

**FIELD LOCAL SCHOOL DISTRICT**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Field Local School District  
1473 Saxe Road  
Mogadore, Ohio 44260

We have reviewed the Independent Auditor's Report of the Field Local School District, Portage County, prepared by Varney, Fink & Associates, Inc. for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Field Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

January 23, 2006

**This Page is Intentionally Left Blank.**

**FIELD LOCAL SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**TABLE OF CONTENTS**

<i>INDEPENDENT AUDITOR'S REPORT</i> .....	1
<i>Management's Discussion and Analysis</i> .....	3
 <i>BASIC FINANCIAL STATEMENTS</i>	
Government-wide Financial Statements:	
Statement of Net Assets .....	10
Statement of Activities .....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	13
Statement of Revenues, Expenditures and Changes in Fund Balances –Governmental Funds .....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – (Non-GAAP Basis) Individual Major Governmental Fund .....	16
Statement of Fund Net Assets – Proprietary Fund .....	17
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund .....	18
Statement of Cash Flows - Proprietary Fund.....	19
Statement of Fiduciary Net Assets – Fiduciary Fund .....	20
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund .....	21
Notes to the Basic Financial Statements .....	22
 Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	
	54
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> .....	
	56
Schedule of Expenditures of Federal Awards .....	58
Notes to the Schedule of Expenditures of Federal Awards .....	59
Schedule of Findings.....	60

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Field Local School District  
1473 Saxe Road  
Mogadore, OH 44260

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Field Local School District (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2006 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

## INDEPENDENT AUDITOR'S REPORT (continued)

Management's Discussion and Analysis is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards 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 basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

January 10, 2006

**Field Local School District  
Portage County, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2005  
Unaudited**

This discussion and analysis of the Field Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to better their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for the fiscal year ended June 30, 2005 are as follows:

- Net assets of governmental activities decreased \$290,347 while net assets of business-type activities decreased \$88,380.
- General revenues accounted for \$17,414,556 in revenue or 89% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$2,078,309 or 11% of total revenues of \$19,492,865.
- The District had \$19,783,212 in expenses related to government activities; only \$2,078,309 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$17,414,556 were not adequate to provide for these programs.
- The District had \$570,674 in expenses related to business-type activities, food service. Program revenues of \$482,294 were not adequate to provide for this service.
- Capital outlay additions of \$99,378 was for purchases of furniture and equipment.

**Using this Annual Financial Report**

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

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



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

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

The Statement of Net Assets and the Statement of Activities answer the question, “How did we do financially during fiscal year 2005?” These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the District’s net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District’s property tax base, current property laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

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

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

## **Reporting the District’s Most Significant Funds**

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

The analysis of the District’s major governmental funds begins on page seven. Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the District’s most significant funds. The District’s major governmental funds are the general fund, the bond fund and the building fund.

### ***Governmental Funds***

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

## Proprietary Funds

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

## Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

## The District as a Whole

The table below provides a summary of the District's net assets for fiscal year 2005 and 2004:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Assets</b>						
Current Assets	\$36,805,838	\$8,426,625	\$33,272	\$16,708	\$36,839,110	\$8,443,333
Capital Assets, Net of Depreciation	<u>2,123,387</u>	<u>2,301,669</u>	<u>18,196</u>	<u>22,347</u>	<u>2,141,583</u>	<u>2,324,016</u>
Total Assets	<u>38,929,225</u>	<u>10,728,294</u>	<u>51,468</u>	<u>39,055</u>	<u>38,980,693</u>	<u>10,767,349</u>
<b>Liabilities</b>						
Current Liabilities	11,682,279	8,804,976	260,448	157,556	11,942,727	8,962,532
Long-Term Liabilities	<u>27,274,640</u>	<u>1,660,665</u>	<u>24,321</u>	<u>26,420</u>	<u>27,298,961</u>	<u>1,687,085</u>
Total Liabilities	<u>38,956,919</u>	<u>10,465,641</u>	<u>284,769</u>	<u>183,976</u>	<u>39,241,688</u>	<u>10,649,617</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Debt	2,056,467	2,227,724	18,196	22,347	2,074,663	2,250,071
Restricted	1,109,088	113,624	0	0	1,109,088	113,624
Unrestricted (Deficit)	<u>(3,193,249)</u>	<u>(2,078,695)</u>	<u>(251,497)</u>	<u>(167,268)</u>	<u>(3,444,746)</u>	<u>(2,245,963)</u>
Total Net Assets	<u><u>(\$27,694)</u></u>	<u><u>\$262,653</u></u>	<u><u>(\$233,301)</u></u>	<u><u>(\$144,921)</u></u>	<u><u>(\$260,995)</u></u>	<u><u>\$117,732</u></u>

The table below shows the changes in net assets for fiscal year 2005 and 2004:

**Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2005	2004	2005	2004	2005	2004
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$972,433	\$869,306	\$318,173	\$293,536	\$1,290,606	\$1,162,842
Operating Grants and Contributions	1,105,876	753,462	164,121	137,036	1,269,997	890,498
General Revenues:						
Property Taxes	9,317,952	7,353,019	0	0	9,317,952	7,353,019
Grants and Entitlements not Restricted to Specific Programs	7,424,727	7,591,984	0	0	7,424,727	7,591,984
Investment Earnings	509,784	10,804	0	0	509,784	10,804
Miscellaneous	162,093	115,662	0	0	162,093	115,662
<b>Total Revenues</b>	<u>19,492,865</u>	<u>16,694,237</u>	<u>482,294</u>	<u>430,572</u>	<u>19,975,159</u>	<u>17,124,809</u>
<b>Expenses</b>						
Program Expenses:						
Instruction:						
Regular	9,373,202	8,338,794	0	0	9,373,202	8,338,794
Special	1,782,986	1,347,263	0	0	1,782,986	1,347,263
Vocational	147,253	181,805	0	0	147,253	181,805
Other	188,981	117,712	0	0	188,981	117,712
Support Services:						
Pupils	907,028	797,229	0	0	907,028	797,229
Instructional Services	900,341	902,858	0	0	900,341	902,858
Board of Education	14,077	16,250	0	0	14,077	16,250
Administration	2,141,344	1,916,192	0	0	2,141,344	1,916,192
Fiscal	503,668	489,560	0	0	503,668	489,560
Business	18,420	0	0	0	18,420	0
Operation of Maintenance						
of Plant	1,665,051	1,596,374	0	0	1,665,051	1,596,374
Pupil Transportation	1,123,557	1,033,190	0	0	1,123,557	1,033,190
Central	34,146	34,524	0	0	34,146	34,524
Operation of Non-Instructional Services	7,253	6,990	0	0	7,253	6,990
Extracurricular Activities	372,968	316,373	0	0	372,968	316,373
Interest and Fiscal Charges	602,937	10,489	0	0	602,937	10,489
Food Service	0	0	570,674	498,617	570,674	498,617
<b>Total Expenses</b>	<u>19,783,212</u>	<u>17,105,603</u>	<u>570,674</u>	<u>498,617</u>	<u>20,353,886</u>	<u>17,604,220</u>
Decrease in Net Assets	(290,347)	(411,366)	(88,380)	(68,045)	(378,727)	(479,411)
Net Assets (Deficit), Beginning of Year	262,653	674,019	(144,921)	(76,876)	117,732	597,143
<b>Net Assets (Deficit), End of Year</b>	<u>(\$27,694)</u>	<u>\$262,653</u>	<u>(\$233,301)</u>	<u>(\$144,921)</u>	<u>(\$260,995)</u>	<u>\$117,732</u>

## **Governmental Activities**

Net assets of the District's governmental activities decreased by \$290,347. Program revenue of \$2,078,309 and general revenues of \$17,414,556 did not offset total governmental expenses of \$19,783,212. Program revenues supported 11% of the total governmental expenses.

