



**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY**

**SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2001**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Field Local School District
Portage County
1473 Saxe Road
Mogadore, Ohio 44260

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Field Local School District, Portage County, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds 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 December 10, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statement of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 10, 2001

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**Field Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,372,596	\$199,934	\$0	\$41,248
Equity in Pooled Cash and Cash Equivalents - Nonexpendable Trust	0	0	0	0
Receivables:				
Taxes	7,096,768	0	42,333	0
Accounts	16,357	0	0	0
Intergovernmental	9,810	820	0	0
Interfund Receivable	6,002	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	3,743	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	215,486	0	0	0
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$8,720,762</u>	<u>\$200,754</u>	<u>\$42,333</u>	<u>\$41,248</u>
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$5,857	\$0	\$0	\$0
Accrued Wages and Benefits	1,062,473	31,600	0	0
Compensated Absences Payable	12,743	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	252,579	1,630	0	0
Deferred Revenue	6,728,567	0	42,333	0
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
OWDA Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>8,062,219</u>	<u>33,230</u>	<u>42,333</u>	<u>0</u>
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	158,215	14,596	0	8,547
Reserved for Inventory	3,743	0	0	0
Reserved for Contributions	0	0	0	0
Reserved for Property Taxes	368,201	0	0	0
Reserved for Budget Stabilization	215,486	0	0	0
Unreserved:				
Designated for Budget Stabilization	76,221	0	0	0
Undesignated	(163,323)	152,928	0	32,701
Total Fund Equity and Other Credits	<u>658,543</u>	<u>167,524</u>	<u>0</u>	<u>41,248</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$8,720,762</u>	<u>\$200,754</u>	<u>\$42,333</u>	<u>\$41,248</u>

See accompanying notes to the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$0	\$62,544	\$0	\$0	\$1,676,322
0	14,346	0	0	14,346
0	0	0	0	7,139,101
800	0	0	0	17,157
17,072	0	0	0	27,702
0	0	0	0	6,002
11,507	0	0	0	11,507
5,152	0	0	0	8,895
0	0	0	0	215,486
37,411	0	7,512,147	0	7,549,558
0	0	0	1,379,499	1,379,499
<u>\$71,942</u>	<u>\$76,890</u>	<u>\$7,512,147</u>	<u>\$1,379,499</u>	<u>\$18,045,575</u>
\$0	\$0	\$0	\$0	\$5,857
25,447	0	0	0	1,119,520
18,853	0	0	1,146,998	1,178,594
6,002	0	0	0	6,002
16,889	0	0	104,636	375,734
4,250	0	0	0	6,775,150
0	6,627	0	0	6,627
0	55,917	0	0	55,917
0	0	0	86,865	86,865
0	0	0	41,000	41,000
71,441	62,544	0	1,379,499	9,651,266
0	0	7,512,147	0	7,512,147
501	0	0	0	501
0	0	0	0	181,358
0	0	0	0	3,743
0	11,730	0	0	11,730
0	0	0	0	368,201
0	0	0	0	215,486
0	0	0	0	76,221
0	2,616	0	0	24,922
501	14,346	7,512,147	0	8,394,309
<u>\$71,942</u>	<u>\$76,890</u>	<u>\$7,512,147</u>	<u>\$1,379,499</u>	<u>\$18,045,575</u>

**Field Local School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues</u>				
Taxes	\$6,883,373	\$0	\$42,933	\$0
Intergovernmental	6,630,089	492,540	0	106,446
Interest	162,705	933	0	0
Tuition and Fees	272,600	0	0	0
Rent	150	0	0	0
Extracurricular Activities	0	76,877	0	0
Gifts and Donations	275	1,000	0	1,750
Miscellaneous	8,151	59,535	0	0
Total Revenues	13,957,343	630,885	42,933	108,196
<u>Expenditures</u>				
Current:				
Instruction:				
Regular	6,830,313	85,207	0	67,045
Special	851,947	237,287	0	0
Vocational	238,511	410	0	0
Other	99,574	10,186	0	0
Support Services:				
Pupils	874,877	6,533	0	0
Instructional Staff	503,743	121,786	0	0
Board of Education	13,446	0	0	0
Administration	1,439,666	41,456	0	0
Fiscal	360,730	0	0	0
Operation and Maintenance of Plant	1,348,101	279	0	5,410
Pupil Transportation	911,371	0	0	0
Central	1,900	9,340	0	0
Operation of Non-Instructional Services	0	651	0	0
Extracurricular Activities	183,555	88,380	0	0
Debt Service:				
Principal Retirement	2,003	0	39,000	0
Interest and Fiscal Charges	1,795	0	3,933	0
Total Expenditures	13,661,532	601,515	42,933	72,455
Excess of Revenues Over Expenditures	295,811	29,370	0	35,741
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Fixed Assets	35	0	0	0
Operating Transfers In	0	16,559	0	0
Operating Transfers Out	(16,559)	0	0	0
Total Other Financing Sources (Uses)	(16,524)	16,559	0	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Sources (Uses)	279,287	45,929	0	35,741
Fund Balances at Beginning of Year	379,256	121,595	0	5,507
Fund Balances at End of Year	\$658,543	\$167,524	\$0	\$41,248

See accompanying notes to the general purpose financial statements.

