



Dave Yost • Auditor of State



**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Field Local School District  
Portage County  
2900 State Route #43  
Mogadore, Ohio 44260

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Field Local School District, Portage County, Ohio (the District), as of and for the year ended June 30, 2012, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Field Local School District, Portage County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General 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 25, 2013, 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the 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. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on it.



**Dave Yost**  
Auditor of State

July 25, 2013

## **Field Local School District**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

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This discussion and analysis of the Field Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. 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 better their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for the fiscal year ended June 30, 2012 are as follows:

- Net assets of governmental activities decreased \$207,734 while net assets of business-type activities increased by \$55,337.
- General revenues accounted for \$18,562,553 in revenue or 85.4% of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$3,177,039 or 14.6% of total revenues of \$21,739,592.
- The School District had \$21,154,517 in expenses related to governmental activities; only \$2,384,341 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$18,562,442 were not adequate to provide for these programs.
- The School District had \$737,472 in expenses related to business-type activities, food service operations. Program revenues of \$792,698 were adequate to provide for this service.

### **Using this Annual Financial Report**

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

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements present 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 nonmajor funds presented in total in one column. In the case of the School District, the general fund and the bond fund are the most significant funds.

## **Reporting the School District as a Whole**

### ***Statement of Net Assets and the Statement of Activities***

The Statement of Net Assets and the Statement of Activities answer the question, "How did we do financially during fiscal year 2012?" These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of 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 causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

**Governmental Activities** - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

**Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The School District's food service operation is reported as a business activity.

## **Reporting the School District's Most Significant Funds**

### ***Fund Financial Statements***

The analysis of the School District's major governmental funds begins on page nine. 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 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 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 governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.



**Field Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

***Proprietary Funds***

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will match information provided in the statements for the School District as a whole.

**Reporting the School District's Fiduciary Responsibilities**

The School District is the trustee, or fiduciary, for its scholarship programs, unclaimed monies and student managed activities. This activity is presented as private-purpose trust and agency funds. All of the School District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 24. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**The School District as a Whole**

The table below provides a summary of the School District's net assets for fiscal year 2012 and 2011:

	Net Assets					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b><u>Assets:</u></b>						
Current assets	\$ 12,912,212	\$ 12,914,225	\$ 370,677	\$ 276,168	\$ 13,282,889	\$ 13,190,393
Capital assets, net of depreciation	<u>27,902,906</u>	<u>28,490,200</u>	<u>79,857</u>	<u>93,633</u>	<u>27,982,763</u>	<u>28,583,833</u>
Total assets	<u>40,815,118</u>	<u>41,404,425</u>	<u>450,534</u>	<u>369,801</u>	<u>41,265,652</u>	<u>41,774,226</u>
<b><u>Liabilities:</u></b>						
Current liabilities	11,016,403	10,903,342	91,905	68,314	11,108,308	10,971,656
Long-term liabilities	<u>25,978,056</u>	<u>26,472,690</u>	<u>19,057</u>	<u>17,252</u>	<u>25,997,113</u>	<u>26,489,942</u>
Total liabilities	<u>36,994,459</u>	<u>37,376,032</u>	<u>110,962</u>	<u>85,566</u>	<u>37,105,421</u>	<u>37,461,598</u>
<b><u>Net Assets:</u></b>						
Invested in capital assets, net of related debt	2,849,885	3,469,785	-	-	2,849,885	3,469,785
Invested in capital assets	-	-	79,857	93,633	79,857	93,633
Restricted	794,903	1,376,858	-	-	794,903	1,376,858
Unrestricted	<u>175,871</u>	<u>(818,250)</u>	<u>259,715</u>	<u>190,602</u>	<u>435,586</u>	<u>(627,648)</u>
Total net assets	<u>\$ 3,820,659</u>	<u>\$ 4,028,393</u>	<u>\$ 339,572</u>	<u>\$ 284,235</u>	<u>\$ 4,160,231</u>	<u>\$ 4,312,628</u>

**Field Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

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A portion of the School District's net assets reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The School District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The unrestricted net assets may be used to meet the School District's ongoing activities.

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the School District's assets exceeded liabilities by \$4,160,231.

A portion of the School District's net assets, \$794,903, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$33 is restricted for capital projects, \$600,163 is restricted for debt service and \$194,707 is restricted for other purposes. The balance of net assets of \$435,586 is unrestricted.

**Governmental Activities**

Net assets of the School District's governmental activities decreased by \$207,734. Program revenue of \$2,384,341 and general revenues of \$18,562,442 was used to offset governmental expenses of \$21,154,517. Program revenues supported 11.3% of the total governmental expenses.

Several revenue sources fund the School District's governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated \$9,660,820 in fiscal year 2012. General revenues from grants and entitlements, such as the school foundation program, generated \$8,278,084. These two revenue sources represent 85.6% of total governmental revenue.

Property tax laws in Ohio create the need to periodically seek voter approval for additional operating funds. Tax revenues generated from a levy do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation providing the School District the same amount of tax dollars as originally approved. School districts, such as ours, are dependent upon property taxes as a primary source of revenue must periodically return to the ballot and ask voters for additional resources to maintain current programs. Since, the School District must rely heavily on voter approval of operating tax issues management of the resources is of paramount concern to School District's administration and the voting public. The School District utilizes a five-year cash financial forecast to estimate revenues and control expenditures.

Instructional expenses of the School District include activities directly related to the teaching of pupils as well as the interaction between teacher and pupil and the purchase of textbooks and instructional supplies and materials. These expenses totaled \$12,193,437, or 57.6% of the total program expenses of the School District.

**Field Local School District**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

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Support services expenses for the pupils and instruction staff programs totaled \$1,596,248, or 7.5% of the total program expenses of the School District. These expenses include library, guidance, speech and hearing, and psychological services.

Board of education, administration, and fiscal classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. Current year expenses were \$2,738,817, which represents 12.9% of the total program expenses.

Costs associated with the operation and maintenance of plant represent those expenses necessary for the care and upkeep of the School District's buildings, grounds and equipment. Current year expenses of \$1,788,011 made up 8.5% of total program expenses.

**Business-Type Activities**

Business-type activities consist of the food service operation. This program had revenue of \$792,809 and expenses of \$737,472.