Several revenue sources fund the District's governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated over \$9,300,000 in Fiscal Year 2005. General revenues from grants and entitlements, such as the school foundation program, generated approximately \$7,500,000. These two revenue sources represent 87% of total governmental revenue.

Real estate property is reappraised every six years. Portage County had its triennial update in calendar year 2003. Although historical growth has had a positive effect on the District's tax base, the full tax revenue impact has not been realized due to H.B. 920. This state law, enacted in 1976, does not allow for revenue increases caused by inflationary growth of real property values. Increases in valuation prompt corresponding annual reductions in the "effective millage", the tax rates applied to real property. Thus, although the District tax valuation continues to grow, this built-in revenue limitation requires the District to request additional school operating revenue by placing a levy on the ballot every three to five years, on average. The District has renewed or replaced operating levies in the past (in 1986, 1991, 1994, 1995, 1998 and 2000) with the last being passed almost three years ago. These operating levies are limited with the levies expiring in 2004 and 2005.

The DeRolph III court case decisions have not eliminated the local dependence on property taxes. This factor continues to be a situation the District has to deal with in providing funding for the program offering of the District.

Instruction costs comprise 58% of governmental program expenses.

The statement of activities shows the cost of program services and the charges for services and grants attributable to those services.

## **Business-Type Activities**

Business-type activities consist of the food service operation. This program had revenue of \$482,294 and expenses of \$570,674.

## **The District's Funds**

The District's major funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$19,380,114 and total expenditures were \$19,374,212. The District revenues exceed the expenditures by \$5,902.

The District's general fund balance decreased by \$70,902. The decrease in fund balance can be attributed to the increasing expenditures still being more than increasing revenues.

## General Fund Budgeting Highlights

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

During Fiscal Year 2005, the District amended its general fund balance. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue estimate was \$15,585,478, which was lower than the original revenue estimate of \$16,038,000.

The original expenditures estimate of \$16,097,654 was revised over the fiscal year. The actual expenditures were \$17,250,396. The District's year-end balance was \$33,130.

## Capital Assets and Debt Administration

### Capital Assets

At the end of Fiscal Year 2005, the District had \$2,141,583 invested in land, buildings, equipment and vehicles. This is accounting for both Governmental Activities and Business-Type Activities assets. The table below shows a comparison of Fiscal Year 2005 to 2004.

Capital Assets as of June 30, 2005  
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2005	2004	2005	2004	2005	2004
Land and Improvements	\$115,042	\$88,008	\$0	\$0	\$115,042	\$88,008
Buildings and Improvements	1,140,692	1,142,148	0	0	1,140,692	1,142,148
Furniture and Equipment	665,429	827,370	18,196	22,347	683,625	849,717
Vehicles	202,224	244,143	0	0	202,224	244,143
Total Capital Assets	<u>\$2,123,387</u>	<u>\$2,301,669</u>	<u>\$18,196</u>	<u>\$22,347</u>	<u>\$2,141,583</u>	<u>\$2,324,016</u>

### Debt

As of June 30, 2005 the District had \$66,920 in an outstanding loan from an agreement with the Portage County Commissioners. The District entered into an agreement in June, 1994 with the Portage County Commissioners to pay for the construction costs of a water main. The Ohio Water Development Authority (OWDA) funded the project. The loan will be repaid from general operating monies of the District.

The District received \$25,000,000 in bonds in March, 2005 as a result of successfully passing the bond levy in November, 2004. The bond will be repaid over a 28 year period. The bond will finance the District's new construction and renovation capital project.

Long-Term Debt as of June 30, 2005

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	\$25,000,000	\$0	\$0	\$0	\$25,000,000	\$0
OWDA Loans	66,920	73,945	0	0	66,920	73,945
Total Long-Term Debt	<u>\$25,066,920</u>	<u>\$73,945</u>	<u>\$0</u>	<u>\$0</u>	<u>\$25,066,920</u>	<u>\$73,945</u>

**For the future**

The District faces challenges in the future. As the preceding information shows, the District relies heavily upon grants and entitlements and property taxes. The current operating levy of 6.0 mills passed in November, 2000 expires in December, 2005 with collections through calendar year 2006. The Board of Education will seek an operating levy in calendar year 2006 because of the general obligation mill levy expiring in December, 2005. The other operating levy of 7.3 mills was replaced in March, 2004, expires in December, 2008 with collections through calendar year 2009.

Another challenge facing the District is the future of state funding. The State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional educational system, one that was neither “adequate” nor “equitable.” Since 1997, the State has directed its tax revenue growth toward schools districts with little property tax wealth. On December 11, 2003, the Ohio Supreme Court issued an opinion regarding the State’s school funding plan. The decision reaffirmed earlier decisions that Ohio’s current school-funding plan is unconstitutional. Since then, the Ohio Supreme Court has relinquished jurisdiction over the case and directed the Ohio General Assembly to enact a school-funding plan that is thorough and efficient. The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Due to the unsettled issues in Ohio public school funding, district management is required to plan carefully and prudently to provide the resources to meet student needs in the future.

The District’s systems of budgeting and internal controls are well regarded. All of the District’s financial abilities will be needed to meet the financial challenges of the future.

**Contacting the District’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District’s finances and show the District’s accountability for the money it receives. If you have any questions about this report or need financial information contact, Mr. Thomas Baker, Treasurer of the Field Local School District, 1473 Saxe Road, Mogadore, Ohio, 44260.

**Field Local School District**  
**Portage County, Ohio**  
**Statement of Net Assets**  
**June 30, 2005**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$25,648,291	\$0	\$25,648,291
Accounts Receivable	106	0	106
Intergovernmental Receivable	148,665	23,858	172,523
Taxes Receivable	11,005,088	0	11,005,088
Inventory Held for Resale	0	5,983	5,983
Materials and Supplies Inventory	3,688	3,431	7,119
Non-Depreciable Capital Assets	115,042	0	115,042
Depreciable Capital Assets, Net	2,008,345	18,196	2,026,541
<i>Total Assets</i>	<u>38,929,225</u>	<u>51,468</u>	<u>38,980,693</u>
<b>Liabilities</b>			
Accounts Payable	2,712	0	2,712
Accrued Wages and Benefits	1,350,525	28,273	1,378,798
Internal Balances	(191,647)	191,647	0
Intergovernmental Payable	581,885	40,528	622,413
Deferred Revenue	9,864,953	0	9,864,953
Matured Compensated Absences Payable	73,851	0	73,851
Due Within One Year	706,390	2,383	708,773
Due In More Than One Year	26,568,250	21,938	26,590,188
<i>Total Liabilities</i>	<u>38,956,919</u>	<u>284,769</u>	<u>39,241,688</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	2,056,467	18,196	2,074,663
Restricted for:			
Debt Service	904,112	0	904,112
Other Purposes	204,976	0	204,976
Unrestricted (Deficit)	(3,193,249)	(251,497)	(3,444,746)
<i>Total Net Assets</i>	<u>(\$27,694)</u>	<u>(\$233,301)</u>	<u>(\$260,995)</u>

See accompanying notes to the basic financial statements.