Totals
(Memorandum
Only)

\$6,926,306
7,229,075
163,638
272,600
150
76,877
3,025
67,686

14,739,357

6,982,565
1,089,234
238,921
109,760

881,410
625,529
13,446
1,481,122
360,730
1,353,790
911,371
11,240
651
271,935

41,003
5,728

14,378,435

360,922

35
16,559
(16,559)

35

360,957

506,358

\$867,315

**Field Local School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2001**

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues</u>			
Intergovernmental	\$6,621,953	\$6,621,953	\$0
Interest	162,705	162,705	0
Tuition and Fees	259,967	259,926	(41)
Rent	150	150	0
Extracurricular Activities	0	0	0
Gifts and Donations	275	275	0
Property and Other Local Taxes	6,874,970	6,874,970	0
Miscellaneous	7,752	7,752	0
Total Revenues	13,927,772	13,927,731	(41)
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	6,897,871	6,897,871	0
Special	834,099	834,099	0
Vocational	232,253	232,253	0
Other	147,494	147,494	0
Support services:			
Pupils	888,016	888,016	0
Instructional Staff	500,370	500,370	0
Board of Education	12,413	12,413	0
Administration	1,413,933	1,413,933	0
Fiscal	358,823	358,823	0
Operation and Maintenance of Plant	1,369,035	1,369,035	0
Pupil Transportation	971,108	971,108	0
Central	1,900	1,900	0
Non-Instructional Services	0	0	0
Extracurricular activities	182,751	182,751	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	13,810,066	13,810,066	0
Excess of Revenues Over Expenditures	117,706	117,665	(41)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	0	0	0
Proceeds from Sale of Fixed Assets	35	35	0
Refund of Prior Year Expenditures	54,664	54,664	0
Other Financing Sources	399	399	0
Operating Transfers Out	(16,559)	(16,559)	0
Advances Out	(6,002)	(6,002)	0
Refund of Prior Year Receipts	0	0	0
Total Other Financing Sources (Uses)	32,537	32,537	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	150,243	150,202	(41)
Fund Balances at Beginning of Year	1,065,284	1,065,284	0
Prior Year Encumbrances Appropriated	208,524	208,524	0
Fund Balances at End of Year	\$1,424,051	\$1,424,010	(\$41)

See accompanying notes to the general purpose financial statements.

Special Revenue			Debt Service		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$497,924	\$497,924	\$0	\$0	\$0	\$0
933	933	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
76,977	76,977	0	0	0	0
1,000	1,000	0	0	0	0
0	0	0	42,933	42,933	0
59,535	59,535	0	0	0	0
<u>636,369</u>	<u>636,369</u>	<u>0</u>	<u>42,933</u>	<u>42,933</u>	<u>0</u>
90,922	90,922	0	0	0	0
239,828	239,828	0	0	0	0
409	409	0	0	0	0
24,688	24,688	0	0	0	0
6,563	6,563	0	0	0	0
127,059	127,059	0	0	0	0
0	0	0	0	0	0
41,460	41,460	0	0	0	0
0	0	0	0	0	0
278	278	0	0	0	0
0	0	0	0	0	0
9,340	9,340	0	0	0	0
650	650	0	0	0	0
88,413	88,413	0	0	0	0
0	0	0	39,000	39,000	0
0	0	0	3,933	3,933	0
<u>629,610</u>	<u>629,610</u>	<u>0</u>	<u>42,933</u>	<u>42,933</u>	<u>0</u>
<u>6,759</u>	<u>6,759</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16,559	16,559	0	0	0	0
0	0	0	0	0	0
32	32	0	0	0	0
8,000	8,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(3,553)	(3,553)	0	0	0	0
<u>21,038</u>	<u>21,038</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
27,797	27,797	0	0	0	0
157,379	157,379	0	0	0	0
164	164	0	0	0	0
<u>\$185,340</u>	<u>\$185,340</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(continued)

**Field Local School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis) (Continued)
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2001**

	Capital Projects		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues</u>			
Intergovernmental	\$106,446	\$106,446	\$0
Interest	0	0	0
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	1,750	1,750	0
Property and Other Local Taxes	0	0	0
Miscellaneous	0	0	0
Total Revenues	108,196	108,196	0
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	67,046	67,046	0
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	13,956	13,956	0
Pupil Transportation	0	0	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular activities	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	81,002	81,002	0
Excess of Revenues Over Expenditures	27,194	27,194	0
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Other Financing Sources	0	0	0
Operating Transfers Out	0	0	0
Advances Out	0	0	0
Refund of Prior Year Receipts	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	27,194	27,194	0
Fund Balances at Beginning of Year	5,507	5,507	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	\$32,701	\$32,701	\$0

See accompanying notes to the general purpose financial statements.

