

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Education
Field Local School District
2900 St. Rt. 43
Mogadore, Ohio 44260

We have reviewed the *Independent Auditors'* Report of the Field Local School District, Portage County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2010 through June 30, 2011. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 12, 2012

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**FIELD LOCAL SCHOOL DISTRICT
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Field Local School District
Mogadore, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Field Local School District, Portage County, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Field Local School District, Ohio'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 the 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 opinions.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Field Local School District, Ohio, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the District restated its July 1, 2010 governmental fund balance as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2012, on our consideration of the Field Local School District, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Field Local School District, Ohio's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


James G. Zupka, CPA, Inc.
Certified Public Accountants

January 30, 2012

Field Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

This discussion and analysis of the Field Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to better their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2011 are as follows:

- Net assets of governmental activities decreased \$1,364,532 while net assets of business-type activities increased by \$22,424.
- General revenues accounted for \$17,838,920 in revenue or 78.1% of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$5,001,641 or 21.9% of total revenues of \$22,840,561.
- The School District had \$23,448,857 in expenses related to governmental activities; only \$4,245,636 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$17,838,689 were not adequate to provide for these programs.
- The School District had \$733,812 in expenses related to business-type activities, food service. Program revenues of \$756,005 were adequate to provide for this service.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities answer the question, "How did we do financially during fiscal year 2011?" These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Field Local School District
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Proprietary Funds

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

Reporting the School District's Fiduciary Responsibilities

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

The School District as a Whole

The table below provides a summary of the School District's net assets for fiscal year 2011 and 2010:

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Assets:</u>						
Current assets	\$ 12,914,225	\$ 12,532,830	\$ 276,168	\$ 236,001	\$ 13,190,393	\$ 12,768,831
Capital assets, net of depreciation	<u>28,490,200</u>	<u>28,508,279</u>	<u>93,633</u>	<u>97,427</u>	<u>28,583,833</u>	<u>28,605,706</u>
Total assets	<u>41,404,425</u>	<u>41,041,109</u>	<u>369,801</u>	<u>333,428</u>	<u>41,774,226</u>	<u>41,374,537</u>
<u>Liabilities:</u>						
Current liabilities	10,903,342	9,981,980	68,314	51,054	10,971,656	10,033,034
Long-term liabilities	<u>26,472,690</u>	<u>25,666,204</u>	<u>17,252</u>	<u>20,563</u>	<u>26,489,942</u>	<u>25,686,767</u>
Total liabilities	<u>37,376,032</u>	<u>35,648,184</u>	<u>85,566</u>	<u>71,617</u>	<u>37,461,598</u>	<u>35,719,801</u>
<u>Net Assets:</u>						
Invested in capital assets, net of related debt	3,469,785	3,924,604	-	-	3,469,785	3,924,604
Invested in capital assets	-	-	93,633	92,813	93,633	92,813
Restricted	1,376,858	1,700,729	-	-	1,376,858	1,700,729
Unrestricted	<u>(818,250)</u>	<u>(232,408)</u>	<u>190,602</u>	<u>168,998</u>	<u>(627,648)</u>	<u>(63,410)</u>
Total net assets	<u>\$ 4,028,393</u>	<u>\$ 5,392,925</u>	<u>\$ 284,235</u>	<u>\$ 261,811</u>	<u>\$ 4,312,628</u>	<u>\$ 5,654,736</u>

Field Local School District

Management's Discussion and Analysis
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Unaudited

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

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the School District's assets exceeded liabilities by \$4,312,628.

A portion of the School District's net assets, \$1,376,858, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$28 is restricted for capital projects, \$589,579 is restricted for debt service, \$249,233 is restricted for other purposes and \$538,018 is restricted for set asides. The remaining deficit balance of net assets of \$627,648 is unrestricted.

Governmental Activities

Net assets of the School District's governmental activities decreased by \$1,364,532. Program revenue of \$4,245,636 and general revenues of \$17,838,689 was used to offset governmental expenses of \$23,448,857. Program revenues supported 18.1% of the total governmental expenses.

Several revenue sources fund the School District's governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated \$8,786,745 in fiscal year 2011. General revenues from grants and entitlements, such as the school foundation program, generated \$8,460,525. These two revenue sources represent 78.1% of total governmental revenue.

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

Instructional expenses of the School District include activities directly related to the teaching of pupils as well as the interaction between teacher and pupil and the purchase of textbooks and instructional supplies and materials. These expenses totaled \$13,758,563, or 58.7% of the total program expenses of the School District.