**Field Local School District  
Portage County, Ohio  
Statement of Activities  
For the Fiscal Year Ended June 30, 2005**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Instruction:						
Regular	\$9,373,202	\$489,386	\$252,493	(\$8,631,323)	\$0	(\$8,631,323)
Special	1,782,986	57,465	542,056	(1,183,465)	0	(1,183,465)
Vocational	147,253	14,158	7	(133,088)	0	(133,088)
Other	188,981	8,903	9	(180,069)	0	(180,069)
Support Services:						
Pupils	907,028	39,079	6,039	(861,910)	0	(861,910)
Instructional Staff	900,341	29,926	253,598	(616,817)	0	(616,817)
Board of Education	14,077	663	1	(13,413)	0	(13,413)
Administration	2,141,344	92,383	27,567	(2,021,394)	0	(2,021,394)
Fiscal	503,668	22,112	15,022	(466,534)	0	(466,534)
Business	18,420	0	0	(18,420)	0	(18,420)
Operation and Maintenance of Plant	1,665,051	76,532	76	(1,588,443)	0	(1,588,443)
Pupil Transportation	1,123,557	51,856	51	(1,071,650)	0	(1,071,650)
Central	34,146	1,093	7,440	(25,613)	0	(25,613)
Operation of Non-Instructional Services	7,253	0	1,429	(5,824)	0	(5,824)
Extracurricular Activities	372,968	88,877	88	(284,003)	0	(284,003)
Interest and Fiscal Charges	602,937	0	0	(602,937)	0	(602,937)
<i>Total Governmental Activities</i>	<u>19,783,212</u>	<u>972,433</u>	<u>1,105,876</u>	<u>(17,704,903)</u>	<u>0</u>	<u>(17,704,903)</u>
<b>Business-Type Activities:</b>						
Food Service	570,674	318,173	164,121	0	(88,380)	(88,380)
<i>Total Business-Type Activities</i>	<u>570,674</u>	<u>318,173</u>	<u>164,121</u>	<u>0</u>	<u>(88,380)</u>	<u>(88,380)</u>
<b>Totals</b>	<u>\$20,353,886</u>	<u>\$1,290,606</u>	<u>\$1,269,997</u>	<u>(17,704,903)</u>	<u>(88,380)</u>	<u>(17,793,283)</u>
<b>General Revenues:</b>						
Property Taxes, Levied for General Purposes				7,728,246	0	7,728,246
Property Taxes, Levied for Debt Service				1,589,706	0	1,589,706
Grants and Entitlements not Restricted to Specific Programs				7,424,727	0	7,424,727
Investment Earnings				509,784	0	509,784
Miscellaneous				162,093	0	162,093
<i>Total General Revenues</i>				<u>17,414,556</u>	<u>0</u>	<u>17,414,556</u>
Change in Net Assets				(290,347)	(88,380)	(378,727)
<i>Net Assets Beginning of Year</i>				<u>262,653</u>	<u>(144,921)</u>	<u>117,732</u>
<i>Net Assets End of Year</i>				<u>(\$27,694)</u>	<u>(\$233,301)</u>	<u>(\$260,995)</u>

See accompanying notes to the basic financial statements.



**Field Local School District  
Portage County, Ohio  
Balance Sheet  
Governmental Funds  
June 30, 2005**

	General	Bond	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$74,082	\$722,200	\$24,577,364	\$274,645	\$25,648,291
Materials and Supplies Inventory	3,688	0	0	0	3,688
Accounts Receivable	0	0	0	106	106
Interfund Receivable	0	0	191,647	0	191,647
Due From Other Funds	39,623	0	0	0	39,623
Intergovernmental Receivable	0	0	0	148,665	148,665
Taxes Receivable	9,338,512	1,666,576	0	0	11,005,088
<i>Total Assets</i>	<u>\$9,455,905</u>	<u>\$2,388,776</u>	<u>\$24,769,011</u>	<u>\$423,416</u>	<u>\$37,037,108</u>
<b>Liabilities</b>					
Accounts Payable	\$471	\$0	\$0	\$2,241	\$2,712
Accrued Wages and Benefits	1,283,040	0	0	67,485	1,350,525
Due to Other Funds	0	0	0	39,623	39,623
Intergovernmental Payable	548,951	0	0	32,934	581,885
Deferred Revenue	8,645,804	1,527,006	0	135,298	10,308,108
Unearned Revenue	0	0	0	8,825	8,825
Matured Compensated Absences Payable	73,851	0	0	0	73,851
<i>Total Liabilities</i>	<u>10,552,117</u>	<u>1,527,006</u>	<u>0</u>	<u>286,406</u>	<u>12,365,529</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	40,480	19,089	865,012	87,425	1,012,006
Reserved for Debt Service Principal	0	703,111	0	0	703,111
Reserved for Property Taxes	692,708	139,570	0	0	832,278
Unreserved, Undesignated, Reported in:					
General Fund	(1,829,400)	0	0	0	(1,829,400)
Special Revenue Funds	0	0	0	49,585	49,585
Capital Projects Funds	0	0	23,903,999	0	23,903,999
<i>Total Fund Balances (Deficits)</i>	<u>(1,096,212)</u>	<u>861,770</u>	<u>24,769,011</u>	<u>137,010</u>	<u>24,671,579</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$9,455,905</u>	<u>\$2,388,776</u>	<u>\$24,769,011</u>	<u>\$423,416</u>	<u>\$37,037,108</u>

See accompanying notes to the basic financial statements.

**Field Local School District  
Portage County, Ohio  
Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2005**

---

<b>Total Governmental Funds Balances</b>		\$24,671,579
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Land and Construction in Progress	115,042	
Buildings/Improvements (Net of Depreciation)	1,140,692	
Furniture and Fixtures (Net of Depreciation)	665,429	
Vehicles (Net of Depreciation)	202,224	
Total		<u>2,123,387</u>
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	307,857	
Grants	144,123	
Total		<u>451,980</u>
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(25,000,000)	
OWDA Loans	(66,920)	
Compensated Absences Payable	(1,676,893)	
Unamortized Premium	(530,827)	
Total		<u>(27,274,640)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>(\$27,694)</u></u>

See accompanying notes to the basic financial statements.