<u>Totals (Memorandum Only)</u>		
<u>Revised</u>		<u>Variance</u>
<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
		<u>(Unfavorable)</u>
\$7,226,323	\$7,226,323	\$0
163,638	163,638	0
259,967	259,926	(41)
150	150	0
76,977	76,977	0
3,025	3,025	0
6,917,903	6,917,903	0
67,287	67,287	0
<u>14,715,270</u>	<u>14,715,229</u>	<u>(41)</u>
7,055,839	7,055,839	0
1,073,927	1,073,927	0
232,662	232,662	0
172,182	172,182	0
894,579	894,579	0
627,429	627,429	0
12,413	12,413	0
1,455,393	1,455,393	0
358,823	358,823	0
1,383,269	1,383,269	0
971,108	971,108	0
11,240	11,240	0
650	650	0
271,164	271,164	0
39,000	39,000	0
3,933	3,933	0
<u>14,563,611</u>	<u>14,563,611</u>	<u>0</u>
<u>151,659</u>	<u>151,618</u>	<u>(41)</u>
16,559	16,559	0
35	35	0
54,696	54,696	0
8,399	8,399	0
(16,559)	(16,559)	0
(6,002)	(6,002)	0
(3,553)	(3,553)	0
<u>53,575</u>	<u>53,575</u>	<u>0</u>
205,234	205,193	(41)
1,228,170	1,228,170	0
<u>208,688</u>	<u>208,688</u>	<u>0</u>
<u>\$1,642,092</u>	<u>\$1,642,051</u>	<u>(\$41)</u>

**Field Local School District
 Combined Statement of Revenues,
 Expenses and Changes in Retained Earnings/Fund Balance
 Proprietary Fund Type and Nonexpendable Trust Fund
 For the Fiscal Year Ended June 30, 2001**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<u>Operating Revenues</u>			
Sales	\$308,744	\$0	\$308,744
Interest	0	809	809
Refund of Prior Year Expense	89	0	89
Total Operating Revenues	<u>308,833</u>	<u>809</u>	<u>309,642</u>
<u>Operating Expenses</u>			
Salaries	180,122	0	180,122
Fringe Benefits	93,947	0	93,947
Purchased Services	8,946	0	8,946
Materials and Supplies	26,166	0	26,166
Cost of Sales	187,151	0	187,151
Depreciation	4,641	0	4,641
Capital Outlay	1,840	0	1,840
Other Operating Expenses	2,562	500	3,062
Total Operating Expenses	<u>505,375</u>	<u>500</u>	<u>505,875</u>
Operating Income (Loss)	<u>(196,542)</u>	<u>309</u>	<u>(196,233)</u>
<u>Non-Operating Revenues</u>			
Federal Donated Commodities	35,716	0	35,716
Interest	47	0	47
Federal and State Subsidies	113,653	0	113,653
Total Non-Operating Revenues	<u>149,416</u>	<u>0</u>	<u>149,416</u>
Net Income (Loss)	<u>(47,126)</u>	<u>309</u>	<u>(46,817)</u>
Retained Earnings/Fund Balance at Beginning of Year	<u>47,627</u>	<u>937</u>	<u>48,564</u>
Retained Earnings/Fund Balance at End of Year	<u>\$501</u>	<u>\$1,246</u>	<u>\$1,747</u>

See accompanying notes to the general purpose financial statements.

