated and 196 certified teaching personnel and 12 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 2007 fiscal year was 3,091. 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 14 and 15 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and its internal service fund. The more significant of the School District's accounting policies are described below.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets 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 assets 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 and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Bond Retirement Fund The bond retirement fund accounts for property tax revenues that are used for payment of principal and interest and fiscal charges on general obligation debt.

The other governmental funds of the School District account for grants and other resources whose uses are restricted to a particular purpose.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net asset, 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 Type Fiduciary fund reporting focuses on net assets and changes in net assets. 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 all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

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 current liabilities 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 assets. The statement of changes in fund net assets 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, 2007

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 basis of accounting arise in the recognition of revenue, the recording of deferred revenue 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 5). 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.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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 2007, investments were limited to certificates of deposit and repurchase agreements, reported at cost, and STAROhio.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with 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 STAROhio's share price which is the price the investment could be sold for on June 30, 2007.

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 2007 amounted to \$447,829, which includes \$17,313 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.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. 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.

I. 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. Restricted assets in the general fund include amounts required by State statute to be set-aside for the purchase of textbooks. See Note 13 for additional information regarding set asides.

J. 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 assets 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:

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

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K. 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.

L. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and contractually required pension contributions 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.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$2,547,274, none of which is restricted by enabling legislation. Net assets 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 assets are available.

N. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances and textbooks.

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Designations represent tentative plans for future use of financial resources. A designation of fund equity has been established by the Board for the potential liability for leaks in underground storage tanks.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. 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.

P. 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.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

R. 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 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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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	\$1,336,213
Net Adjustment for Revenue Accruals	(80,552)
Net Adjustment for Expenditure Accruals	(31,487)
Adjustment for Encumbrances	<u>(16,500)</u>
Budget Basis	<u><u>\$1,207,674</u></u>

Note 4 - 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;
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;

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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 (STAROhio);
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.

Investments

As of June 30, 2007, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
Repurchase Agreements	\$4,125,000	6 months or less
STAROhio	4,712,756	6 months or less
Total Portfolio	\$8,837,756	

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 The securities underlying the repurchase agreement had a credit risk rating of AAA by Standard and Poors. STAROhio 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 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 Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, Federal Farm Credit Bank Bonds and the Ginnie Mae Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The School District's investment in repurchase agreements and STAROhio represent 46.7 and 53.3 percent, respectively, of the School District's total investments.

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Note 5 - 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, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, 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 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 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.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Mahoning County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2008 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, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 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 revenue.

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, 2007 and June 30, 2006.

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 deferred.

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The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$503,849,750	95.85 %	\$516,127,620	96.71 %
Public Utility Personal	8,806,920	1.68	8,780,600	1.65
Tangible Personal Property	12,972,371	2.47	8,774,805	1.64
Total	\$525,629,041	100.00 %	\$533,683,025	100.00 %
Tax rate per \$1,000 of assessed valuation	\$58.90		\$58.90	

Note 6 - Receivables

Receivables at June 30, 2007, 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, 2007, the School District had an intergovernmental receivable of \$23,279 in the food service special revenue fund for federal lunchroom reimbursements.

Note 7 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 6/30/06	Additions	Reductions	Balance 6/30/07
Governmental Activities:				
Capital assets not being depreciated				
Land	\$361,849	\$79,521	\$0	\$441,370
Capital assets being depreciated				
Land improvements	0	751,158	0	751,158
Buildings and improvements	23,246,377	497,289	0	23,743,666
Furniture, fixtures and equipment	2,545,563	70,275	0	2,615,838
Vehicles	2,183,047	267,387	(214,355)	2,236,079
Total capital assets being depreciated	27,974,987	1,586,109	(214,355)	29,346,741
Accumulated depreciation				
Land improvements	0	(37,558)	0	(37,558)
Buildings and improvements	(9,262,189)	(486,974)	0	(9,749,163)
Furniture, fixtures and equipment	(1,969,951)	(156,101)	0	(2,126,052)
Vehicles	(1,365,596)	(176,325)	205,335	(1,336,586)
Total accumulated depreciation	(12,597,736)	(856,958) *	205,335	(13,249,359)
Capital assets being depreciated, net	15,377,251	729,151	(9,020)	16,097,382
Governmental activities capital assets, net	\$15,739,100	\$808,672	(\$9,020)	\$16,538,752