**Field Local School District  
Portage County, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2005**

	General	Bond	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property and Other Local Taxes	\$7,757,352	\$1,547,364	\$0	\$0	\$9,304,716
Intergovernmental	7,424,563	84,123	0	937,834	8,446,520
Interest	25,792	0	482,128	1,864	509,784
Tuition and Fees	789,492	0	0	91,714	881,206
Extracurricular Activities	0	0	0	74,941	74,941
Gifts and Donations	780	0	0	74	854
Miscellaneous	72,765	0	0	89,328	162,093
<i>Total Revenues</i>	<u>16,070,744</u>	<u>1,631,487</u>	<u>482,128</u>	<u>1,195,755</u>	<u>19,380,114</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	8,247,964	549	0	284,709	8,533,222
Special	1,202,170	0	0	500,893	1,703,063
Vocational	149,819	0	0	5,770	155,589
Other	188,981	0	0	0	188,981
Support Services:					
Pupils	837,327	0	0	6,075	843,402
Instructional Staff	649,861	0	0	260,067	909,928
Board of Education	16,264	0	0	0	16,264
Administration	1,978,978	0	0	61,511	2,040,489
Fiscal	469,271	0	0	15,000	484,271
Business	0	0	18,420	0	18,420
Operation and Maintenance of Plant	1,630,058	0	0	3,560	1,633,618
Pupil Transportation	1,152,272	0	0	0	1,152,272
Central	23,207	0	3,500	7,439	34,146
Operation of Non-Instructional Services	0	0	0	7,253	7,253
Extracurricular Activities	295,518	0	0	66,584	362,102
Capital Outlay	0	0	691,197	0	691,197
Debt Service:					
Interest and Fiscal Charges	0	599,995	0	0	599,995
<i>Total Expenditures</i>	<u>16,841,690</u>	<u>600,544</u>	<u>713,117</u>	<u>1,218,861</u>	<u>19,374,212</u>
<i>Excess (Deficiency) of Revenues (Under) Expenditures</i>	<u>(770,946)</u>	<u>1,030,943</u>	<u>(230,989)</u>	<u>(23,106)</u>	<u>5,902</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	820,685	0	0	1	820,686
General Obligation Bonds Issued	0	0	25,000,000	0	25,000,000
Proceeds From Sale of Fixed Assets	45	0	0	0	45
Accrued Interest Received on Debt Issuance	0	530,827	0	0	530,827
Transfers Out	(120,686)	(700,000)	0	0	(820,686)
<i>Total Other Financing Sources (Uses)</i>	<u>700,044</u>	<u>(169,173)</u>	<u>25,000,000</u>	<u>1</u>	<u>25,530,872</u>
<i>Net Change in Fund Balances</i>	(70,902)	861,770	24,769,011	(23,105)	25,536,774
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(1,025,310)</u>	<u>0</u>	<u>0</u>	<u>160,115</u>	<u>(865,195)</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$1,096,212)</u>	<u>\$861,770</u>	<u>\$24,769,011</u>	<u>\$137,010</u>	<u>\$24,671,579</u>

See accompanying notes to the basic financial statements.

**Field Local School District  
Portage County, Ohio  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2005**

---

**Net Change in Fund Balances - Total Governmental Funds** \$25,536,774

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

Governmental funds report capital outlays as expenditures.

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

Capital Outlay	99,378	
Depreciation Expense	<u>(256,498)</u>	
Total		(157,120)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and deletions) is to decrease net assets.

Loss on Sale of Capital Assets		(21,162)
--------------------------------	--	----------

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

Property Taxes	13,236	
Grants	<u>99,515</u>	
Total		112,751

The issuance of debt is a revenue in the governmental funds, but the proceeds increases liabilities in the Statement of Net Assets.

General Obligation Bonds		(25,000,000)
--------------------------	--	--------------

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the Statement of Net Assets.

OWDA Loan		9,967
-----------	--	-------

Some expenses reported in the Statement of Activities, such as compensated absences and intergovernmental payable which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(328,381)	
Pension Obligation	90,593	
Interest	(2,942)	
Unamortized Premium on Bonds	<u>(530,827)</u>	
Total		<u>(771,557)</u>

*Change in Net Assets of Governmental Activities* (\$290,347)

See accompanying notes to the basic financial statements.

**Field Local School District  
Portage County, Ohio  
Statement in Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2005**

	Budgeted Amounts			Variance with Final Budget Over Over (Under)
	Original	Final	Actual	
<b>Revenues:</b>				
Property and Other Local Taxes	\$7,753,000	\$7,267,246	\$7,267,246	\$0
Intergovernmental	7,504,000	7,424,251	7,424,563	312
Interest	10,000	23,788	25,792	2,004
Tuition and Fees	753,000	798,885	799,010	125
Gifts and Donations	0	780	780	0
Miscellaneous	18,000	70,528	72,765	2,237
Total Revenues	<u>16,038,000</u>	<u>15,585,478</u>	<u>15,590,156</u>	<u>4,678</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	7,869,231	8,165,004	8,166,645	(1,641)
Special	1,125,653	1,217,525	1,217,525	0
Vocational	160,360	150,080	150,080	0
Other	155,000	188,981	188,981	0
Support Services:				
Pupils	865,321	848,325	848,325	0
Instructional Staff	571,215	600,864	600,863	1
Board of Education	15,625	13,718	13,718	0
Administration	1,925,257	1,913,767	1,910,710	3,057
Fiscal	468,615	452,450	452,725	(275)
Operation and Maintenance of Plant	1,697,048	1,644,817	1,643,200	1,617
Pupil Transportation	997,759	1,069,831	1,069,368	463
Central	15,740	23,207	23,207	0
Extracurricular Activities:				
Academic Oriented Activities	22,226	25,005	25,005	0
Sports Oriented Activities	194,270	227,245	227,245	0
School and Public Service Co-Curricular Activities	14,334	12,799	12,799	0
Debt Service:				
Principal	0	700,000	700,000	0
Total Expenditures	<u>16,097,654</u>	<u>17,253,618</u>	<u>17,250,396</u>	<u>3,222</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(59,654)</u>	<u>(1,668,140)</u>	<u>(1,660,240)</u>	<u>7,900</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	820,685	820,685	0
Proceeds from Sale of Capital Assets	1,000	45	45	0
Refund of Prior Year Expenditures	0	1,684	1,684	0
Advances In	121,626	121,626	121,626	0
Proceeds from the Sale of Notes	0	700,000	700,000	0
Transfers Out	0	(120,686)	(120,686)	0
Refund of Prior Year Receipts	0	(7)	(7)	0
Advances Out	0	(39,653)	(39,623)	30
Total Other Financing Sources (Uses)	<u>122,626</u>	<u>1,483,694</u>	<u>1,483,724</u>	<u>30</u>
Net Change in Fund Balance	62,972	(184,446)	(176,516)	7,930
Fund Balance at Beginning of Fiscal Year	122,630	122,630	122,630	0
Prior Fiscal Year Encumbrances Appropriated	87,016	87,016	87,016	0
Fund Balance (Deficit) at End of Fiscal Year	<u>\$272,618</u>	<u>\$25,200</u>	<u>\$33,130</u>	<u>\$7,930</u>

See accompanying notes to the basic financial statements.

**Field Local School District  
Portage County, Ohio  
Statement of Fund Net Assets  
Proprietary Fund  
June 30, 2005**

	Business-Type Activities - Nonmajor Enterprise Fund
<b>Assets</b>	
Current Assets:	
Inventory Held for Resale	\$5,983
Intergovernmental Receivable	23,858
Materials and Supplies Inventory	3,431
Noncurrent Assets:	
Depreciable Capital Assets, Net	<u>18,196</u>
<i>Total Assets</i>	<u>51,468</u>
<b>Liabilities</b>	
Current Liabilities:	
Accrued Wages and Benefits	28,273
Interfund Payable	191,647
Intergovernmental Payable	40,528
Compensated Absences Payable	2,383
Noncurrent Liabilities:	
Long-Term Liabilities:	
Compensated Absences Payable-Net of Current Portio	<u>21,938</u>
<i>Total Liabilities</i>	<u>284,769</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	18,196
Unrestricted (Deficit)	<u>(251,497)</u>
<i>Total Net Assets</i>	<u><u>(\$233,301)</u></u>

See accompanying notes to the basic financial statements.