**Field Local School District
 Combined Statement of Cash Flows
 Proprietary Fund Type and Nonexpendable Trust Fund
 For the Fiscal Year Ended June 30, 2001**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$308,833	\$0	\$308,833
Cash Payments to Suppliers for Goods and Services	(191,586)	0	(191,586)
Cash Payments to Employees for Services	(174,995)	0	(174,995)
Cash Payments for Employee Benefits	(90,383)	0	(90,383)
Cash Payments for Other Operating Expenses	(2,562)	(500)	(3,062)
Net Cash (Used for) Operating Activities	(150,693)	(500)	(151,193)
<u>Cash Flows from Noncapital Financing Activities</u>			
Operating Grants Received	117,042	0	117,042
Short-Term Loans from Other Funds	6,002	0	6,002
Net Cash Provided by Noncapital Financing Activities	123,044	0	123,044
<u>Cash Flows from Investing Activities</u>			
Interest on Investments	47	809	856
Net Cash Provided by Investing Activities	47	809	856
Net Increase (Decrease) in Cash and Cash Equivalents	(27,602)	309	(27,293)
Cash and Cash Equivalents at Beginning of Year	27,602	14,037	41,639
Cash and Cash Equivalents at End of Year	\$0	\$14,346	\$14,346
<u>Reconciliation of Operating Income (Loss) to Net Cash (Used for) Operating Activities</u>			
Operating Income (Loss)	(196,542)	309	(196,233)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used for) Operating Activities</u>			
Depreciation	4,641	0	4,641
Interest on Investments	0	(809)	(809)
Donated Commodities Used During Year	35,717	0	35,717
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(779)	0	(779)
(Increase)/Decrease in Inventory Held for Resale	(1,158)	0	(1,158)
(Increase)/Decrease in Materials and Supplies Inventory	(1,263)	0	(1,263)
Increase/(Decrease) in Accrued Wages and Benefits	1,857	0	1,857
Increase/(Decrease) in Compensated Absences Payable	3,270	0	3,270
Increase/(Decrease) in Intergovernmental Payable	3,564	0	3,564
Total Adjustments	45,849	(809)	45,040
Net Cash (Used for) Operating Activities	(\$150,693)	(\$500)	(\$151,193)

See accompanying notes to the general purpose financial statements.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 1 - DESCRIPTION OF THE ENTITY

Field Local School District (the District) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally-elected five-member board of education and provides educational services as mandated by State and/or Federal agencies. This Board controls the District's nine instructional/support facilities staffed by 100 noncertificated employees, 158 certificated full-time teaching personnel and 11 administrators who provide services to 2,292 students and other community members.

The District provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These District operations will be included as a part of the reporting entity.

The District adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District.

On this basis, the combined general purpose financial statements include all the funds and account groups of the District over which the Board of Education exercises operating controls. The management has determined that the District has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION - FUND ACCOUNTING

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary. Each category is then divided into various fund types. The following are the fund types and account groups utilized by the District.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balance of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds, except those accounted for in proprietary and fiduciary funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the District's governmental fund types:

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be expended for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities that are similar to those often found in the private sector. The District applies all applicable pronouncements from the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 when accounting and reporting its proprietary operations. The following is the District's proprietary fund type:

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund

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

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. The following are the District's fiduciary funds:

Nonexpendable Trust Fund

This fund is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The nonexpendable trust fund accounts for assets of which the principal may not be spent.

Agency Funds

These funds are purely custodial in nature and thus do not involve measurement of results of operations.

ACCOUNT GROUPS

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary fund.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary fund.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used for reporting purposes by all governmental fund types and agency funds. Under this basis of accounting, the District recognizes revenues in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectable within the current fiscal period or soon enough thereafter to be used to pay liabilities of the current fiscal period, which the District considers to be sixty days after year end.

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

The District reports deferred revenue on its Combined Balance Sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the Combined Balance Sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue. In the proprietary fund types, unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on general long-term debt which is reported only when due, and the costs of accumulated unpaid vacation and sick leave which are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. 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.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUDGETARY PROCESS

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

Tax Budget

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts set forth in the final amended Certificate issued for fiscal 2001.

Appropriations

By October 1, the annual Appropriation Resolution must be legally enacted by the Board of Education at the fund, function and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter total object appropriations within functions must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. Appropriation amounts are as originally adopted, or as amended by the Board of Education throughout the year by supplemental appropriations which either reallocate or increase the original appropriated amounts. During the year, several supplemental appropriation measures were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

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 appropriations. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated.

CASH AND INVESTMENTS

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the Combined Balance Sheet. During fiscal year 2001, investments were limited to STAR Ohio.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$162,705, which includes \$26,460 assigned from other District funds.

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are not considered to be cash equivalents.

RESTRICTED ASSETS

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

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVENTORY

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items are recorded as an expenditure in the governmental fund types when purchased and as an expense in the proprietary fund types when used. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated and purchased food, and they are expensed when used. Unused donated commodities are reported as deferred revenue.

FIXED ASSETS AND DEPRECIATION

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical cost records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. In proprietary funds, improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of five to twenty years.