**Field Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

The table below shows the changes in net assets for fiscal year 2012 and 2011:

Table 2  
Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b><u>Revenues:</u></b>						
Program revenues:						
Charges for services and sales	\$ 1,532,445	\$ 2,327,049	\$ 438,454	\$ 419,098	\$ 1,970,899	\$ 2,746,147
Operating grants and contributions	851,896	1,918,587	354,244	336,907	1,206,140	2,255,494
General revenues:						
Property taxes	9,660,820	8,786,745	-	-	9,660,820	8,786,745
Grants and entitlements not restricted to specific programs	8,278,084	8,460,525	-	-	8,278,084	8,460,525
Payment in lieu of taxes	541,294	501,598			541,294	501,598
Investment earnings	1,242	4,844	111	231	1,353	5,075
Miscellaneous	81,002	84,977	-	-	81,002	84,977
Total revenues	<u>20,946,783</u>	<u>22,084,325</u>	<u>792,809</u>	<u>756,236</u>	<u>21,739,592</u>	<u>22,840,561</u>
<b><u>Program Expenses:</u></b>						
Instruction:						
Regular	10,298,006	11,805,254	-	-	10,298,006	11,805,254
Special	1,759,745	1,797,333	-	-	1,759,745	1,797,333
Vocational	101,017	144,486	-	-	101,017	144,486
Adult/continuing	32,466	2,891	-	-	32,466	2,891
Other	2,203	8,599	-	-	2,203	8,599
Support services:						
Pupils	900,975	937,672	-	-	900,975	937,672
Instructional staff	695,273	975,414	-	-	695,273	975,414
Board of education	30,307	26,424	-	-	30,307	26,424
Administration	2,084,203	2,290,325	-	-	2,084,203	2,290,325
Fiscal	624,307	494,435	-	-	624,307	494,435
Business	-	204	-	-	-	204
Operation and maintenance of plant	1,788,011	1,849,361	-	-	1,788,011	1,849,361
Pupil transportation	993,533	1,301,836	-	-	993,533	1,301,836
Central	102,544	102,754	-	-	102,544	102,754
Operation non-instructional services	719	30,250	-	-	719	30,250
Extracurricular activities	544,960	495,729	-	-	544,960	495,729
Interest and fiscal charges	1,196,248	1,185,890	-	-	1,196,248	1,185,890
Food service operations	-	-	737,472	733,812	737,472	733,812
Total expenses	<u>21,154,517</u>	<u>23,448,857</u>	<u>737,472</u>	<u>733,812</u>	<u>21,891,989</u>	<u>24,182,669</u>
Increase (decrease) in net assets	(207,734)	(1,364,532)	55,337	22,424	(152,397)	(1,342,108)
Net assets beginning of year	<u>4,028,393</u>	<u>5,392,925</u>	<u>284,235</u>	<u>261,811</u>	<u>4,312,628</u>	<u>5,654,736</u>
Net assets end of year	<u>\$ 3,820,659</u>	<u>\$ 4,028,393</u>	<u>\$ 339,572</u>	<u>\$ 284,235</u>	<u>\$ 4,160,231</u>	<u>\$ 4,312,628</u>

**Field Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues including tax revenue, investment earnings and unrestricted State entitlements must support the net cost of program services.

Table 3  
Program Expenses

	<u>2012</u>		<u>2011</u>		<u>Change in</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<b><u>Governmental Activities</u></b>						
Instruction:						
Regular	10,298,006	(8,944,331)	11,805,254	(8,862,654)	(1,507,248)	(81,677)
Special	1,759,745	(1,195,811)	1,797,333	(1,137,058)	(37,588)	(58,753)
Vocational	101,017	(101,017)	144,486	(144,486)	(43,469)	43,469
Adult/continuing	32,466	(32,466)	2,891	(2,891)	29,575	(29,575)
Other	2,203	1,815	8,599	(8,564)	(6,396)	10,379
Support services:						
Pupils	900,975	(891,975)	937,672	(929,509)	(36,697)	37,534
Instructional staff	695,273	(432,051)	975,414	(536,094)	(280,141)	104,043
Board of education	30,307	(30,307)	26,424	(26,424)	3,883	(3,883)
Administration	2,084,203	(2,071,578)	2,290,325	(2,265,424)	(206,122)	193,846
Fiscal	624,307	(624,307)	494,435	(494,435)	129,872	(129,872)
Business	-	-	204	4,932	(204)	(4,932)
Operation and maintenance of plant	1,788,011	(1,675,576)	1,849,361	(1,775,207)	(61,350)	99,631
Pupil transportation	993,533	(993,533)	1,301,836	(1,300,419)	(308,303)	306,886
Central	102,544	(102,544)	102,754	(102,754)	(210)	210
Operation non-instructional services	719	(719)	30,250	(30,250)	(29,531)	29,531
Extracurricular activities	544,960	(479,528)	495,729	(406,094)	49,231	(73,434)
Interest and fiscal charges	1,196,248	(1,196,248)	1,185,890	(1,185,890)	10,358	(10,358)
<b><u>Business-Type Activities</u></b>						
Food service operations	<u>737,472</u>	<u>55,226</u>	<u>733,812</u>	<u>22,193</u>	<u>3,660</u>	<u>33,033</u>
Total expenses	<u>21,891,989</u>	<u>(18,714,950)</u>	<u>24,182,669</u>	<u>(19,181,028)</u>	<u>(2,290,680)</u>	<u>466,078</u>

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$21,311,250, and total expenditures were \$21,062,839. The total net change in fund balance across all governmental funds was an increase of \$248,411. Table 4 shows fiscal year 2012 balances compared to fiscal year 2011.

**Field Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

Table 4  
Governmental Fund Balances

<u>Fund</u>	<u>Fund Balance June 30, 2012</u>	<u>Fund Balance June 30, 2011</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
General	\$ 804,709	\$ 196,984	\$ 607,725	308.5%
Bond	653,739	1,016,803	(363,064)	-35.7%
Other governmental	<u>154,132</u>	<u>150,382</u>	<u>3,750</u>	2.5%
Total	<u>\$ 1,612,580</u>	<u>\$ 1,364,169</u>	<u>\$ 248,411</u>	18.2%

The following table illustrates the financial activities of the general fund.

Table 5  
General Fund Activity

<u>Revenues</u>	<u>2012</u>	<u>2011</u>	<u>Percent Change</u>
Taxes	\$ 8,625,884	\$ 7,604,579	13.4%
Intergovernmental	8,073,689	8,316,475	-2.9%
Interest	904	3,290	-72.5%
Tuition and fees	1,279,933	1,343,268	-4.7%
Charges for services	12,130	758,456	-98.4%
Other revenues	<u>797,266</u>	<u>716,916</u>	11.2%
Total revenues	<u>\$ 18,789,806</u>	<u>\$ 18,742,984</u>	0.2%
<u>Expenditures</u>			
Instruction	\$ 11,285,996	\$ 12,045,882	-6.3%
Support services	6,411,200	7,221,771	-11.2%
Operation of non- instructional services	469	31,220	-98.5%
Extracurricular activities	390,328	347,718	12.3%
Capital outlay	41,793	34,846	19.9%
Debt service	<u>52,295</u>	<u>79,671</u>	-34.4%
Total expenditures	<u>\$ 18,182,081</u>	<u>\$ 19,761,108</u>	-8.0%

The net change in fund balance for the fiscal year was significant in the general fund reporting a fund balance of \$804,709, an increase of \$607,725 from 2011. This increase was attributable to an increase in revenues compounded by a decrease in expenditures.

**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 budgeted fund is the School District's general fund.

**Field Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2012  
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During 2012, the School District amended its general fund budget. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue estimate was \$18,130,550, which was higher than the original revenue estimate of \$18,119,836. This \$10,714 difference is due to a more conservative original budget estimate. The actual revenues and other financing sources received were \$18,576,994 which was \$457,158 higher than originally anticipated.

The original expenditures estimate of \$18,309,655 was not revised over the fiscal year. Actual expenditures and other financing uses, including encumbrances, were \$18,378,018 which was \$68,363 higher than the final budget.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of 2012, the School District had \$27,982,763 invested in land, land improvements, buildings, furniture, fixtures and equipment and vehicles. This is accounting for both Governmental Activities and Business-Type Activities assets. The table below shows a comparison of 2012 to 2011. See Note 7 for additional information regarding capital assets.