**Field Local School District  
Portage County, Ohio  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2005**

	Business-Type Activities - Nonmajor Enterprise Fund
<b>Operating Revenues:</b>	
Sales	\$318,173
<i>Total Revenues</i>	<u>318,173</u>
<b>Operating Expenses:</b>	
Salaries	200,196
Fringe Benefits	155,762
Purchased Services	7,621
Materials and Supplies	196,431
Cost of Sales	4,919
Depreciation	4,151
Other	1,594
<i>Total Operating Expenses</i>	<u>570,674</u>
<i>Operating (Loss)</i>	<u>(252,501)</u>
<b>Non-Operating Revenues:</b>	
Federal and State Subsidies	164,121
<i>Total Non-Operating Revenues</i>	<u>164,121</u>
<i>Change in Net Assets</i>	(88,380)
<i>Net (Deficit) at Beginning of Year</i>	<u>(144,921)</u>
<i>Net (Deficit) at End of Year</i>	<u><u>(\$233,301)</u></u>

See accompanying notes to the basic financial statements.

**Field Local School District  
Portage County, Ohio  
Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2005**

	Business-Type Activities-Nonmajor Enterprise Fund
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$318,173
Cash Payments to Employees for Services	(200,557)
Cash Payments for Employee Benefits	(140,622)
Cash Payments for Goods and Services	(204,052)
Other Operating Expenses	(1,713)
	<u>(228,771)</u>
<i>Net Cash (Used for) Operating Activities</i>	<u>(228,771)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Operating Grants Received	140,263
Repayment of Short-Term Loans from Other Funds	(105,514)
Short-Term Loans from Other Funds	191,647
	<u>226,396</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>226,396</u>
<i>Net (Decrease) in Cash and Cash Equivalents</i>	(2,375)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,375</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$0</u></u>
<b>Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities</b>	
Operating (Loss)	(\$252,501)
Adjustments:	
Depreciation	4,151
Increase (Decrease) in Liabilities:	
Inventory Held for Resale	4,919
Accounts Payable	(119)
Accrued Wages	1,680
Compensated Absences Payable	(10,419)
Intergovernmental Payable	23,518
	<u>(\$228,771)</u>
<i>Net Cash (Used in) Operating Activities</i>	<u><u>(\$228,771)</u></u>

See accompanying notes to the basic financial statements.



**Field Local School District**  
**Portage County, Ohio**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Fund**  
**June 30, 2005**

---

	Private Purpose Trust	Agency
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$55,105	\$48,753
	<u>          </u>	<u>          </u>
Total Assets	55,105	48,753
	<u>          </u>	<u>          </u>
<b>Liabilities</b>		
Undistributed Monies	0	6,198
Due to Students	0	42,555
	<u>          </u>	<u>          </u>
<i>Total Liabilities</i>	0	<u><u>48,753</u></u>
<b>Net Assets</b>		
Restricted - Nonexpendable	54,363	
Unrestricted	742	
	<u>          </u>	
<i>Total Net Assets</i>	<u><u>55,105</u></u>	

See accompanying notes to the basic financial statements.

**Field Local School District**  
**Portage County, Ohio**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Fund**  
**For the Fiscal Year Ended June 30, 2005**

---

	Private Purpose Trust
<b>Additions</b>	
Gifts and Contributions	\$7,574
Interest	2,089
<i>Total Additions</i>	<u>9,663</u>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	<u>2,700</u>
<i>Total Deductions</i>	<u>2,700</u>
<i>Change in Net Assets</i>	6,963
<i>Net Assets Beginning of Year</i>	<u>48,142</u>
<i>Net Assets at End of Year</i>	<u><u>\$55,105</u></u>

See accompanying notes to the basic financial statements.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**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 95 noncertificated employees, 160 certificated full-time teaching personnel and 10 administrators who provide services to 2,351 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 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. Based upon the application of this criteria, the District has no component units. The financial statements of the District include only those of the District.

On this basis, the combined basic financial statements include all the funds and account groups of the District over which the Board of Education exercises operating controls.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its governmental and business-type activity and to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**A. Basis of Presentation**

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

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities and for the single business-type activity of the District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid 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. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental fund:

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

Bond Fund - The Bond Fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds principal, interest and related costs.

Building Fund - The Building Fund is a fund provided to account for monies received and expended in connection with contracts to build new school buildings.

The other governmental funds of the District account for grants and other resources, debt service and capital projects of the District whose uses are restricted to a particular purpose.

Proprietary Fund

The proprietary fund focuses on the determination of the operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The District has no internal service funds. The following is the District's proprietary fund:

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. The District's nonmajor enterprise fund is:

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

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fiduciary Funds

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

C. 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 generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

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

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2005, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Expenditures/Expenses

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

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 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 the employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. 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. Any budgetary modifications at this level 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. By no later than January 20, the Board-adopted budget is filed with the Portage County Budget Commission for rate determination.



**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 fiscal 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 fiscal 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 2005. Prior to year-end, the District requested and received an amended certificate of estimated resources that reflects actual revenue for the fiscal year.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or certificate stating no new certificate is necessary, 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 totals 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.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts on the statements of budgetary comparisons represent the final appropriation amounts passed by the Board during the year. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 fund financial statements, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

Lapsing of Appropriations

At the close of each fiscal 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.

F. 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 financial statements. During fiscal year 2005, investments were limited to STAR Ohio and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as the repurchase agreement are reported as cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments 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 prices, which is the price the investment could be sold for on June 30, 2005.

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 2005 amounted to \$25,792, which includes \$21,991 assigned from other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities 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 that are not purchased from the pool are reported as investments.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of the Food Service enterprise fund are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when used. Inventories of proprietary funds consist of donated food, purchased food and school supplies held for resale and are expensed when used.

**H. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside to create a reserve for budget stabilization.

**I. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized.

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

**FIELD LOCAL SCHOOL DISTRICT  
 PORTAGE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Buildings Improvements	15 - 62 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**K. 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 are 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.

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.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In the Food Service enterprise fund, the entire amount of compensated absences is reported as a fund liability.

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

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

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

**M. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, debt service principal, budget stabilization and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

**O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the Food Service enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Food Service enterprise fund. All revenues not meeting this definition are reported as nonoperating revenues.

**P. Contributions of Capital**

Contributions of capital in Food Service enterprise fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The District had no contributions of capital.

**Q. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

R. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2005.

**NOTE 3 – RESTATEMENT OF PRIOR YEAR BALANCES**

For fiscal year 2005, the District has implemented GASB Statement No. 40, “Deposit and Investment Risk Disclosures” and GASB Technical Bulletin No. 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers”.

GASB Statement No. 40 establishes disclosure requirements for investment credit risk, interest rate risk, deposit custodial risk and foreign currency risk.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer and other postemployment benefit (OPEB) plans.

The implementation of GASB Technical Bulletin 2004-2 had no material effect on the financial statements as they were previously reported as of June 30, 2004.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

**FIELD LOCAL SCHOOL DISTRICT  
 PORTAGE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2005**

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

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

	Net Change in Fund Balance Major Governmental Fund	General
GAAP Basis		(\$70,902)
Net Adjustment for Revenue Accruals		342,722
Net Adjustment for Expenditure Accruals		(489,287)
Encumbrances Outstanding at Year End (Budget Basis)		40,951
Budget Basis		(\$176,516)

**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:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;



**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

2. Bonds, notes, debentures, or any other obligation or security 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.

**FIELD LOCAL SCHOOL DISTRICT  
 PORTAGE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

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".