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Exchange transactions are those in which each party to a transaction gives and receives essentially something of equal value. Proprietary funds, where the full accrual basis of accounting is used, record revenue when the exchange takes place. Governmental funds, where the modified accrual basis of accounting is used, record revenue in the fiscal year in which the resources are both measurable and available.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Property taxes available as an advance at June 30, are recognized as revenue. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenues are both measurable and available. 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 District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Grants and Entitlements

Entitlements

General Fund

State Foundation Program
 School Bus Allocation

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Title I
 Title VI-B
 Drug Free Schools
 Title II
 Title VI-R

Title VI
 Vocational Education
 EHA Preschool
 Telecomm

Reimbursable Grants

General Fund

Medical Assistance CAFS

Proprietary Fund

National School Lunch Program

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16 "Accounting for Compensated Absences". Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met.

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The District has accrued a liability for these compensated absences using the termination method when the following criterion is met: the benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

The sick leave liability has been based on the District's past experience of making termination payments for sick leave.

For governmental funds, that portion of the liability which is non-current is reported in the general long-term obligations account group. Liabilities that use current expendable resources are recorded in the fund from which the employees are paid. In proprietary funds, compensated absences are expensed when earned and the entire amount is reported as a fund liability.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than sixty days after year end are considered not to have been made with current available financial resources. Bonds and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

FUND BALANCE RESERVES

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Designations represent tentative plans for future use of financial resources. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, endowments, budget stabilization, property taxes and capital improvements.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INTERFUND TRANSACTIONS

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

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.

TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the District has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”. At June 30, 2000, there was no effect on fund balance as a result of implementing GASB Statement No. 33.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Government Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and the 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).

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

- Outstanding year end encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

Excess of Revenues and Other Financing Sources Over
 Expenditures and Other Financing (Uses)
 All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$279,287	\$45,929	\$0	\$35,741
Net Adjustment for Revenue Accruals	25,450	13,516	0	0
Net Adjustment for Expenditure Accruals	9,537	(17,052)	0	0
Encumbrances	(164,072)	(14,596)	0	(8,547)
Budget Basis	<u>\$150,202</u>	<u>\$27,797</u>	<u>\$0</u>	<u>\$27,194</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits and investments are restricted by provisions of the Ohio Revised Code. Statutes require the classification of monies held by the District into three categories.

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing 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 may 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 moneys are permitted to be invested in the following securities:

- United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Deposits

At fiscal year end, the reported amount of the District's deposits was \$(100,160) and the bank balance was \$187,543. Of the bank balance:

1. \$100,000 was covered by Federal depository insurance; and
2. \$87,543 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Investment

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the fiscal year ended June 30, 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001. At June 30, 2001, the fair value of STAR Ohio was \$2,006,314. Investments in STAR Ohio are not categorized since they are not evidenced by securities that exist in physical or book entry form.

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

	Cash and Cash <u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$1,906,154	\$0
Investments of Cash Management Pool:		
STAR Ohio	<u>(2,006,314)</u>	<u>2,006,314</u>
GASB Statement No. 3	<u><u>(\$100,160)</u></u>	<u><u>\$2,006,314</u></u>

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the Districts' fiscal year runs from July through June. Second half distributions occur in a subsequent fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal property used in business located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1, and are collected with real property taxes. Assessed values for real property are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 100 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the previous year. Tangible personal property assessments are 25 percent of true value.

The assessed values upon which the fiscal year 2001 taxes were collected are:

Category	First Half Collections		Second Half Collections	
	Amount	%	Amount	%
Real Property Valuation:				
Commercial/Industrial	\$36,760,860	13.19%	\$36,899,980	13.24%
Residential/Agriculture	202,504,080	72.64%	202,504,080	72.64%
Public Utilities	7,790	0.00%	7,790	0.00%
Mobile Home	153,910	0.06%	146,952	0.05%
Tangible Personal Property Valuation:				
Public Utilities	8,744,150	3.14%	8,744,150	3.14%
General	30,614,982	10.98%	30,475,030	10.93%
Total Valuation	<u>\$278,785,772</u>	<u>100.00%</u>	<u>\$278,777,982</u>	<u>100.00%</u>

Tax rate per \$1,000 of Assessed Valuation	\$50.60	\$50.60
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Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, State statute permits earlier or later payment dates to be established.