Table 6  
 Capital Assets as of June 30  
 (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 597,678	\$ 597,678	\$ -	\$ -	\$ 597,678	\$ 597,678
Construction in progress	-	340,028	-	-	-	340,028
Land improvements	315,009	340,809	-	-	315,009	340,809
Buildings	26,206,744	26,342,027	-	-	26,206,744	26,342,027
Furniture, fixtures and equipment	601,383	649,909	79,857	93,633	681,240	743,542
Vehicles	182,092	219,749	-	-	182,092	219,749
Total capital assets	<u>\$ 27,902,906</u>	<u>\$ 28,490,200</u>	<u>\$ 79,857</u>	<u>\$ 93,633</u>	<u>\$ 27,982,763</u>	<u>\$ 28,583,833</u>

**Field Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2012  
 Unaudited

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***Debt***

As of June 30, 2012 the School District has \$24,731,906 of outstanding long-term debt. The table below shows a long-term debt comparison of 2012 to 2011. See Note 12 for additional information regarding debt.

Table 7  
 Long-Term Debt as of June 30

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
General obligation bonds	\$ 23,585,000	\$ 23,810,000
OWDA loans	27,796	34,078
Energy conservation bonds	1,065,000	1,140,000
Capital lease	<u>54,110</u>	<u>95,102</u>
Total long-term debt	<u>\$ 24,731,906</u>	<u>\$ 25,079,180</u>

**For the Future**

The School District faces challenges in the future. As the preceding information shows, the School District relies heavily upon grants and entitlements and property taxes. The current operating levy of 7.3 mills passed in August 2009 expires in December 2014 with collections through calendar year 2015.

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges though. These challenges stem from issues that are local and at the State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio works toward a solution to the State's unconstitutional education funding system. Although the School District relies heavily on its property taxpayers to support its operations, community support remains quite strong

Due to the unsettled issues in Ohio public school funding, the School District's management is required to plan carefully and prudently to provide the resources to meet student needs in the future. The School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the financial challenges of the future.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and show accountability for the money it receives. If you have any questions about this report or need financial information contact, Mr. James Vokac, Treasurer of the Field Local School District, 2900 State Route #43, Mogadore, Ohio, 44260.



**Field Local School District**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 2,025,688	\$ 321,718	\$ 2,347,406
Cash and cash equivalents:			
In segregated accounts	11,721	-	11,721
Receivables:			
Accounts	414,069	315	414,384
Intergovernmental	444,441	44,044	488,485
Taxes	10,016,293	-	10,016,293
Inventory held for resale	-	3,004	3,004
Materials and supplies inventory	-	1,596	1,596
Capital assets:			
Land	597,678	-	597,678
Depreciable capital assets, net	27,305,228	79,857	27,385,085
<b>Total assets</b>	<b>40,815,118</b>	<b>450,534</b>	<b>41,265,652</b>
<u>Liabilities:</u>			
Accounts payable	119,885	2,521	122,406
Accrued wages	1,329,466	33,471	1,362,937
Intergovernmental payable	818,630	55,913	874,543
Deferred revenue	8,647,431	-	8,647,431
Accrued interest payable	100,991	-	100,991
Long-term liabilities:			
Due within one year	567,859	3,776	571,635
Due in more than one year	25,410,197	15,281	25,425,478
<b>Total liabilities</b>	<b>36,994,459</b>	<b>110,962</b>	<b>37,105,421</b>
<u>Net assets:</u>			
Invested in capital assets, net of related debt	2,849,885	79,857	2,929,742
Restricted for:			
Capital projects	33	-	33
Debt service	600,163	-	600,163
Other purposes	194,707	-	194,707
Unrestricted	175,871	259,715	435,586
<b>Total net assets</b>	<b>\$ 3,820,659</b>	<b>\$ 339,572</b>	<b>\$ 4,160,231</b>

See accompanying notes to the basic financial statements.

**Field Local School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Revenue and Changes in Net Assets
				Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$ 10,298,006	\$ 1,227,135	\$ 126,540	\$ (8,944,331)
Special	1,759,745	114,838	449,096	(1,195,811)
Vocational	101,017	-	-	(101,017)
Adult/continuing	32,466	-	-	(32,466)
Other	2,203	-	4,018	1,815
Support services:				
Pupils	900,975	-	9,000	(891,975)
Instructional staff	695,273	-	263,222	(432,051)
Board of education	30,307	-	-	(30,307)
Administration	2,084,203	12,625	-	(2,071,578)
Fiscal	624,307	-	-	(624,307)
Operation and maintenance of plant	1,788,011	112,435	-	(1,675,576)
Pupil transportation	993,533	-	-	(993,533)
Central	102,544	-	-	(102,544)
Operation of non-instructional services	719	-	-	(719)
Extracurricular activities	544,960	65,412	20	(479,528)
Interest and fiscal charges	1,196,248	-	-	(1,196,248)
Total governmental activities	21,154,517	1,532,445	851,896	(18,770,176)
<b>Business-Type Activities</b>				
Food service operations	737,472	438,454	354,244	-
Total Business-Type Activities	737,472	438,454	354,244	-
Totals	\$ 21,891,989	\$ 1,970,899	\$ 1,206,140	(18,770,176)

**General Revenues:**

Property taxes levied for:	
General purposes	8,343,114
Debt service	1,317,706
Grants and entitlements not restricted to specific programs	8,278,084
Payment in lieu of taxes	541,294
Investment earnings	1,242
Miscellaneous	81,002
Total general revenues	18,562,442
Change in net assets	(207,734)
Net assets beginning of year	4,028,393
Net assets end of year	\$ 3,820,659

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets	
Business-Type Activities	Total
\$ -	\$ (8,944,331)
-	(1,195,811)
-	(101,017)
-	(32,466)
-	1,815
-	(891,975)
-	(432,051)
-	(30,307)
-	(2,071,578)
-	(624,307)
-	(1,675,576)
-	(993,533)
-	(102,544)
-	(719)
-	(479,528)
-	(1,196,248)
-	(18,770,176)
55,226	55,226
55,226	55,226
55,226	(18,714,950)
-	8,343,114
-	1,317,706
-	8,278,084
-	541,294
111	1,353
-	81,002
111	18,562,553
55,337	(152,397)
284,235	4,312,628
\$ 339,572	\$ 4,160,231

**Field Local School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General	Bond	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,369,325	\$ 511,241	\$ 145,122	\$ 2,025,688
Cash and cash equivalents:				
In segregated accounts	-	11,721	-	11,721
Receivables:				
Taxes	8,650,294	1,365,999	-	10,016,293
Accounts	414,069	-	-	414,069
Intergovernmental	-	-	444,441	444,441
Interfund	276,032	-	-	276,032
Total assets	<u>\$ 10,709,720</u>	<u>\$ 1,888,961</u>	<u>\$ 589,563</u>	<u>\$ 13,188,244</u>
<u>Liabilities:</u>				
Accounts payable	\$ 101,044	\$ -	\$ 18,841	\$ 119,885
Accrued wages	1,255,384	-	74,082	1,329,466
Interfund payable	-	-	276,032	276,032
Intergovernmental payable	774,731	-	43,899	818,630
Deferred revenue	7,773,852	1,235,222	22,577	9,031,651
Total liabilities	<u>9,905,011</u>	<u>1,235,222</u>	<u>435,431</u>	<u>11,575,664</u>
<u>Fund balances:</u>				
Restricted	-	653,739	172,748	826,487
Assigned	728,749	-	-	728,749
Unassigned	75,960	-	(18,616)	57,344
Total fund balances	<u>804,709</u>	<u>653,739</u>	<u>154,132</u>	<u>1,612,580</u>
Total liabilities and fund balances	<u>\$ 10,709,720</u>	<u>\$ 1,888,961</u>	<u>\$ 589,563</u>	<u>\$ 13,188,244</u>

See accompanying notes to the basic financial statements.