Field Local School District

Management's Discussion and Analysis
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Support services expenses for the pupils and instruction staff programs totaled \$1,913,086, or 8.2% of the total program expenses of the School District. These expenses include library, guidance, speech and hearing, and psychological services.

Board of education, administration, and fiscal classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. Current year expenses were \$2,811,184, which represents 12.0% of the total program expenses.

Costs associated with the operation and maintenance of plant represent those expenses necessary for the care and upkeep of the School District's buildings, grounds and equipment. Current year expenses of \$1,849,361 made up 7.9% of total program expenses.

Business-Type Activities

Business-type activities consist of the food service operation. This program had revenue of \$756,236 and expenses of \$733,812.

Field Local School District
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The table below shows the changes in net assets for fiscal year 2011 and 2010:

Table 2
Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Revenues:</u>						
Program revenues:						
Charges for services and sales	\$ 2,327,049	\$ 1,528,763	\$ 419,098	\$ 451,375	\$ 2,746,147	\$ 1,980,138
Operating grants and contributions	1,918,587	1,653,112	336,907	340,030	2,255,494	1,993,142
General revenues:						
Property taxes	8,786,745	10,663,529	-	-	8,786,745	10,663,529
Grants and entitlements not restricted to specific programs	8,460,525	8,552,117	-	-	8,460,525	8,552,117
Payment in lieu of taxes	501,598	616,859			501,598	616,859
Investment earnings	4,844	4,169	231	136	5,075	4,305
Miscellaneous	84,977	130,800	-	-	84,977	130,800
Total revenues	<u>22,084,325</u>	<u>23,149,349</u>	<u>756,236</u>	<u>791,541</u>	<u>22,840,561</u>	<u>23,940,890</u>
<u>Program Expenses:</u>						
Instruction:						
Regular	11,805,254	10,520,766	-	-	11,805,254	10,520,766
Special	1,797,333	2,041,377	-	-	1,797,333	2,041,377
Vocational	144,486	143,508	-	-	144,486	143,508
Adult/continuing	2,891	26,105	-	-	2,891	26,105
Other	8,599	6,204	-	-	8,599	6,204
Support services:						
Pupils	937,672	954,007	-	-	937,672	954,007
Instructional staff	975,414	890,121	-	-	975,414	890,121
Board of education	26,424	31,606	-	-	26,424	31,606
Administration	2,290,325	2,256,213	-	-	2,290,325	2,256,213
Fiscal	494,435	552,944	-	-	494,435	552,944
Business	204	-	-	-	204	-
Operation and maintenance of plant	1,849,361	1,757,661	-	-	1,849,361	1,757,661
Pupil transportation	1,301,836	1,214,324	-	-	1,301,836	1,214,324
Central	102,754	78,527	-	-	102,754	78,527
Operation non-instructional services	30,250	28,693	-	-	30,250	28,693
Extracurricular activities	495,729	521,667	-	-	495,729	521,667
Interest and fiscal charges	1,185,890	1,159,039	-	-	1,185,890	1,159,039
Food service operations	-	-	733,812	660,357	733,812	660,357
Total expenses	<u>23,448,857</u>	<u>22,182,762</u>	<u>733,812</u>	<u>660,357</u>	<u>24,182,669</u>	<u>22,843,119</u>
Increase in net assets	(1,364,532)	966,587	22,424	131,184	(1,342,108)	1,097,771
Net assets beginning of year	<u>5,392,925</u>	<u>4,426,338</u>	<u>261,811</u>	<u>130,627</u>	<u>5,654,736</u>	<u>4,556,965</u>
Net assets end of year	<u>\$ 4,028,393</u>	<u>\$ 5,392,925</u>	<u>\$ 284,235</u>	<u>\$ 261,811</u>	<u>\$ 4,312,628</u>	<u>\$ 5,654,736</u>