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* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$397,642
Special	32,399
Vocational	8,434
Support Services:	
Pupil	20,134
Instructional Staff	4,132
Administration	5,924
Fiscal	1,835
Business	765
Operation and Maintenance of Plant	52,825
Pupil Transportation	170,060
Operation of Non-Instructional Services	973
Operation of Food Services	47,112
Extracurricular	114,723
Total Depreciation Expense	\$856,958

Note 8 - 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 2007, the School District contracted for the following insurance coverage:

Type of Coverage	Coverage
Coverage provided by Indiana Insurance:	
Property/Boiler and Machinery (\$2,500 deductible)	\$55,566,824
Inland Marine (\$1,000 deductible)	2,917,110
Crime (\$2,500 deductible)	25,000
Fleet Insurance, single limit (\$250 deductible - comprehensive) (\$500 deductible - collision)	1,000,000
General Liability	
in aggregate	\$2,000,000
Per occurrence	1,000,000
Excess Liability Coverage	
in aggregate	\$1,000,000
Per occurrence	1,000,000

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

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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 Insurance Consortium to provide employee medical/surgical benefits since 1982. The Mahoning County Insurance Consortium is a shared risk pool comprised of twelve 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-five percent of the monthly medical/surgical premiums for certified and OAPSE classified employees, bus drivers and bus mechanics. Coverage for certified and OAPSE classified employees is \$761 for family coverage and \$313 for single coverage. Coverage for bus drivers is \$805 for family and \$327 for single and bus mechanics pay \$762 for family coverage and \$314 for single coverage. The School District pays one hundred percent of the monthly medical/surgical premiums for administrators in the amount of \$716 for family coverage and \$295 for single coverage.

The School District has elected to provide vision, dental and prescription drug benefits through a self-insurance program. The School District maintains an insurance reserve internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Professional Risk Management, located in Youngstown, Ohio, reviews all claims which are then paid by the School District. The School District pays into the insurance reserve internal service fund \$14 for family vision coverage or \$8 for single vision coverage per employee per month, \$60 for dental per month and \$210 for family and \$90 for single prescription drug coverage per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$41,212 reported in the internal service fund at June 30, 2007, 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
2006	\$176,481	526,211	676,213	\$26,479
2007	26,479	853,151	838,418	41,212

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Note 9 - Pension Plans

A - School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$346,159, \$325,124, and \$311,357, respectively; 39.2 percent has been contributed for fiscal year 2007 and 100 percent has been contributed for fiscal year 2006 and 2005.

B - State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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A DB 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 these active members who die before retirement may qualify for survivor benefits. 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.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for fund pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$1,503,386, \$1,489,666, and \$1,392,660, respectively; 83.6 percent has been contributed for fiscal year 2007 and 100 percent for fiscal year 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$4,844 made by the District and \$16,666 made by the plan members.

Note 10 - Postemployment Benefits

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$115,645 for fiscal year 2007.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

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For the Fiscal Year Ended June 30, 2007

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$134,515 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158,751,207. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million, which is about 221 percent of next years projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has 59,942 participants currently receiving health care benefits.

Note 11 - 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 \$31,000 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 Jefferson Pilot.

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For the Fiscal Year Ended June 30, 2007*

Note 12 - Long-term Obligations

The changes in the School District's long-term obligations during fiscal year 2007 were as follows:

	Principal Outstanding 6/30/06	Additions	Deductions	Principal Outstanding 6/30/07	Amounts due in One Year
Governmental-Type Activities					
2006 School Improvement Note 3.03%	\$7,920,000	\$0	\$7,920,000	\$0	\$0
2007 School Improvement Note 4.25%	0	6,900,000	0	6,900,000	0
Total School Improvement Notes	7,920,000	6,900,000	7,920,000	6,900,000	0
2006 Real Estate Acquisition Bond 4.98%	0	180,000	0	180,000	36,000
2006 Various Purpose Bond 4.05%	161,000	0	32,200	128,800	32,200
2002 School Improvement Bonds 4.50%	71,000	0	71,000	0	0
1990 Energy Conservation Loan 4.75%	530,929	0	68,520	462,409	65,347
Premium on Note Issued	0	39,951	30,977	8,974	8,974
Compensated Absences	2,248,667	347,407	83,107	2,512,967	95,833
Total Long-Term Obligations	\$10,931,596	\$7,467,358	\$8,205,804	\$10,193,150	\$238,354

The \$7,920,000 2006 School Improvement Note issued at 3.03 percent and outstanding at June 30, 2006 (\$1,020,000 as a fund liability), was rolled over into the \$6,900,000 2007 School Improvement Note, issued September 21, 2006 at 4.25 percent and maturing September 20, 2007. The note is backed by the full faith of Canfield Local School District.