**Field Local School District**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2012**

Total governmental funds balances		\$ 1,612,580
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		27,902,906
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	361,643	
Intergovernmental	22,577	
Total	<u>384,220</u>	384,220
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (23,585,000)	
Premium on bonds	(321,115)	
OWDA loan	(27,796)	
Energy conservation bonds	(1,065,000)	
Compensated absences	(925,035)	
Capital leases	(54,110)	
Accrued interest payable	(100,991)	
Total	<u>(26,079,047)</u>	<u>(26,079,047)</u>
Net assets of governmental activities		<u>\$ 3,820,659</u>

See accompanying notes to the basic financial statements.

**Field Local School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**

	General	Bond	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 8,625,884	\$ 1,350,494	\$ -	\$ 9,976,378
Intergovernmental	8,073,689	208,452	892,710	9,174,851
Interest	904	333	43	1,280
Tuition and fees	1,279,933	-	-	1,279,933
Extracurricular activities	-	-	65,412	65,412
Gifts and donations	2,188	-	4,000	6,188
Charges for services	12,130	-	-	12,130
Rent	112,435	-	-	112,435
Payment in lieu of taxes	541,294	-	-	541,294
Miscellaneous	141,349	-	-	141,349
Total revenues	<u>18,789,806</u>	<u>1,559,279</u>	<u>962,165</u>	<u>21,311,250</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	9,866,838	-	155,750	10,022,588
Special	1,281,604	-	461,415	1,743,019
Vocational	102,885	-	-	102,885
Adult/continuing	32,466	-	-	32,466
Other	2,203	-	-	2,203
Support services:				
Pupils	883,070	-	200	883,270
Instructional staff	452,657	-	276,386	729,043
Board of education	30,307	-	-	30,307
Administration	2,040,813	-	446	2,041,259
Fiscal	585,250	33,372	-	618,622
Operation and maintenance of plant	1,396,877	194,936	-	1,591,813
Pupil transportation	919,682	-	1,300	920,982
Central	102,544	-	-	102,544
Operation of non-instructional services	469	-	250	719
Extracurricular activities	390,328	-	62,668	452,996
Capital outlay	41,793	176,252	-	218,045
Debt service:				
Principal retirement	47,274	300,000	-	347,274
Interest and fiscal charges	5,021	1,217,783	-	1,222,804
Total expenditures	<u>18,182,081</u>	<u>1,922,343</u>	<u>958,415</u>	<u>21,062,839</u>
Net change in fund balances	607,725	(363,064)	3,750	248,411
Fund balances beginning of year	<u>196,984</u>	<u>1,016,803</u>	<u>150,382</u>	<u>1,364,169</u>
Fund balances end of year	<u>\$ 804,709</u>	<u>\$ 653,739</u>	<u>\$ 154,132</u>	<u>\$ 1,612,580</u>

See accompanying notes to the basic financial statements.

**Field Local School District**  
**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, 2012**

Net change in fund balances - total governmental funds	\$	248,411
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 capital assets is allocated over their estimated useful lives as depreciation expense.		
In the current period, these amounts are:		
Capital asset additions, net	\$	218,045
Depreciation expense		<u>(802,539)</u>
Excess of depreciation expense over net capital asset additions		(584,494)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(2,800)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:		
Property taxes	\$	(315,558)
Intergovernmental		<u>(48,909)</u>
		(364,467)
Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		347,274
Some items 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. These activities consist of:		
Decrease in compensated absences		121,786
Decrease in accrued interest		<u>982</u>
Total reduced expenditures		122,768
The amortization of bond premium is reflected as an expense in the statement of activities.		<u>25,574</u>
Change in net assets of governmental activities	<u>\$</u>	<u>(207,734)</u>
See accompanying notes to the basic financial statements.		

**Field Local School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance-**  
**Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 8,326,007	\$ 8,336,721	\$ 8,486,070	\$ 149,349
Intergovernmental	7,921,403	7,921,403	8,073,689	152,286
Interest	887	887	904	17
Tuition and fees	1,168,385	1,168,385	1,190,847	22,462
Gifts and donations	2,147	2,147	2,188	41
Rent	110,314	110,314	112,435	2,121
Payment in lieu of taxes	5,237	5,237	5,338	101
Miscellaneous	585,456	585,456	596,711	11,255
Total revenues	<u>18,119,836</u>	<u>18,130,550</u>	<u>18,468,182</u>	<u>337,632</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	8,864,345	8,864,345	9,783,490	(919,145)
Special	1,087,964	1,087,964	1,290,928	(202,964)
Vocational	143,688	143,688	102,248	41,440
Adult/continuing	27,230	27,230	32,466	(5,236)
Other	15,180	15,180	2,217	12,963
Support services:				
Pupils	873,822	873,822	913,348	(39,526)
Instructional staff	550,358	550,358	470,875	79,483
Board of education	50,833	50,833	30,318	20,515
Administration	2,339,439	2,339,439	2,055,201	284,238
Fiscal	515,578	515,578	584,917	(69,339)
Operation and maintenance of plant	1,908,277	1,908,277	1,530,535	377,742
Pupil transportation	1,373,773	1,373,773	993,488	380,285
Central	97,764	97,764	102,544	(4,780)
Operation of non-instructional services	418	418	469	(51)
Extracurricular activities	460,986	460,986	390,864	70,122
Total expenditures	<u>18,309,655</u>	<u>18,309,655</u>	<u>18,283,908</u>	<u>25,747</u>
Excess of revenues over (under) expenditures	<u>(189,819)</u>	<u>(179,105)</u>	<u>184,274</u>	<u>363,379</u>
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	-	-	14,702	14,702
Transfers in	-	-	94,110	94,110
Transfers out	-	-	(94,110)	(94,110)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>14,702</u>	<u>14,702</u>
Net change in fund balance	(189,819)	(179,105)	198,976	378,081
Fund balances at beginning of year	601,832	601,832	601,832	-
Prior year encumbrances appropriated	189,816	189,816	189,816	-
Fund balances at end of year	<u>\$ 601,829</u>	<u>\$ 612,543</u>	<u>\$ 990,624</u>	<u>\$ 378,081</u>

See accompanying notes to the basic financial statements.