Field Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

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

Table 3
Program Expenses

	<u>2011</u>		<u>2010</u>		<u>Change in</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<u>Governmental Activities</u>						
Instruction:						
Regular	11,805,254	(8,862,654)	10,520,766	(8,647,546)	1,284,488	(215,108)
Special	1,797,333	(1,137,058)	2,041,377	(1,253,597)	(244,044)	116,539
Vocational	144,486	(144,486)	143,508	(143,508)	978	(978)
Adult/continuing	2,891	(2,891)	26,105	(26,105)	(23,214)	23,214
Other	8,599	(8,564)	6,204	(6,204)	2,395	(2,360)
Support services:						
Pupils	937,672	(929,509)	954,007	(936,372)	(16,335)	6,863
Instructional staff	975,414	(536,094)	890,121	(518,399)	85,293	(17,695)
Board of education	26,424	(26,424)	31,606	(31,606)	(5,182)	5,182
Administration	2,290,325	(2,265,424)	2,256,213	(2,203,687)	34,112	(61,737)
Fiscal	494,435	(494,435)	552,944	(552,944)	(58,509)	58,509
Business	204	4,932	-	-	204	4,932
Operation and maintenance of plant	1,849,361	(1,775,207)	1,757,661	(1,748,761)	91,700	(26,446)
Pupil transportation	1,301,836	(1,300,419)	1,214,324	(1,211,217)	87,512	(89,202)
Central	102,754	(102,754)	78,527	(78,527)	24,227	(24,227)
Operation non-instructional services	30,250	(30,250)	28,693	(24,069)	1,557	(6,181)
Extracurricular activities	495,729	(406,094)	521,667	(459,306)	(25,938)	53,212
Interest and fiscal charges	1,185,890	(1,185,890)	1,159,039	(1,159,039)	26,851	(26,851)
<u>Business-Type Activities</u>						
Food service operations	733,812	22,193	660,357	131,048	73,455	(108,855)
Total expenses	<u>24,182,669</u>	<u>(19,181,028)</u>	<u>22,843,119</u>	<u>(18,869,839)</u>	<u>1,339,550</u>	<u>(311,189)</u>

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were \$23,046,485, and total expenditures and other financing uses were \$23,759,902. The total net change in fund balance across all governmental funds was a decrease of \$713,417. Table 4 shows fiscal year 2011 balances compared to fiscal year 2010.

Field Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2011
 Unaudited

Table 4
 Governmental Fund Balances

Fund	Restated		Increase/ (Decrease)	Percent Change
	Fund Balance June 30, 2011	Fund Balance June 30, 2010		
General	\$ 196,984	\$ 1,215,108	\$ (1,018,124)	-83.8%
Bond	1,016,803	796,376	220,427	27.7%
Other governmental	<u>150,382</u>	<u>66,102</u>	<u>84,280</u>	127.5%
Total	<u>\$ 1,364,169</u>	<u>\$ 2,077,586</u>	<u>\$ (713,417)</u>	-34.3%

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

Table 5
 General Fund Activity

Revenues	2011	Restated 2010	Percent Change
Taxes	\$ 7,604,579	\$ 9,201,181	-17.4%
Intergovernmental	8,316,475	8,449,691	-1.6%
Interest	3,290	3,842	-14.4%
Tuition and fees	1,343,268	1,353,371	-0.7%
Charges for services	758,456	-	0.0%
Other revenues	<u>716,916</u>	<u>814,868</u>	-12.0%
Total revenues	<u>\$ 18,742,984</u>	<u>\$ 19,822,953</u>	-5.4%
Expenditures			
Instruction	\$ 12,045,882	\$ 11,115,530	8.4%
Support services	7,221,771	6,970,966	3.6%
Operation of non- instructional services	31,220	26,005	20.1%
Extracurricular activities	347,718	354,424	-1.9%
Capital outlay	34,846	5,200	570.1%
Debt service	<u>79,671</u>	<u>136,408</u>	-41.6%
Total expenditures	<u>\$ 19,761,108</u>	<u>\$ 18,608,533</u>	6.2%

The net change in fund balance for the fiscal year was significant in the general fund reporting a fund balance of \$196,984, a decrease of \$1,018,124 from 2010. This decrease was attributable to a decrease in revenues compounded by an increase in expenditures.

General Fund Budgeting Highlights

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

Field Local School District
 Management's Discussion and Analysis
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During 2011, the School District amended its general fund budget. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue and other financing sources estimate was \$21,874,810, which was higher than the original revenue estimate of \$19,412,824. This \$2,461,986 difference is due to a more conservative original budget estimate. The actual revenues and other financing sources received were \$19,535,740 which was \$122,916 higher than originally anticipated.

The original expenditures and other financing uses estimate of \$18,900,786 was revised over the fiscal year. The final budgeted expenditures and other financing uses were \$21,600,534, which is an increase of \$2,699,748 or 14.3 percent from the original budget. Actual expenditures and other financing uses, including encumbrances, were \$19,891,525 which was \$1,709,009 lower than the final budget. The largest part of this positive variance is due to final budgeted expenditures for administration, operation and maintenance of plant and pupil transportation exceeding what was needed for 2011 operations.