Cash on Hand

At fiscal year end, the District had \$100 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

At June 30, 2005, the carrying amount of all District's deposits was \$221,055. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$226,956 of the District's bank balance of \$351,983 was exposed to custodial risk as discussed below, while \$125,027 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

Investment

As of June 30, 2005, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity Less than One Year
STAR Ohio	\$934,814	\$934,814
Federal Home Loan Mortgage Corporation Discount Notes	19,304,264	19,304,264
Federal National Mortgage Association Discount Notes	2,763,440	2,763,440
Federal Home Loan Bank Note	2,498,479	2,498,479
Treasury Money Market Fund	29,997	29,997
Total	\$25,530,994	\$25,530,994

Interest Rate Risk. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Accordingly to the District's policy, investments made by the Treasurer must mature within five (5) years.

**FIELD LOCAL SCHOOL DISTRICT  
 PORTAGE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2005**

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments had the following ratings by Standard & Poors and their percentage of total investments.

STAR Ohio	AAAm
Federal Home Loan Mortgage Corporation Discount Notes	A-+1
Federal National Mortgage Association Discount Notes	A-+1
Federal Home Loan Bank Note	P-1/A-1

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Corporation Discount Notes, Federal National Mortgage Association Discount Notes and Federal home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty’s trust department or agent but not in the District’s name. The District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. Seventy-six percent of the District’s investments are in Federal Home Loan Mortgage Corporation Discount Notes.

STAR Ohio is an investment pool managed by the State Treasurer’s Office that 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 that is the price the investment could be sold for on June 30, 2005.

**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. First-half tax distributions are received by the District in the second half of the fiscal year. Second-half distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 6 - PROPERTY TAXES (continued)**

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives taxes from Portage County. The Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2005 was \$692,708 in the general fund and \$139,570 in the Bond Fund.

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

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 6 - PROPERTY TAXES (continued)**

The assessed values upon which the fiscal year 2005 taxes were collected are:

Category	2004 Second Half Collections		2005 First Half Collections	
	Amount	%	Amount	%
Real Property Valuation:				
Commercial/Industrial	\$41,847,930	13.05%	\$43,124,820	13.04%
Residential/Agriculture	242,063,610	75.50%	250,974,070	75.87%
Public Utilities	7,090	0.00%	10,160	0.00%
Mobile Home	171,301	0.05%	176,573	0.05%
Tangible Personal Property Valuation:				
Public Utilities	8,924,270	2.78%	8,815,590	2.66%
General	27,612,433	8.61%	27,699,909	8.37%
Total Valuation	<u>\$320,626,634</u>	<u>100.00%</u>	<u>\$330,801,122</u>	<u>100.00%</u>

Tax rate per \$1,000 of Assessed Valuation	\$50.60	\$55.51
--	---------	---------

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2005 consisted of taxes, accounts, intergovernmental entitlements and grants, and interfund activity. 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 receivables follows:

	<u>Amount</u>
Governmental Activities	
Taxes-Current and Delinquent	\$11,005,088
Accounts	106
Intergovernmental	148,665
Total Receivables	<u>\$11,153,859</u>
Business-Type Activities	
Intergovernmental	\$23,858
Total Receivables	<u>\$23,858</u>

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Balance</u> <u>06/30/2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/2005</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land and Construction in Progress	\$88,008	\$27,034	\$0	\$115,042
Total Capital Assets, Not Being Depreciated	<u>88,008</u>	<u>27,034</u>	<u>0</u>	<u>115,042</u>
Capital Assets, Being Depreciated				
Buildings/Improvements	5,383,987	0	0	5,383,987
Furniture and Equipment	2,246,949	72,344	(109,698)	2,209,595
Vehicles	1,018,963	0	(45,589)	973,374
Total Capital Assets, Being Depreciated	<u>8,649,899</u>	<u>72,344</u>	<u>(155,287)</u>	<u>8,566,956</u>
Less: Accumulated Depreciation				
Buildings/Improvements	(4,204,908)	(38,387)	0	(4,243,295)
Furniture and Equipment	(1,456,510)	(182,261)	94,605	(1,544,166)
Vehicles	(774,820)	(35,850)	39,520	(771,150)
Total Accumulated Depreciation	<u>(6,436,238)</u>	<u>(256,498)</u>	<u>134,125</u>	<u>(6,558,611)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,213,661</u>	<u>(184,154)</u>	<u>(21,162)</u>	<u>2,008,345</u>
Governmental Activities Capital Assets, Net	<u>\$2,301,669</u>	<u>(\$157,120)</u>	<u>(\$21,162)</u>	<u>\$2,123,387</u>

	<u>Balance</u> <u>06/30/2004</u>	<u>Additions/ Deductions</u>	<u>Balance</u> <u>06/30/2005</u>
<b>Business-Type Activities</b>			
Furniture and Equipment	\$179,578	\$0	\$179,578
Less: Accumulated Depreciation	(157,231)	(4,151)	(161,382)
Total	<u>\$22,347</u>	<u>(\$4,151)</u>	<u>\$18,196</u>

**FIELD LOCAL SCHOOL DISTRICT  
 PORTAGE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 8 - CAPITAL ASSETS (continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$109,413
Special	6,388
Vocational	5,426
Support Services:	
Pupils	20,006
Instructional Staff	8,269
Administration	15,858
Fiscal	9,760
Operation and Maintenance of Plant	34,157
Pupil Transportation	37,610
Extracurricular Activities	9,611
Total Depreciation Expense	\$256,498

**NOTE 9 - RISK MANAGEMENT**

A. Property and Liability

The District maintains comprehensive insurance coverage with a private carrier for liability coverage. Real property, building contents and vehicles are through Portage Area School Consortium Property and Casualty Pool (the "Pool"). See Note 15 for more information on the Pool.

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.

**FIELD LOCAL SCHOOL DISTRICT  
 PORTAGE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 9 - RISK MANAGEMENT** (continued)

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.

**D. Employee Medical Benefits**

The District is a member of the Portage Area School Consortium (the Consortium), a shared risk pool (Note 16), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating Districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. The District accounts for the premiums paid as expenditures in the general or applicable fund.

**NOTE 10 – DEBT OBLIGATIONS**

**A. Short-Term Debt**

Short-term note debt activity for the year ended June 30, 2005, consisted of the following:

	Balance 07/01/2004	Additions	Deletions	Balance 06/30/2005
2004, 2.899% Tax Anticipation Note, Due 06/23/2005	\$0	\$700,000	(\$700,000)	\$0
2004, 3.200% Tax Anticipation Note, Due 06/28/2005	0	14,000,000	(14,000,000)	0
2005, 3.250% Tax Anticipation Note, Due 06/28/2005	0	11,000,000	(11,000,000)	0
<b>Total Short-Term Debt</b>	<u>\$0</u>	<u>\$25,700,000</u>	<u>(\$25,700,000)</u>	<u>\$0</u>

The above notes were backed by the full faith and credit of the District. The note liability was reflected in the fund which received the proceeds. The note was repaid from governmental fund revenues.