**Field Local School District**  
**Statement of Fund Net Assets**  
**Proprietary Fund**  
**June 30, 2012**

	Business-Type Activities - Enterprise Fund - <u>Food Service</u>
<u>Assets:</u>	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 321,718
Inventory held for resale	3,004
Material and supplies inventory	1,596
Accounts receivable	315
Intergovernmental receivable	44,044
Total current assets	<u>370,677</u>
Noncurrent assets:	
Depreciable capital assets, net	<u>79,857</u>
Total assets	<u>\$ 450,534</u>
<u>Liabilities:</u>	
Current liabilities:	
Accounts payable	\$ 2,521
Accrued wages	33,471
Intergovernmental payable	55,913
Compensated absences payable	3,776
Total current liabilities	<u>95,681</u>
Noncurrent liabilities:	
Compensated absences	<u>15,281</u>
Total liabilities	<u>110,962</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	79,857
Unrestricted	<u>259,715</u>
Total net assets	<u>\$ 339,572</u>

See accompanying notes to the basic financial statements.

**Field Local School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2012**

	Business-Type Activities - Enterprise Fund - Food Service
<u>Operating revenues:</u>	
Sales	\$ 438,454
<u>Operating expenses:</u>	
Salaries	224,505
Fringe benefits	96,146
Purchased services	18,403
Materials and supply	380,138
Depreciation	13,776
Other	4,504
Total operating expenses	<u>737,472</u>
Operating loss	<u>(299,018)</u>
<u>Non-operating revenues:</u>	
Federal donated commodities	25,769
Intergovernmental	328,475
Interest	111
Total non-operating revenues	<u>354,355</u>
Change in net assets	55,337
Net assets beginning of year	<u>284,235</u>
Net assets end of year	<u>\$ 339,572</u>

See accompanying notes to the basic financial statements.

**Field Local School District**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2012**

	Business-Type Activities - Enterprise Fund - Food Service
<u>Cash flows from operating activities:</u>	
Cash received from customers	\$ 438,454
Cash payments to suppliers for goods and services	(358,857)
Cash payments to employees for services	(222,304)
Cash payments for employee benefits	(91,051)
Net cash used for operating activities	<u>(233,758)</u>
<u>Cash flows from noncapital financing activities:</u>	
Operating grants	<u>338,708</u>
<u>Cash flows from investing activities:</u>	
Interest on investments	<u>111</u>
Net increase in cash and cash equivalents	105,061
Cash and cash equivalents at beginning of year	<u>216,657</u>
Cash and cash equivalents at end of year	<u>\$ 321,718</u>
<u>Reconciliation of operating loss to net cash used for operating activities:</u>	
Operating loss	\$ (299,018)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	13,776
Federal donated commodities	25,769
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(315)
Inventory held for resale	466
Material and supplies inventory	168
Increase (decrease) in liabilities:	
Accounts payable	2,336
Accrued wages	396
Compensated absences payable	1,805
Intergovernmental payable	20,859
Total adjustments	<u>65,260</u>
Net cash used for operating activities	<u>\$ (233,758)</u>
Non-cash noncapital financing activities:	
Federal donated commodities	<u>\$ 25,769</u>

See accompanying notes to the basic financial statements.

**Field Local School District**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

	Private Purpose Trust	
	Scholarship	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 112,938	\$ 60,276
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 8,901
Undistributed monies	-	9,074
Due to students	-	42,301
Total liabilities	-	\$ 60,276
<u>Net assets:</u>		
Held in trust for scholarships	\$ 112,938	

See accompanying notes to the basic financial statements.

**Field Local School District**  
**Statement of Changes in Fiduciary Net Assets**  
**Private Purpose Trust Fund**  
**For the Fiscal Year Ended June 30, 2012**

	Private Purpose Trust
	<u>Scholarship</u>
<u>Additions:</u>	
Interest	\$ 47
Gifts and donations	1,125
Total additions	<u>1,172</u>
 <u>Deductions:</u>	
Payments in accordance with trust agreements	<u>2,500</u>
Change in net assets	(1,328)
Net assets beginning of year	<u>114,266</u>
Net assets end of year	<u>\$ 112,938</u>

See accompanying notes to the basic financial statements.

## **Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Description of the School District

The Field 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 and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's eight instructional/support facilities staffed by 99 non-certificated employees and 143 certificated teaching and support personnel who provide services to 2,324 students and other community members.

#### A. Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. This includes 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. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2012.

The School District is associated with the Stark/Portage Area Computer Consortium (SPARCC). Additional information concerning the jointly governed organization is presented in Note 14. In addition, the School District is associated with the Falcon Academy of Creative Arts, which is defined as a related organization, as more fully explained in Note 15.

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 entity 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 and business-type activities. The School District has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989 to its business-type activities and enterprise fund. Following are the more significant of the School District's accounting policies.

## **Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### **B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal years. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the following categories governmental, proprietary and fiduciary.

**Governmental Funds** - Governmental funds focus 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 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.

**Bond Fund** - The bond fund is used to account for the accumulation of resources, and the payment of, school improvement general obligation bond, or principal, interest, and related costs.

The other governmental funds of the School District account for financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds and grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds** - Proprietary funds are used to account for the School District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the School District's proprietary funds:

**Enterprise Funds** - The enterprise funds are used to account for any activity for which a fee is charged to external users for goods and services. The School District's only enterprise fund is:

**Food Service Fund** - This fund accounts for the financial transactions related to the food service operations of the School District.

**Fiduciary Funds** - Fiduciary funds 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 has one trust fund which accounts for student scholarships. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's two agency funds account for resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

## **Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### **C. Basis of Presentation and Measurement Focus**

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 statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program 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 and grants and contributions that are restricted to meeting the operational or capital requirements of 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 business segment or governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** - Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. 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 proprietary activities.

Agency funds do not report a measurement focus as they do not report operations.



## **Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### D. Basis of Accounting

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

#### Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, 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. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources collectible within the current fiscal year or 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.

Non-exchange 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. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the 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 non-exchange 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, grants, investment earnings, tuition, student fees and rentals.

#### Unearned Revenue and Deferred Revenue

Deferred revenue and unearned revenue arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes (excluding delinquent taxes) for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue on the statement of net assets. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue on the statement of net assets.

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

## **Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as donated commodities revenue.

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

#### E. Budgets and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budgeted revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2012. The amounts reported as the original budgeted expenditures 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 expenditures represent the final appropriation amounts passed by the Board during the year.

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

#### F. Cash and Investments

To improve cash management, cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". A portion of the cash balances in the bond fund are in a segregated account and is reported as "Cash and cash equivalents in segregated accounts".

## **Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

During the fiscal year, investments were limited to certificates of deposit, and interest in STAR Ohio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as explained in Note 4.

For presentation on the basic financial statements, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

### **G. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

### **H. Inventory**

On the government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories of the general fund were not significant at the end of the year. Inventories of the food service enterprise fund consist of donated food, purchased food and supplies held for resale.

### **I. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, laws of other governments, or enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the construction of capital assets. Restricted assets may also include amounts set aside for budget stabilization, which is now optional as determined by the School District. The School District has restricted a portion of their cash in the general fund as this balance is a required set aside amount with specific restrictions. See Note 2 for the calculation of the year-end restricted asset balance and the corresponding fund balance classifications.

### **J. Capital Assets**

General capital assets are those assets resulting 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 on the fund financial statements.

**Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand 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 the asset's life are not capitalized. The School District's policy is not to capitalize interest costs incurred as part of construction.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	15 - 30 years
Buildings	15 - 62 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	5 - 15 years

**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.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

**L. Accrued Liabilities and Long-Term Obligations**

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

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

## **Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### M. Fund Balance

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

Nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

Assigned fund balance classifications are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

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

**Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

**N. 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 adopted by the School District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

**O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges from the food service enterprise fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

**P. Interfund Transactions**

Interfund transactions are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of activities.

**Q. 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.

**Field Local School District**

Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2012

**NOTE 2 – FUND BALANCES**

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

Fund Balances	<u>General</u>	<u>Bond</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Restricted</u>				
Athletics and music	\$ -	\$ -	\$ 44,957	\$ 44,957
Scholarships and awards	-	-	29,689	29,689
Management information systems	-	-	11,375	11,375
Data communication	-	-	14,000	14,000
Instructional	-	-	17,582	17,582
State grants	-	-	54	54
Federal grants	-	-	55,058	55,058
Capital improvements	-	-	33	33
Debt service payments	-	653,739	-	653,739
Total restricted	<u>-</u>	<u>653,739</u>	<u>172,748</u>	<u>826,487</u>
<u>Assigned</u>				
Public school support	86,294	-	-	86,294
Encumbrances	53,475	-	-	53,475
Next fiscal year budget	588,980	-	-	588,980
Total assigned	<u>728,749</u>	<u>-</u>	<u>-</u>	<u>728,749</u>
Unassigned (deficit)	<u>75,960</u>	<u>-</u>	<u>(18,616)</u>	<u>57,344</u>
Total fund balances	<u>\$ 804,709</u>	<u>\$ 653,739</u>	<u>\$ 154,132</u>	<u>\$ 1,612,580</u>

**Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above 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 Balances - Budget and Actual presentation 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 basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).
5. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

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	
	<u>General</u>
GAAP basis	\$ 607,725
Revenue accruals	(55,041)
Expenditure accruals	127,503
Budgeted as part of special revenue funds:	
Revenues	(157,771)
Expenditures	138,470
Encumbrances (Budget Basis) outstanding at year end	<u>(461,910)</u>
Budget basis	<u>\$ 198,976</u>



**Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations or securities issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

## Field Local School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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

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

### A. Cash on hand

At fiscal year-end, the School District had \$100 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents".

### B. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

The carrying value of the School District's deposits totaled \$663,437, and the bank balances of the deposits totaled \$939,137; all of which was not exposed to custodial credit risk.

### C. Investments

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

Investment type	Fair	Maturity	Rating <sup>(1)</sup>
	Value		
STAR Ohio	\$ 1,868,802	52.5 <sup>(2)</sup>	AAAm

<sup>(1)</sup> Standard and Poor's rating

<sup>(2)</sup> Days (Average)

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 Securities Exchange Commission 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, 2012.

All interest is legally required to be placed in the general, permanent improvements, building, food service, special trust, and endowment funds. Interest revenue credited to the general fund during fiscal year 2012 amount to \$904, which includes \$847 assigned from other School District funds.

## **Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. This risk is addressed by the School District's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that portfolio be diversified both by types of investment and issuer. All investments of the School District are registered and carry a rating AAA by Standard & Poor's.

### **NOTE 5 - PROPERTY TAX**

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 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at 35 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 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2011. The tax was phased out by reducing the assessment rate on the property over several years. The bill provided reimbursements to the School District equivalent to the revenue lost due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. House Bill No. 153 was signed into law on June 30, 2011. This bill dramatically reduced these reimbursements to the School District.

The School District receives property taxes from Portage 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, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2012 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.

The amounts available as an advance at June 30, 2012, was \$876,442 in the general fund and \$130,776 in the bond retirement debt service fund.

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.

The assessed values upon which the fiscal year 2012 taxes were collected are:

<u>Property Category</u>	<u>2011 Assessed Value</u>
<u>Real Property</u>	
Residential and agricultural	\$ 302,270,920
Commercial, industrial and minerals	57,792,530
Public utilities	12,960
<u>Tangible Personal Property</u>	
Public utilities	<u>7,914,160</u>
Total	<u>\$ 367,990,570</u>

**NOTE 6 - RECEIVABLES**

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. Special revenue funds recorded intergovernmental receivables for federal grants and reimbursements.

A summary of the principal items of intergovernmental receivables follows:

Nonmajor governmental funds:	
Education jobs	\$ 57,968
Title VI-B	261,160
Title II-D	2,062
Title I	100,395
Title II-A	<u>22,856</u>
	<u>\$ 444,441</u>
Enterprise fund:	
Food service	\$ 44,044

**Field Local School District**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
Capital assets, not being depreciated:				
Land	\$ 597,678	\$ -	\$ -	\$ 597,678
Construction in progress	<u>340,028</u>	<u>176,252</u>	<u>(516,280)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>937,706</u>	<u>176,252</u>	<u>(516,280)</u>	<u>597,678</u>
Capital assets, being depreciated:				
Land improvements	418,120	-	-	418,120
Buildings	31,005,044	516,280	-	31,521,324
Furniture, fixtures and equipment	1,404,340	17,793	(7,384)	1,414,749
Vehicles	<u>1,140,320</u>	<u>24,000</u>	<u>-</u>	<u>1,164,320</u>
Total capital assets, being depreciated	<u>33,967,824</u>	<u>558,073</u>	<u>(7,384)</u>	<u>34,518,513</u>
Less: Accumulated depreciation				
Land improvements	(77,311)	(25,800)	-	(103,111)
Buildings	(4,663,017)	(651,563)	-	(5,314,580)
Furniture, fixtures and equipment	(754,431)	(63,519)	4,584	(813,366)
Vehicles	<u>(920,571)</u>	<u>(61,657)</u>	<u>-</u>	<u>(982,228)</u>
Total accumulated depreciation	<u>(6,415,330)</u>	<u>(802,539)</u>	<u>4,584</u>	<u>(7,213,285)</u>
Total capital assets being depreciated, net	<u>27,552,494</u>	<u>(244,466)</u>	<u>(2,800)</u>	<u>27,305,228</u>
Governmental activities capital assets, net	<u>\$ 28,490,200</u>	<u>\$ (68,214)</u>	<u>\$ (519,080)</u>	<u>\$ 27,902,906</u>

**Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 392,532
Special	17,311
Support services:	
Pupils	1,913
Instructional staff	732
Administration	26,504
Fiscal	2,253
Operation and maintenance of plant services	190,346
Pupil transportation	80,219
Extracurricular activities	<u>90,729</u>
Total depreciation expense	<u>\$ 802,539</u>

<u>Business-type Activities</u>	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
Capital assets, being depreciated:				
Furniture, fixtures and equipment	<u>\$ 180,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,225</u>
Total capital assets, being depreciated	<u>180,225</u>	<u>-</u>	<u>-</u>	<u>180,225</u>
Less: Accumulated depreciation				
Furniture, fixtures and equipment	<u>(86,592)</u>	<u>(13,776)</u>	<u>-</u>	<u>(100,368)</u>
Total accumulated depreciation	<u>(86,592)</u>	<u>(13,776)</u>	<u>-</u>	<u>(100,368)</u>
Total capital assets being depreciated, net	<u>\$ 93,633</u>	<u>\$ (13,776)</u>	<u>\$ -</u>	<u>\$ 79,857</u>

**NOTE 8 - RISK MANAGEMENT**

A. Property and Liability Insurance

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. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

B. Fidelity Bond

The Board President, Superintendent, Assistant Superintendent and Assistant Treasurer each have a \$50,000 position bond. The Treasurer is covered under a surety bond in the amount of \$50,000.

**Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

C. Worker's Compensation

The School District pays the State Bureau of Worker's Compensation a premium based on a rate per \$100 of salaries.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the system. For fiscal year 2012, 12.70 percent of annual covered salary was the portion used to fund pension and death benefits. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$336,659, \$344,373 and \$390,235 respectively; 60 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

## **Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$1,135,784, \$1,217,677 and \$1,114,642 respectively; 84.3 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$23,057 made by the School District and \$16,469 made by the plan members.

### **C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2012, several members of the Board of Education have elected Social Security. The Board's liability is 6.2 % of wages paid. The remaining Board members contribute to SERS.



## **Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

### **NOTE 10 – POST-EMPLOYMENT BENEFITS**

#### **A. School Employee Retirement System**

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2012, 0.55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2012, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$47,932, \$78,192 and \$51,281 respectively; 85.1 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011 and 2010 were \$19,881, \$22,161 and \$23,206 respectively; 60.0 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

#### **B. State Teachers Retirement System**

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

**Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$87,368, \$93,667 and \$85,742 respectively; 60.0 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**NOTE 11- STATUTORY RESERVES**

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

Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, 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 following information describes the change in the year-end set-aside amounts for capital maintenance.

	Capital Maintenance <u>Reserve</u>
Set-aside cash balance as of June 30, 2011	\$ -
Current year set-aside requirement	375,045
Current year offset	(300,000)
Qualifying disbursements	<u>(459,190)</u>
Total	<u>\$ (384,145)</u>
Balance carried forward to future years	<u>\$ -</u>

Effective July 1, 2011, the textbook set aside is no longer required as the obligation was repealed by the 129th General Assembly in Amended Substitute House Bill 30.

**Field Local School District**

Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2012

**NOTE 12 – BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS**

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

	Balance 6/30/2011	Additions	Deductions	Balance 6/30/2012	Due in One Year
<b>Governmental Activities</b>					
Loans payable:					
OWDA loan	\$ 34,078	\$ -	\$ (6,282)	\$ 27,796	\$ 6,538
General obligation bonds:					
Construction and improvement	23,810,000	-	(225,000)	23,585,000	260,000
Unamortized premium	346,689	-	(25,574)	321,115	-
Energy conservation bonds	1,140,000	-	(75,000)	1,065,000	75,000
Other long-term obligations:					
Capital lease	95,102	-	(40,992)	54,110	43,025
Compensated absences	1,046,821	180,761	(302,547)	925,035	183,296
Total governmental activities	<u>\$ 26,472,690</u>	<u>\$ 180,761</u>	<u>\$ (675,395)</u>	<u>\$ 25,978,056</u>	<u>\$ 567,859</u>
<b>Business Activities</b>					
Compensated absences	<u>\$ 17,252</u>	<u>\$ 6,277</u>	<u>\$ (4,472)</u>	<u>\$ 19,057</u>	<u>\$ 3,776</u>
Total business activities	<u>\$ 17,252</u>	<u>\$ 6,277</u>	<u>\$ (4,472)</u>	<u>\$ 19,057</u>	<u>\$ 3,776</u>

General Obligation Bonds: General obligation bonds are direct obligations of the School District for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes. Property tax monies will be received in and the debt will be repaid from the bond retirement debt service fund.

On December 9, 2011, the School District issued \$1,140,000 in Energy Conservation Bonds with an interest rate of 5.2% for the purpose of purchasing and installing energy conservation measures. The bonds and interest are to be repaid by the debt service fund. The bonds are Qualified School Construction Bonds (QSCB's) whereas the interest paid on the bonds has been 91.17% subsidized by the federal government. The federal government will remit the interest paid by the schools through a direct pay reimbursement.

In 2005, the District issued School Facilities Construction and Improvement Bonds in the amount of \$25,000,000 at an interest rate of 4.73%. The bond was used to pay the costs of constructing school facilities, constructing additions to and renovating and improving existing school facilities, furnishing and equipping, landscaping and improving sites, and acquiring land and interest in land. The loan will be paid annually from the bond fund and the final payment is due in December 2032.

**Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

In 1996, the District entered into an agreement with the Portage County Commissioners to pay for the construction costs of a water main. The project was funded by the Ohio Water Development Authority (OWDA). The amount of the loan was \$100,000 at an interest rate of 4.04%. The loan will be repaid from general operating monies of the District and the final payment is due in December 2016.

*Other Obligations:* Compensated absences will be paid from the fund from which the person is paid. In current and prior years, capital lease obligations were paid from the general fund.

Principal and interest requirements to amortize all bonds outstanding at June 30, 2012 are as follows:

Year Ending June 30,	OWDA Loan			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 6,538	\$ 1,058	\$ 7,596	\$ 335,000	\$ 1,205,200	\$ 1,540,200
2014	6,805	791	7,596	475,000	1,187,555	\$ 1,662,555
2015	7,082	513	7,595	525,000	1,165,655	1,690,655
2016	7,371	224	7,595	565,000	1,142,955	1,707,955
2017	-	-	-	750,000	1,112,375	1,862,375
2018-2022	-	-	-	5,130,000	4,873,270	10,003,270
2023-2027	-	-	-	6,760,000	3,358,575	10,118,575
2028-2032	-	-	-	8,215,000	1,528,137	9,743,137
2033	-	-	-	1,895,000	47,375	1,942,375
Total	<u>\$ 27,796</u>	<u>\$ 2,586</u>	<u>\$ 30,382</u>	<u>\$ 24,650,000</u>	<u>\$ 15,621,097</u>	<u>\$ 40,271,097</u>

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

## Governmental Activities:

In prior years, the District had entered into capital lease agreements for school buses and copiers. Each lease meets the criteria of a capital lease as defined by generally accepted accounting standards, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Governmental activities capital assets consist of copiers that have been capitalized in the amount of \$226,760. The principal amount of \$198,132 was financed through the lease agreement for the copiers. This amount represents the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the 2012 fiscal year totaled \$40,992 and \$3,707 respectively. These amounts are reported as debt service payments of the general fund on the fund financial statements.

**Field Local School District**

Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2012

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2012:

Year Ending June 30,	Capital Leases		
	Principal	Interest	Total
2013	\$ 43,025	\$ 1,674	\$ 44,699
2014	11,085	90	11,175
Total	<u>\$ 54,110</u>	<u>\$ 1,764</u>	<u>\$ 55,874</u>

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

Stark Portage Area Computer Consortium (SPARCC) is the computer service organization or Data Acquisition Site (DAS) used by the School District. SPARCC is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Stark County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All School Districts in the consortium are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating districts governs SPARCC. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to SPARCC are made from the general fund and the management information system special revenue fund. During the fiscal year, the School District contributed \$86,695 to SPARCC.