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

The Portage County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically advances to the District their portion of the taxes collected. The amount available to the District as an advance at June 30, 2001, is available to finance fiscal year 2001 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 GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 6 - PROPERTY TAXES (continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 and reflected in 2001 revenue was \$368,201 all of which was available to the General Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts, intergovernmental entitlements and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amount</u>
General	\$9,810
Special Revenue Fund	
Title II Eisenhower	820
Enterprise Fund	
Food Service	<u>17,072</u>
Total Intergovernmental Receivables	<u><u>\$27,702</u></u>

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001 follows:

Furniture and Equipment	\$179,578
Less: Accumulated Depreciation	<u>(142,167)</u>
Net Fixed Assets	<u><u>\$ 37,411</u></u>

A summary of the changes in general fixed assets follows:

	<u>Balance</u>			<u>Balance</u>
	07/01/2000	Additions	Deletions	06/30/2001
Land	\$88,008	\$0	\$0	\$88,008
Buildings	4,608,424	0	0	4,608,424
Equipment	1,928,032	143,118	(31,639)	2,039,511
Vehicles	<u>776,204</u>	0	0	<u>776,204</u>
Total	<u><u>\$7,400,668</u></u>	<u><u>\$143,118</u></u>	<u><u>(\$31,639)</u></u>	<u><u>\$7,512,147</u></u>

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 9 - RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$1,000 per incident with a replacement value for all buildings. The District's vehicle insurance policy limit is \$2,000,000 for each occurrence with a \$500 collision deductible. All board members, administrators and employees are covered under a school district liability policy. Additionally, the District carries a \$1,000,000 blanket umbrella policy. The limits of this coverage are \$1,000,000 per occurrence and \$1,000,000 in aggregate.

B. Fidelity Bond

The Board President Superintendent and Assistant Superintendent each have a \$5,000 position bond. The Treasurer is covered under a surety bond in the amount of \$50,000.

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The Workers' Compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the GRP. Each participant pays its Workers' Compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 9 - RISK MANAGEMENT (continued)

D. Portage Area Schools Consortium

The Portage Area Schools Consortium was established in 1981 so that 13 educational-service providers in the Portage County area could manage risk exposures and purchase necessary insurance coverage as a group. The Joint Self-Insurance Program for health care benefits was recently re-organized as a regional council of governments authorized by Chapter 167 of the Ohio Revised Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as health insurance, disability insurance and life insurance. A third party administrator is retained by the consortium to facilitate the operation of the Health Care Benefits Program. The District pays all insurance premiums directly to the consortium. Also, the insurance agreement with Portage Area Schools Consortium provides that the Consortium will reinsure through commercial companies for claims over \$100,000 per employee. Although the District does not participate in the day-to-day management of the consortium, one of its administrators serves as a trustee of the consortium's governing board as provided in the consortium's enabling authority. Although the District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the consortium become depleted, it is the opinion of management that the assets of the consortium are sufficient to meet its claims.

NOTE 10 - LONG-TERM DEBT OBLIGATIONS

Changes in long-term obligations of the District from July 1, 2000 through June 30, 2001, were as follows:

	<u>Balance</u> <u>07/01/2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2001</u>
GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP				
OWDA Loan Payable				
4.04%, 12/96 - 06/16	\$88,868	\$0	(\$2,003)	\$86,865
General Obligations Bonds:				
Energy Conservation				
6.50%, 06/91 - 12/02	80,000	0	(39,000)	41,000
Compensated Absences Payable	1,003,485	143,513	0	1,146,998
Intergovernmental Payable	<u>95,496</u>	<u>104,636</u>	<u>(95,496)</u>	<u>104,636</u>
Total General Long-Term Obligations	<u>\$1,267,849</u>	<u>\$248,149</u>	<u>(\$136,499)</u>	<u>\$1,379,499</u>

The General Obligation Energy Conservation Bonds will be paid from the Debt Service Fund. Intergovernmental Payables and Compensated Absences will be paid from the fund from which the employee is paid.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (continued)

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 loan will be repaid from general operating monies of the District.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2002	<u>\$41,000</u>	<u>\$1,332</u>	<u>\$42,332</u>

All bonds are backed by the full faith and credit of the District.

Principal and interest requirements to retire the OWDA loan outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2002	\$6,256	\$5,139	\$11,395
2003	4,383	3,213	7,596
2004	4,561	3,034	7,595
2005	4,748	2,848	7,596
Thereafter	<u>66,917</u>	<u>16,630</u>	<u>83,547</u>
Total	<u>\$86,865</u>	<u>\$30,864</u>	<u>\$117,729</u>

NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains one enterprise fund, food service, which is operated on a sales basis. The table below reflects the more significant financial data relating to the enterprise fund of the District for the fiscal year ended June 30, 2001:

	<u>Food Service</u>
Operating revenues	\$308,833
Operating expenses before depreciation	(500,734)
Depreciation expense	(4,641)
Operating income/(loss)	(196,542)
Federal donated commodities	35,717
Operating grants	113,653
Interest Earnings	47
Net (Loss)	(47,126)
Net working capital	(18,057)
Total Assets	71,942
Total Equity	501
Encumbrances at June 30, 2001	\$0

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 12 - RETIREMENT PLANS

School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System 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, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614)222-5853

Plan members are required to contribute nine percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's contributions to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$283,410, \$273,221 and \$264,893, respectively, equal to the required contributions for each year; 44.5 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$157,220, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and general long-term debt account group.