**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 10 – DEBT OBLIGATIONS (continued)**

**B. Long-Term Obligations**

Changes in long-term obligations of the District from July 1, 2004 through June 30, 2005, were as follows:

	Balance 07/01/2004	Additions	Deletions	Balance 06/30/2005	Amounts Due in One Year
<b>Governmental Activities</b>					
OWDA Loan Payable	\$73,945	\$0	(\$7,025)	\$66,920	\$4,941
General Obligation Bonds:					
Construction and Improvement					
Bonds	0	25,000,000	0	25,000,000	410,000
Unamortized Premium	0	530,827	0	530,827	0
Compensated Absences	1,586,720	328,381	(238,208)	1,676,893	291,449
Total Governmental Activities					
Long-Term Liabilities	<u>\$1,660,665</u>	<u>\$25,859,208</u>	<u>(\$245,233)</u>	<u>\$27,274,640</u>	<u>\$706,390</u>
<b>Business-Type Activities</b>					
Compensated Absences	\$26,420	\$980	(\$3,079)	\$24,321	\$2,383
Total Business-Type	<u>\$26,420</u>	<u>\$980</u>	<u>(\$3,079)</u>	<u>\$24,321</u>	<u>\$2,383</u>

Compensated Absences will be paid from the fund from which the employee is paid. The OWDA Loan is paid from the General Fund.

Principal and interest requirements to retire the OWDA Loan and the General Obligation Bonds outstanding at June 30, 2005, are as follows:

Fiscal Year Ending	OWDA Loan			General Obligation Bonds			
	June 30,	Principal	Interest	Total	Principal	Interest	Total
2006		\$4,941	\$2,654	\$7,595	\$410,000	\$993,142	\$1,403,142
2007		5,143	2,453	7,596	415,000	1,181,455	1,596,455
2008		5,353	2,243	7,596	30,000	1,175,610	1,205,610
2009		5,571	2,024	7,595	55,000	1,174,335	1,229,335
2010		5,799	1,797	7,596	80,000	1,172,250	1,252,250
2011 - 2015		32,742	5,236	37,978	1,535,000	5,737,963	7,272,963
2016 - 2020		7,371	224	7,595	3,730,000	5,170,425	8,900,425
2021 - 2025		0	0	0	5,860,000	3,943,125	9,803,125
2026 - 2030		0	0	0	7,465,000	2,295,988	9,760,988
2031 - 2033		0	0	0	5,420,000	415,250	5,835,250
Total		<u>\$66,920</u>	<u>\$16,631</u>	<u>\$83,551</u>	<u>\$25,000,000</u>	<u>\$23,259,543</u>	<u>\$48,259,543</u>

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 11 - RETIREMENT PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS Ohio), a cost-sharing multiple-employer defined benefit pension plan. SERS Ohio 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. SERS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614)222-5853

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of the annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2005, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Ohio' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS Ohio for the fiscal years ended June 30, 2005, 2004 and 2003 were \$507,039, \$444,392 and \$341,578, respectively; 64.82 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. The unpaid contribution for fiscal year 2005 is \$178,368.

**B. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed 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.

Plan Options – Effective July 1, 2001, two new plan options were offered to selected members. New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to invest all their member contributions and employer contributions equal to 10.5 percent of earned compensation. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 11 - RETIREMENT PLANS (continued)**

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

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

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

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

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

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 11 - RETIREMENT PLANS (continued)**

Benefits are increased annually by three percent of the original base amount.

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

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

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

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2005, were 10 percent of covered payroll for members and 14 percent for employers. Effective July 1, 2005, the member contribution rate increased to the statutory maximum of ten percent. The District's required contributions to STRS Ohio for the fiscal years ended June 30, 2005, 2004 and 2003 were \$1,141,003, \$1,121,817 and \$1,150,562, respectively. 41.4 percent has been contributed for fiscal year 2005 and 100 percent for the fiscal years 2004 and 2003. Member and employer contributions actually made for Defined Contribution and Combined Plan participants will be provided upon written request.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2005 *Comprehensive Annual Financial Report* will be available after January 1, 2006.

Additional information or copies of STRS Ohio's 2005 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling (614)227-4090, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS Ohio or the STRS Ohio have an option to choose Social Security or the SERS Ohio/STRS Ohio. As of June 30, 2005, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement Systems**

The Ohio Revised Code gives SERS the discretionary authority to provide 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 must 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.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to provided health care benefits. At June 30, 2005, the healthcare allocation is 4.91 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 2004, the minimum pay was established as \$25,400. 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 \$303,498 during the 2005 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, 2004 (the latest information available) the retirement systems' expenses for health care statewide was \$223,443,805 and the target level was \$335.2 million. The net assets available for payment of health care benefits was \$300.8 million. The number of participants currently receiving health care benefits is approximately 62,000.

**B. State Teachers Retirement Systems**

STRS Ohio provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code (R.C.), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All 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 \$81,500 during the 2005 fiscal year.

The R.C. grants authority to STRS Ohio to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (continued)**

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2004 (the latest information available), the board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2005, 1.0 percent of covered payroll was allocated to the fund. The balance in the Health Care Stabilization Fund was \$3.1 billion on June 30, 2004 (the latest information available).

For the year ended June 30, 2004 (the latest information available), net health care costs paid by STRS Ohio were \$268,739,000. There were 111,853 eligible benefit recipients.

**NOTE 13 - 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 employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the first 170 days and adding to that one day for every five days of the next 80 days accumulated, to a maximum of 13 days. For classified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the first 130 days and adding that to the total of ten percent of the next 170 days, to a maximum of 17 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 obligation 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 14 - COMPLIANCE AND ACCOUNTABILITY**

Fund Deficits

At June 30, 2005, the following funds reported deficits in fund balance:

	<u>Major Funds</u>	
General		(\$1,096,212)
	<u>Nonmajor Funds</u>	
Title VI-B		(15,090)
Disadvantaged Pupil Impact Aid		(5,597)
Ohio Reads		(243)
Federal Grants		(6,695)

**FIELD LOCAL SCHOOL DISTRICT  
 PORTAGE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 14 - COMPLIANCE AND ACCOUNTABILITY (continued)**

These funds complied with Ohio state law, which does not permit cash basis deficits. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities. These deficits should be eliminated by future intergovernmental revenues not recognized under GAAP at June 30.

Ohio Revised Code Section 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. The District had negative fund balances in the following funds at November 30, 2004:

Fund	Deficit
Food Service	\$170,973
Summer Intervention	16,021
IDEA Part B Grant	91,880
Limited English Proficiency	348
Title I Grant	77,742
Title V Grant	749
Drug Free School Grant	7,300
Improving Teacher Quality Grant	22,755
Miscellaneous Federal Grants	490

The District had negative fund balances in the following funds at June 30, 2005:

Fund	Deficit
Food Service	\$191,645

**NOTE 15 – JOINTLY GOVERNED ORGANIZATION**

Stark/Portage Area Computer Consortium (SPARCC)

SPARCC is a jointly governed organization created as a regional council of governments pursuant to State statutes made up of public 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 and any representation it may have on the board of directors. The continued existence of SPARCC is not dependent on the District's continued participation and no equity interest exists. Financial information can be obtained by writing to the Stark/Portage Area Computer Consortium, 2100 38<sup>th</sup> Street, NW, Canton, Ohio 44709.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 16 – PUBLIC ENTITY RISK POOLS**

A. Insurance Purchasing Pool

*Ohio School Boards Association Workers' Compensation Group Rating Program* – 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.