The \$180,000 real estate acquisition bond was issued October 19, 2006 at an interest rate of 4.98 percent and matures on October 19, 2011. The bond was issued for the purpose of acquiring real property for school purposes.

The \$161,000 various purpose bond was issued August 31, 2005 at an interest rate of 4.05 percent and matures on August 31, 2010. The bond was issued for the purpose of acquiring school buses and a boiler.

The \$180,000 real estate acquisition bond, the \$161,000 various purpose bond, the \$355,000 school improvement bond and the \$880,000 energy conservation loan will be paid from the bond retirement debt service fund. Compensated absences will be paid from the general fund and the food service special revenue fund.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

The School District's overall legal debt margin was \$49,360,145 with an unvoted debt margin of \$533,683 at June 30, 2007. Principal requirements to retire general obligation debt outstanding at June 30, 2007, are as follows:

Fiscal year Ending June 30,	Real Estate Acquisition Bond		Various Purpose Bond		Energy Conservation Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$36,000	\$8,964	\$32,200	\$5,216	\$65,347	\$19,562
2009	36,000	7,171	32,200	3,912	68,125	16,875
2010	36,000	5,378	32,200	2,608	71,020	13,980
2011	36,000	3,586	32,200	1,304	74,039	10,962
2012	36,000	1,793	0	0	77,185	7,815
2013-2014	0	0	0	0	106,693	5,649
<i>Total</i>	<u>\$180,000</u>	<u>\$26,892</u>	<u>\$128,800</u>	<u>\$13,040</u>	<u>\$462,409</u>	<u>\$74,843</u>

Note 13 - Set-Asides

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

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

	Capital	
	Textbooks	Improvements
Set-Aside Reserve Balance as of June 30, 2006	\$413,838	\$0
Current Year Set-Aside Requirement	468,536	468,536
Qualifying Disbursements	(373,490)	(1,122,637)
Total	<u>\$508,884</u>	<u>(\$654,101)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$508,884</u>	<u>\$0</u>
Cash balance as of June 30, 2007	<u>\$508,884</u>	<u>\$0</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. The total reserve balance for the two set-asides at the end of the fiscal year was \$508,884.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 14 - Jointly Governed Organizations

A. Area Cooperative Computerized Educational Service System Council of Governments

The Area Cooperative Computerized Educational Service System Council of Governments (COG) is a computer network which provides data services to twenty three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports COG based upon a per pupil charge. Canfield Local School District paid \$78,667 to COG during fiscal year 2007.

COG is governed by an assembly consisting of superintendents or other designees of the member school districts. The assembly exercises total control over the operation of COG including budgeting, appropriating, contracting and designating management. All of COG revenues are generated from charges for services and State funding.

Financial information can be obtained by contacting the Treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 Debartolo Place, Suite 115, Youngstown, Ohio 44512-7019.

B. Mahoning County Career and Technical Center

The Mahoning County Career and Technical Center is a political subdivision of the State of Ohio operated under the direction of a Board consisting of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school district's and one representative from each of the two city school districts. During fiscal year 2007, 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 15 - Public Entity Risk Pool

Mahoning County Schools Employee Insurance Consortium - The Mahoning County Schools Employee Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services. To obtain the financial information write to Mahoning County Insurance Consortium, 100 Debartolo Place, Suite 115, Youngstown, Ohio 44512-7019.

Note 16 - Interfund Transfers

During fiscal year 2007 there was one transfer made. The general fund transferred \$85,000 to the bond retirement debt service fund to meet a debt service requirement for the HB 264 loan.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 17 - Contingencies

A. Grants

The School 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 agreement 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

B. Litigation

At June 30, 2007, the School District was being sued by a woman who tripped over a door stop on a high school sidewalk. The claim was subsequently settled by the School District's insurance company for \$3,500.

Note 18 – Subsequent Events

On September 20, 2007 the School District retired \$6,900,000 of school improvement notes and reissued \$5,860,000 at an interest rate of 3.59 percent. The new notes will mature on September 18, 2008.