State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof. Any member who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit", the retirement allowance is based on years of credit service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by using a base percentage of 2.1 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached.

Legislation passed in April, 2000 with a July, 1999 effective date provided an adjustment for retirees whose benefits have not kept pace with the rate of inflation. The legislation also changed the formula for calculating the formula benefit. The formula benefit increased to 2.2 percent from 2.1 percent per year for all years up to 30 years. For members with 35 or more years of earned Ohio service, the first 30 years, the formula will remain as current law, which provides an escalating formula of 2.5 percent for the 31st years, 2.6 percent for the 32nd years, 2.7 percent for the 33rd year, etc. until 100 percent of final average salary is reached.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 12 - RETIREMENT PLANS (continued)

Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of employment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of three percent of the original base benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

A member with five or more years’ credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members’ beneficiaries.

Benefits are established by Chapter 3307, Revised Code.

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

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2001, were 9.3 percent of covered payroll for members and 14 percent for employers. The District’s contributions to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$447,563, \$455,679 and \$427,649, respectively; 82.6 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$181,424 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio’s 2000 *Comprehensive Annual Financial Report* will be available after January 1, 2001, and can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling (614)227-4090.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS

School Employees Retirement Systems

SERS provides postretirement health care to retirees and their dependents coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than 25 years of qualified service credit pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium. The Ohio Revised Code provides statutory authority requiring school employers to fund post retirement health care through their contributions to SERS. At June 30, 2001, the allocation rate was 8.45 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2001, the minimum pay was established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. The District's actual contributions which were used to fund postemployment benefits, including surcharge, equaled \$182,654 during the 2001 fiscal year.

The Health care benefits are financed on a pay as you go basis. The target level for the health care reserve is 150 percent of annual health care expenses. At June 30, 2000 (the latest information available) the retirement systems' expenses for health care statewide was \$140,696,340 and the target level was \$211.0 million. The net assets available for payment of health care benefits was \$252.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

State Teachers Retirement Systems

STRS provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. The District's actual contributions which were used to fund postemployment benefits equaled \$596,681 during the 2001 fiscal year.

The Revised Code grants authority to STRS Ohio to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board currently allocates employer contributions equal to eight percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$3.419 billion statewide at June 30, 2000 (the latest information available). The Health Care Reserve Fund allocation for the year ended June 30, 2001 and after, will be 4.5 percent of covered payroll. For the year ended June 30, 2000, net health care costs statewide paid by STRS were \$283,137,000. There were 99,011 eligible benefit recipients.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 14 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees working eleven or twelve months per year are entitled to an annual vacation, with pay, based on length of service in the District. Vacations must be taken within one year of the time earned with the exception that a portion may be carried over to the next year with prior approval. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators working fewer than ten months per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated for an unlimited number of days. For certified and classified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the first 140 days and adding to that one day for every ten days of the next 160 days accumulated, to a maximum of 46 days. For classified employees, payment made at retirement for accumulated sick leave is determined by taking one-fourth of the first 120 days and adding to that the total ten percent of the remaining days, to a maximum of 47 days. The amount of accumulated vacation and sick leave of employees paid from governmental funds that meets the eligibility requirements has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the general long-term debt account group. Vacation and sick leave for employees paid from proprietary funds is recorded as an expense and liability of the fund when earned.

NOTE 15 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits

The following funds had a deficit fund balance caused by the recognition of expenditures and/or nonrecognition of revenues on the modified accrual basis of accounting which substantially differs from those recognized on the cash basis of accounting.

<u>Fund</u>	<u>Deficit</u>
DPIA	\$(92)
Ohio Reads	(30)
Vocational Education	(4)
EHA Preschool Grant	(33)
Miscellaneous Federal Grants	(116)

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 16 – JOINTLY GOVERNED ORGANIZATION

Stark/Portage Area Computer Consortium (SPARCC)

SPARCC is a jointly governed organization created as a regional council of governments made up of public school districts and county boards of education from Stark, Portage and Carroll Counties. The primary function of SPARCC is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by SPARCC include student scheduling, registration, grade reporting and test scoring. Each member district pays an annual fee for the services provided by SPARCC. SPARCC is governed by a board of directors comprised of each Superintendent within the Consortium. The Stark County Educational Service Center serves as the fiscal agent of the consortium and receives funding from the State Department of Education. Each district has one vote in all matters and each member district's control over budgeting and financing of SPARCC is limited to its voting authority and any representation it may have on the board of directors. The continued existence of SPARCC is not dependent on the Center's continued participation and no equity interest exists.