B. Shared Risk Pool

*Portage Area School Consortium* – The Portage Area School Consortium (the Consortium) is a regional council of government established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in the Portage County, Ohio area. The Consortium is a stand-alone entity, comprised of two stand-alone Pools; the Portage County School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These Pools were established by the Consortium on August 5, 1988 to provide property and casualty risk management services and risk sharing to its members. The Pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

The Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and the method of selection therefore, creating a governing body to act for the Consortium, appointing a fiscal officer and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representation to the Consortium (usually the superintendent or designee). In the case of a member that is a board of education, that representative shall be an executive appointed by the member's governing body. The Assembly serves without compensation.

**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, 2005.



**FIELD LOCAL SCHOOL DISTRICT  
 PORTAGE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 17 - CONTINGENCIES** (continued)

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 December 11, 2003, the Ohio Supreme Court issued its latest opinion regarding the State’s school funding plan. The decision reaffirmed earlier decisions that Ohio’s current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed “...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...”

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**NOTE 19 – INTERFUND TRANSACTIONS**

Interfund Balances

	Interfund Receivable	
Interfund Payable	Building Fund	
Business Type Activities:		
Food Service		\$191,647

Interfund receivables and payables are due to Food Serving having insufficient funds. The General Fund had insufficient funds to advance to the Food Service Fund, therefore, the funds were advanced from the Building Fund.

**NOTE 20 - REQUIRED BUDGET SET ASIDES**

The District is required by State statute to annually set aside, in the General Fund, an amount based on statutory formula for the purchase of textbooks and other instructional materials and an amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end are offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization.

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

**FIELD LOCAL SCHOOL DISTRICT  
 PORTAGE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

**NOTE 20 - REQUIRED BUDGET SET ASIDES (continued)**

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set Aside Cash Balance as of June 30, 2004	(\$933)	\$0	\$76,987
Current Fiscal Year Set Aside Requirement	332,032	332,032	0
Qualifying Disbursements	<u>(117,372)</u>	<u>(441,819)</u>	<u>(76,987)</u>
Total	<u>213,727</u>	<u>(109,787)</u>	<u>0</u>
Balance Carried Forward to Fiscal Year 2006	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Cash Balance at June 30, 2005	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Since the qualifying disbursements and offsets for the capital improvements set aside exceeded the fiscal year 2005 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.

**NOTE 21 – SUBSEQUENT EVENTS**

As of July 1, 2005, the District was no longer a member of the Portage Area School Consortium (the Consortium) and became a member of the Stark County Schools Council of Governments in order to purchase health, dental and vision insurance. The District, which had also obtained property and casualty insurance from the Consortium, obtains property and casualty insurance from Reed Baur Insurance Agency, 2097 East State Street, Suite B, Athens, Ohio 45701 as of July 1, 2005.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education  
Field Local School District  
1473 Saxe Road  
Mogadore, OH 44260

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Field Local School District (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 10, 2006. 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.

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 an opinion 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 reportable 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 caused by error or fraud 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 operations that we consider to be material weaknesses.

Compliance and Other Matters

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 grant agreements, 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 disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as item 2005-01.

We also noted certain additional matters that we have reported to management of the District in a separate letter dated January 10, 2006.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)**

This report is intended solely for the information and use of management, the Board of Education 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.

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

January 10, 2006

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

Board of Education  
Field Local School District  
1473 Saxe Road  
Mogadore, OH 44260

Compliance

We have audited the compliance of the Field Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The District's major federal program are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe 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 Field Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended June 30, 2005.

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

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 reportable 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 caused by error or fraud 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 solely for the information and use of management, the Board of Education 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.

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

January 10, 2006

**Field Local School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Receipts	Disbursements
<b><u>U.S. Department of Agriculture</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	049197-LLP4-2004	\$17,076	\$17,076
National School Lunch Program	10.555	049197-LLP4-2005	109,700	109,700
Total National School Lunch Program			126,776	126,776
Food Donation	10.550	----	41,491	41,491
School Breakfast Program	10.553	049197-05PU-2004	889	889
School Breakfast Program	10.553	049197-05PU-2005	7,032	7,032
Total School Breakfast Program			7,921	7,921
Total U.S. Department of Agriculture - Child Nutrition Cluster			176,188	176,188
<b><u>U.S. Department of Education</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	049197-C1S1-2003-P	0	1,904
Title I Grants to Local Educational Agencies	84.010	049197-C1S1-2004	32,524	54,687
Title I Grants to Local Educational Agencies	84.010	049197-C1S1-2005	313,872	274,485
Total Title I Grants to Local Educational Agencies			346,396	331,076
Special Education Cluster:				
Special Education-Grants to States	84.027	049197-6BSF-2004	20,686	26,893
Special Education-Grants to States	84.027	049197-6BSF-2005	407,598	355,495
Total Special Education Cluster			428,284	382,388
Safe and Drug-Free Schools and Communities - State Grants	84.186	049197-DRS1-2004	502	1,495
Safe and Drug-Free Schools and Communities - State Grants	84.186	049197-DRS1-2005	14,749	7,318
Total Safe and Drug-Free Schools and Communities			15,251	8,813
State Grants for Innovative Programs	84.298	049197-C2S1-2004	9,923	9,923
State Grants for Innovative Programs	84.298	049197-C2S1-2005	9,525	9,524
Total State Grants for Innovative Programs			19,448	19,447
Education Technology State Grants	84.318	049197-TJS1-2004	0	3,300
Education Technology State Grants	84.318	049197-TJS1-2005	12,499	9,187
Total Technology Literacy Challenge Fund Grants			12,499	12,487
Improving Teacher Quality State Grants	84.367	049197-TRS1-2004	0	5,994
Improving Teacher Quality State Grants	84.367	049197-TRS1-2005	75,517	67,610
Total Improving Teacher Quality State Grants			75,517	73,604
Total U.S. Department of Education			897,395	827,815
<b><u>U.S. Department of Health and Human Services</u></b>				
<i>Passed Through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
Medical Assistance Program	93.778	----	52,657	52,657
Total Federal Assistance			\$1,126,240	\$1,056,660

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

**FIELD LOCAL SCHOOL DISTRICT**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary 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 disbursed. 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, 2005, the District had no significant food commodities in inventory.



**FIELD LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 §505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

(d)(1)(i)	Type of auditor's report issued on the basic financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the basic financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the basic financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the basic financial statement level?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

**FIELD LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 §505**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**  
**(CONTINUED)**

(d)(1)(vii)	Major Program:	Special Education – Grants to State, CFDA #84.027
(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**

2005-01

Section 5705.10, Revised Code, states, in part, money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

As of November 30, 2004, the following funds had negative fund balances:

Food Service	\$170,973
Summer Intervention	16,021
IDEA Part B Grant	91,880
Limited English Proficiency	348
Title I Grant	77,742
Title V Grant	749
Drug Free School Grant	7,300
Improving Teacher Quality Grant	22,755
Miscellaneous Federal Grants	490

As of June 30, 2005, the following fund had a negative fund balance:

Food Service	\$191,645
--------------	-----------

District Response:

For fiscal year 2006, the District Administration has restructured their food service operation. The Cafeteria Coordinator now reports directly to the Superintendent. The Board of Education has approved an increase to lunch prices. Also, new cash registers and accounting software was purchased as part of their building renovations. The new equipment is designed to quicken student food purchases. The District anticipates lunch sales will increase with these improvements.

**FIELD LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 §505**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**  
**(CONTINUED)**

**3. FINDINGS FOR FEDERAL AWARDS**

None





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
FEBRUARY 9, 2006**