Note 19 – Non-monetary Transactions

During fiscal year 2007, the School District received donated capital assets and in-kind contributions in the amount of \$1,147,968, which is the fair market value of the assets received at the time of acquisition. These assets have been recorded on the School District's government-wide statements as "depreciable capital assets" on the statement of net assets and as "capital grants and contributions" program revenues on the statement of activities.

The majority of the donated capital assets represents improvements to the high school football stadium and is the result of contributions from the Cardinal Nest Builders, a non-profit organization dedicated to expansion and renovation needs of the Canfield Local School District students. Donated assets included but were not limited to, property preparation costs, football field turf, football stadium seating and a football stadium band shell.

Note 20 – New Accounting Standards

In April of 2004, the Governmental Accounting Standards Board (the GASB) issued Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This Statement establishes uniform financial reporting standards for Other Postemployment Benefit (OPEB) plans and supersedes guidance included in Statement No. 26, "Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans." The standards in Statement No. 43 apply to OPEB trust funds included in the financial reports of plan sponsors or employers, as well as for the stand-alone financial reports of OPEB plans or the public employee retirement systems, or third parties that administer them. Statement No. 43 will not be effective for the District until fiscal year 2008 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

Canfield Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

During August of 2004, the GASB issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions", which addresses how state and local governments should account for and report their costs and obligations related to postemployment health care and other non-pension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. Statement No. 45 will not be effective for the District until fiscal year 2009 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In September of 2006, the GASB issued Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues." This statement establishes accounting standards on whether a transaction should be regarded as a sale or as collateralized borrowing resulting in a liability. Statement No. 48 will not be effective for the District until fiscal year 2008 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In November 2006, the GASB issued Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." This Statement is to establish accounting and financial reporting standards for pollution remediation obligations. Statement No. 49 will not be effective for the District until fiscal year 2009 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In May of 2007, the GASB issued Statement No. 50, "Pension Disclosures." This Statement amends the applicable note disclosure and required supplementary information (RSI) of GASB Statement No. 25 and GASB Statement No. 27 to conform to the requirements of GASB Statement No. 43 and GASB Statement No. 45. This Statement is intended to improve the transparency and usefulness of financial reporting by pension plans and employers by amending Statement No. 25 and Statement No. 27 to conform to the applicable note disclosure and RSI modifications adopted in the OPEB Statements. Statement No. 50 will not be effective for the District until fiscal year 2008 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In June of 2007, the GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This Statement requires that all intangible assets, which include easements, water rights, timber rights, patents, trademarks, and computer software, be classified as capital assets. Statement No. 51 will not be effective for the District until fiscal year 2010 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education:						
Food Distribution		10.550	-	\$35,101	-	\$35,101
Nutrition Cluster: National School Lunch Program		10.555	<u>88,269</u>	-	<u>88,269</u>	-
Total Department of Agriculture			<u>88,269</u>	<u>35,101</u>	<u>88,269</u>	<u>35,101</u>
UNITED STATES DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education:						
Title I Grants to Local Educational Agencies	C1-S1-07	84.010	72,477	-	71,250	-
Special Education Cluster						
Special Education Grants to States - IDEA	6B-SF-07	84.027	586,878	-	586,878	-
Special Education Grants to States - ACCESS OISM	6B-SD-07	84.027	<u>75,000</u>	-	<u>75,000</u>	-
Total - Special Education Grants to States			<u>661,878</u>	-	<u>661,878</u>	-
Safe and Drug Free Schools and Communities	DR-S1-07	84.186	6,694	-	6,694	-
State Grants for Innovative Programs	C2-S1-07	84.298	4,183	-	4,183	-
Education Technology State Grants	TJ-S1-07	84.318	754	-	754	-
Improving Teacher Quality State Grants	TR-S1-07	84.367	<u>47,262</u>	-	<u>47,262</u>	-
Total Department of Education			<u>793,248</u>	<u>0</u>	<u>792,021</u>	<u>0</u>
Totals			<u><u>\$881,517</u></u>	<u><u>\$35,101</u></u>	<u><u>\$880,290</u></u>	<u><u>\$35,101</u></u>

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

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 St.
Canfield, Ohio 44406

To the Board of Education:

We have audited 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, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated July 21, 2008.

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, providing an opinion 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*.

We did note a certain noncompliance or other matter that we reported to the District's management in a separate letter dated July 21, 2008.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 21, 2008



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Canfield Local School District, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Canfield Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 21, 2008

**CANFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<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 other 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 other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title VI-B – CFDA 84.027
<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



Mary Taylor, CPA
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
AUGUST 19, 2008