**NOTE 15 – RELATED ORGANIZATIONS**

During fiscal year 2012, the School District provided instructional and administrative services as well as rental of facilities to the Falcon Academy of Creative Arts. As of June 30, 2012, all of these services were paid in full. The Academy issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Falcon Academy of Creative Arts, 1473 Saxe Road, Mogadore, Ohio 44260.

**NOTE 16 - CONTINGENCIES**

The School District is party to legal proceedings. However, the School District's management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

**Field Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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 agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2012.

**NOTE 17 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2012 consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	\$ 276,032

Interfund receivables and payables result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2012, all interfund loans outstanding are anticipated to be repaid in fiscal year 2013.

**NOTE 18 – ACCOUNTABILITY AND COMPLIANCE**

**A. Deficit Fund Balance**

As of June 30, 2012, four funds had a deficit fund balance. This deficit was caused by the application of GAAP. This deficit balance will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The following fund had a deficit balance:

<u>Fund</u>	<u>Deficit Balance</u>
Nonmajor special revenue fund:	
Title VI-B grant	\$ 3,026
Vocational education	97
Title II-D grant	14,139
Title II-A grant	1,354

**B. Compliance**

Contrary to Ohio Revised Code expenditures plus outstanding encumbrances exceeded total appropriation in several funds.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>					
<i>Passed Through Ohio Department of Education:</i>					
<i>Child Nutrition Cluster:</i>					
<i>Cash Assistance:</i>					
School Breakfast Program	10.553	\$45,372		\$45,372	
National School Lunch Program	10.555	285,809		285,809	
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	10.555		\$46,203		\$46,203
Total Child Nutrition Cluster		<u>331,181</u>	<u>46,203</u>	<u>331,181</u>	<u>46,203</u>
Total U.S. Department of Agriculture		<u><b>331,181</b></u>	<u><b>46,203</b></u>	<u><b>331,181</b></u>	<u><b>46,203</b></u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>					
<i>Passed Through Ohio Department of Education:</i>					
<i>Title I Cluster:</i>					
Title I Grants to Local Education Agencies	84.010	238,546		217,857	
ARRA - Title I Grants to Local Education Agencies	84.389			30,372	
Total Title I Cluster		<u>238,546</u>		<u>248,229</u>	
<i>Special Education Cluster:</i>					
Special Education Grants to States	84.027	181,641		423,842	
ARRA - Special Education Grants to States	84.391			54,171	
Total Special Education Cluster		<u>181,641</u>		<u>478,013</u>	
Education Technology State Grants	84.318			4,212	
Improving Teacher Quality State Grants	84.367	39,136		75,077	
ARRA - State Fiscal Stabilization Fund	84.394			67,179	
ARRA - Race to the Top	84.395			97	
Education Jobs Fund	84.410			73,209	
<b>Total U.S. Department of Education</b>		<u><b>459,323</b></u>		<u><b>946,016</b></u>	
<b>Total</b>		<u><b>\$790,504</b></u>	<u><b>\$46,203</b></u>	<u><b>\$1,277,197</b></u>	<u><b>\$46,203</b></u>

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

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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





# Dave Yost • Auditor of State

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

Field Local School District  
Portage County  
2900 State Route #43  
Mogadore, Ohio 44260

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Field Local School District, Portage County, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 25, 2013. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2012-003 described in the accompanying schedule of findings to be a material weakness.

### **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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2012-001 and 2012-002.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 25, 2013.

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

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

**Dave Yost**  
Auditor of State

July 25, 2013



# Dave Yost • Auditor of State

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

Field Local School District  
Portage County  
2900 State Route #43  
Mogadore, Ohio 44260

To the Board of Education:

### Compliance

We have audited the compliance of Field 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 could directly and materially affect the Field Local School's major federal program for the year ended June 30, 2012. 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 each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 these 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 these requirements.

In our opinion, the Field Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2012.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, 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 management, the Board of Education, others within the entity, 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 "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

July 25, 2013

FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	ARRA- Special Education Grants to States CFDA #'s 84.027 and 84.391,
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS        REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**ORC 5705.41(B) Actual Expenditures Exceeding Appropriations**

<i>Finding Number</i>	2012-001
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NONCOMPLIANCE

Ohio Revised Code Section 5705.41(B) states no subdivision or taxing unit shall make any expenditures of money unless it has been appropriated. During fiscal year 2012, appropriations were amended by the Treasurer on several occasions. However, the appropriation amendments were not approved by the Board. As a result, at June 30, 2012, total expenditures plus outstanding encumbrances exceeded total appropriations at fund level in the following funds: General Fund (\$617,551), Debt Service Fund (\$30,538), IDEA Part B Fund (\$24,878), and the Title I Disadvantaged Children Grant Fund (\$6,067). In addition, appropriations posted to the District's accounting system did not always agree to the District's Annual Appropriation Measure.

The Board should approve appropriation amendments. The Treasurer should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the legal level of control to avoid overspending. In addition, the Treasurer should periodically review the District's accounting system to ensure appropriation amounts are posted accurately and timely.

**Federal Schedule**

<i>Finding Number</i>	2012-002
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NONCOMPLIANCE

OMB Circular A-133 Subpart C, Section .310 (b) (1) – (3) requires the auditee to prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. At a minimum, the schedule shall provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

The District's Schedule of Federal Assistance (the Schedule) was incomplete and inaccurate. The Schedule included certain federal awards from prior years, excluded certain federal awards from fiscal year 2012, and included inaccurate amounts that did not agree to the District's accounting records. As a result, the Schedule improperly included federal receipts and expenditures of \$1,784,741 and \$1,168,795, respectively.

The District should implement procedures to ensure the Schedule of Federal Assistance is complete and accurate.

**Legal Services**

<i>Finding Number</i>	2012-003
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MATERIAL WEAKNESS

The District entered into a legal services agreement with the Portage County ESC (the ESC) in order to obtain legal services from Eastman & Smith, Ltd. The contract provides, should a particular legal matter turn into a large due process or litigation case, or, is a matter specialized to the point that an additional area of legal expertise is needed, from other Eastman attorneys, and such additional services shall be agreed upon between Eastman and the District, in a written agreement for supplemental services and compensation to Eastman. Such "flow-over" or "supplemental" legal services shall be agreed upon as to time, scope and rate of compensation, beforehand between parties involved.

The District paid \$20,000 for legal services to the ESC, per the original contract, as well as \$45,000 to Eastman & Smith, Ltd for additional services. However, the District and Eastman & Smith Ltd. did not enter into a written agreement for supplemental services and the District did not maintain documentation of time, scope, and rate of compensation for the agreed upon services. In addition, the District did not maintain supporting invoices for the detailed time charged by the attorneys, even though the District agrees the services were provided.

Per the contract, when requesting additional legal services, the District should do so through a written agreement in which the time, scope, and rate of compensation has been clearly agreed to beforehand. The written agreement should also be approved by the Board of Education. In addition, the District should maintain detailed invoices to support all payments made.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**Officials Response: Officials elected not to respond.**

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# Dave Yost • Auditor of State

**FIELD LOCAL SCHOOL DISTRICT**

**PORTAGE 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  
SEPTEMBER 10, 2013**