NOTE 17 - CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to an audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

Litigation

The District is not currently a party to any legal proceedings which would have a material impact on the financial statements.

NOTE 18 - SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school district as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 18 – SCHOOL FUNDING DECISION (continued)

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 10, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE 19 – REQUIRED BUDGET SET ASIDES

	Textbooks	Capital Improvements	Budget Stabilization	Totals
Set Aside Cash Balance as of June 30, 2000	\$325	\$21,001	\$215,486	\$236,812
Current Year Set Aside Requirement	314,477	314,477	0	628,954
Qualifying Disbursements	325,538	348,693	0	674,231
Total	<u>(\$10,736)</u>	<u>(\$13,215)</u>	<u>\$215,486</u>	<u>\$191,535</u>
Cash Balance Carried Forward to Fiscal Year 2002	<u>(\$10,736)</u>	<u>\$0</u>	<u>\$215,486</u>	<u>\$204,750</u>

Since the qualifying disbursements and offsets for the capital improvements set aside exceeded the fiscal year 2000 requirement, no amount will be carried forward to the next fiscal year. The District may use the negative amount in the textbooks/instructional materials set aside to reduce set aside requirements of future fiscal years.

Amounts remaining at year-end have been set aside to satisfy statutory requirements are represented by cash and are presented as restricted assets on the Combined Balance Sheet. Corresponding amounts are reported as reserves of fund balance. The General Fund balance includes \$76,221 that has been designated for the amount of set asides in excess of requirements.

FIELD LOCAL SCHOOL DISTRICT
PROTAGE COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program		10.550		\$35,580		\$35,717
National School Lunch Program	PU-01	10.555	\$111,039		\$111,039	
Total U.S. Department of Agriculture - <i>Nutrition Cluster</i>			<u>111,039</u>	<u>35,580</u>	<u>111,039</u>	<u>35,717</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
<i>Special Education Cluster:</i>						
Special Education Grants to States (IDEA Part B)	6B-SF 00 6B-SF 01	84.027			25,961	
Total Special Education Grants to States			<u>162,669</u>	<u>0</u>	<u>132,129</u>	<u>0</u>
Special Education - Handicapped Preschool Grant	2001	84.173	<u>11,844</u>		<u>11,844</u>	
Total <i>Special Education Cluster</i>			<u>174,513</u>	<u>0</u>	<u>169,934</u>	<u>0</u>
Vocational Education Basic Grant	2001 2001	84.048	409		409	
Total Vocational Education Basic Grant			<u>1,159</u>	<u>0</u>	<u>1,159</u>	<u>0</u>
Eisenhower Professional Development	2001 2001	84.281	7,378		5,469	
Total Eisenhower Professional Development			<u>13,463</u>	<u>0</u>	<u>6,085</u>	<u>0</u>
Grants to Local Educational Agencies (ESEA Title I)	C1-S1 00 C1-S1 01	84.010			26,803	
Total Grants to Local Educational Agencies			<u>156,808</u>	<u>0</u>	<u>134,178</u>	<u>0</u>
Title VI Innovative Education Strategy	2001 99	84.298	11,739		11,735	
Total Title VI Innovative Education Strategies			<u>13,348</u>	<u>0</u>	<u>1,609</u>	<u>0</u>
Drug-Free Schools Grant	DR-S1 00 DR-S1 01 DR-S1 99	84.186	7,144		3,108	
Total Drug-Free Schools Grant			<u>2,951</u>	<u>0</u>	<u>1,166</u>	<u>0</u>
Title VI-R Class Size Reduction	2000 2001	84.340	2,981		3,595	
Total Title VI-R Class Size Reduction			<u>35,512</u>	<u>0</u>	<u>35,512</u>	<u>0</u>
Total U.S. Department of Education			<u>407,879</u>	<u>0</u>	<u>403,906</u>	<u>0</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance CAFS	2000	93.778	13,251		13,251	
Totals			<u><u>\$532,169</u></u>	<u><u>\$35,580</u></u>	<u><u>\$528,196</u></u>	<u><u>\$35,717</u></u>

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

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2001**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
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Youngstown, Ohio 44503
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Field Local School District
Portage County
1473 Saxe Road
Mogadore, Ohio 44260

To the Board of Education:

We have audited the financial statements of the Field Local School District, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 10, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 10, 2001.

Field Local School District
Portage County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

December 10, 2001



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

Field Local School District
Portage County
1473 Saxe Road
Mogadore, Ohio 44260

To the Board of Education:

Compliance

We have audited the compliance of Field Local School District, Portage County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

December 10, 2001

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

NONE

3. FINDINGS FOR FEDERAL AWARDS

NONE



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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
JANUARY 3, 2002**