Capital Assets and Debt Administration

Capital Assets

At the end of 2011, the School District had \$28,583,833 invested in land, construction in progress, land improvements, buildings, furniture, fixtures and equipment and vehicles. This is accounting for both Governmental Activities and Business-Type Activities assets. The table below shows a comparison of 2011 to 2010. See Note 8 for additional information regarding capital assets.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 597,678	\$ 597,678	\$ -	\$ -	\$ 597,678	\$ 597,678
Construction in progress	340,028	-	-	-	340,028	-
Land improvements	340,809	366,610	-	-	340,809	366,610
Buildings	26,342,027	26,806,783	-	-	26,342,027	26,806,783
Furniture, fixtures and equipment	649,909	456,301	93,633	97,427	743,542	553,728
Vehicles	219,749	280,907	-	-	219,749	280,907
Total capital assets	<u>\$ 28,490,200</u>	<u>\$ 28,508,279</u>	<u>\$ 93,633</u>	<u>\$ 97,427</u>	<u>\$ 28,583,833</u>	<u>\$ 28,605,706</u>

Field Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2011
 Unaudited

Debt

As of June 30, 2011 the School District has \$25,079,180 of outstanding long-term debt. The table below shows a long-term debt comparison of 2011 to 2010. See Note 13 for additional information regarding debt.

Table 7
 Long-Term Debt as of June 30

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 23,810,000	\$ 24,010,000	\$ -	\$ -	\$ 23,810,000	\$ 24,010,000
OWDA loans	34,078	40,113	-	-	34,078	40,113
Energy conservation bonds	1,140,000	-	-	-	1,140,000	-
Capital lease	95,102	161,055	-	4,614	95,102	165,669
Intergovernmental payable	-	37,916	-	-	-	37,916
Total long-term debt	<u>\$ 25,079,180</u>	<u>\$ 24,249,084</u>	<u>\$ -</u>	<u>\$ 4,614</u>	<u>\$ 25,079,180</u>	<u>\$ 24,253,698</u>

For the Future

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

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

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

Contacting the School District's Financial Management

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

Field Local School District
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 2,182,541	\$ 216,657	\$ 2,399,198
Cash and cash equivalents:			
In segregated accounts	11,715	-	11,715
Receivables:			
Accounts	345,586	-	345,586
Intergovernmental	71,486	54,277	125,763
Taxes	10,302,897	-	10,302,897
Inventory held for resale	-	3,470	3,470
Materials and supplies inventory	-	1,764	1,764
Capital assets:			
Land	597,678	-	597,678
Construction in progress	340,028	-	340,028
Depreciable capital assets, net	27,552,494	93,633	27,646,127
Total assets	41,404,425	369,801	41,774,226
<u>Liabilities:</u>			
Accounts payable	78,521	185	78,706
Accrued wages	1,452,687	33,075	1,485,762
Intergovernmental payable	491,436	35,054	526,490
Deferred revenue	8,778,725	-	8,778,725
Accrued interest payable	101,973	-	101,973
Long-term liabilities:			
Due within one year	618,612	4,472	623,084
Due in more than one year	25,854,078	12,780	25,866,858
Total liabilities	37,376,032	85,566	37,461,598
<u>Net assets:</u>			
Invested in capital assets, net of related debt	3,469,785	93,633	3,563,418
Restricted for:			
Capital projects	28	-	28
Debt service	589,579	-	589,579
Other purposes	249,233	-	249,233
Set asides	538,018	-	538,018
Unrestricted	(818,250)	190,602	(627,648)
Total net assets	\$ 4,028,393	\$ 284,235	\$ 4,312,628

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 11,805,254	\$ 2,052,930	\$ 889,670	\$ (8,862,654)
Special	1,797,333	92,303	567,972	(1,137,058)
Vocational	144,486	-	-	(144,486)
Adult/continuing	2,891	-	-	(2,891)
Other	8,599	-	35	(8,564)
Support services:				
Pupils	937,672	-	8,163	(929,509)
Instructional staff	975,414	-	439,320	(536,094)
Board of education	26,424	-	-	(26,424)
Administration	2,290,325	12,937	11,964	(2,265,424)
Fiscal	494,435	-	-	(494,435)
Business	204	5,136	-	4,932
Operation and maintenance of plant	1,849,361	74,154	-	(1,775,207)
Pupil transportation	1,301,836	-	1,417	(1,300,419)
Central	102,754	-	-	(102,754)
Operation of non-instructional services	30,250	-	-	(30,250)
Extracurricular activities	495,729	89,589	46	(406,094)
Interest and fiscal charges	1,185,890	-	-	(1,185,890)
Total governmental activities	23,448,857	2,327,049	1,918,587	(19,203,221)
Business-Type Activities				
Food service operations	733,812	419,098	336,907	-
Total Business-Type Activities	733,812	419,098	336,907	-
Totals	\$ 24,182,669	\$ 2,746,147	\$ 2,255,494	(19,203,221)

General Revenues:

Property taxes levied for:	
General purposes	7,711,420
Debt service	1,075,325
Grants and entitlements not restricted to specific programs	8,460,525
Payment in lieu of taxes	501,598
Investment earnings	4,844
Miscellaneous	84,977
Total general revenues	17,838,689
Change in net assets	(1,364,532)
Net assets beginning of year	5,392,925
Net assets end of year	\$ 4,028,393

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets	
Business-Type Activities	Total
\$ -	\$ (8,862,654)
-	(1,137,058)
-	(144,486)
-	(2,891)
-	(8,564)
-	(929,509)
-	(536,094)
-	(26,424)
-	(2,265,424)
-	(494,435)
-	4,932
-	(1,775,207)
-	(1,300,419)
-	(102,754)
-	(30,250)
-	(406,094)
-	(1,185,890)
-	(19,203,221)
22,193	22,193
22,193	22,193
22,193	(19,181,028)
-	7,711,420
-	1,075,325
-	8,460,525
-	501,598
231	5,075
-	84,977
231	17,838,920
22,424	(1,342,108)
261,811	5,654,736
\$ 284,235	\$ 4,312,628

Field Local School District
Balance Sheet
Governmental Funds
June 30, 2011

	General	Bond	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 399,387	\$ 894,745	\$ 350,391	\$ 1,644,523
Cash and cash equivalents:				
In segregated accounts	-	11,715	-	11,715
Receivables:				
Taxes	8,926,246	1,376,651	-	10,302,897
Accounts	345,586	-	-	345,586
Intergovernmental	-	-	71,486	71,486
Interfund	14,150	-	-	14,150
Equity in pooled cash and cash equivalents (restricted)	538,018	-	-	538,018
Total assets	<u>\$ 10,223,387</u>	<u>\$ 2,283,111</u>	<u>\$ 421,877</u>	<u>\$ 12,928,375</u>
<u>Liabilities:</u>				
Accounts payable	\$ 72,115	\$ -	\$ 6,406	\$ 78,521
Accrued wages	1,315,535	-	137,152	1,452,687
Interfund payable	-	-	14,150	14,150
Intergovernmental payable	449,135	-	42,301	491,436
Deferred revenue	8,189,618	1,266,308	71,486	9,527,412
Total liabilities	<u>10,026,403</u>	<u>1,266,308</u>	<u>271,495</u>	<u>11,564,206</u>
<u>Fund balances:</u>				
Restricted	538,018	1,016,803	162,534	1,717,355
Committed	11,000	-	-	11,000
Unassigned	(352,034)	-	(12,152)	(364,186)
Total fund balances	<u>196,984</u>	<u>1,016,803</u>	<u>150,382</u>	<u>1,364,169</u>
Total liabilities and fund balances	<u>\$ 10,223,387</u>	<u>\$ 2,283,111</u>	<u>\$ 421,877</u>	<u>\$ 12,928,375</u>

See accompanying notes to the basic financial statements.

Field Local School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2011

Total governmental funds balances		\$ 1,364,169
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		28,490,200
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	677,201	
Intergovernmental	71,486	
Total	<u>748,687</u>	748,687
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (23,810,000)	
Premium on bonds	(346,689)	
OWDA loan	(34,078)	
Energy conservation bonds	(1,140,000)	
Compensated absences	(1,046,821)	
Capital leases	(95,102)	
Accrued interest payable	(101,973)	
Total	<u>(26,574,663)</u>	<u>(26,574,663)</u>
Net assets of governmental activities		<u>\$ 4,028,393</u>

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Bond	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 7,604,579	\$ 1,057,817	\$ -	\$ 8,662,396
Intergovernmental	8,316,475	200,396	1,799,685	10,316,556
Interest	3,290	1,544	91	4,925
Tuition and fees	1,343,268	-	-	1,343,268
Extracurricular activities	-	-	89,589	89,589
Gifts and donations	-	-	8,984	8,984
Charges for services	758,456	-	-	758,456
Rent	74,154	-	-	74,154
Payment in lieu of taxes	501,598	-	-	501,598
Miscellaneous	141,164	-	5,395	146,559
Total revenues	<u>18,742,984</u>	<u>1,259,757</u>	<u>1,903,744</u>	<u>21,906,485</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	10,639,889	-	719,515	11,359,404
Special	1,251,007	-	580,004	1,831,011
Vocational	143,496	-	-	143,496
Adult/continuing	2,891	-	-	2,891
Other	8,599	-	-	8,599
Support services:				
Pupils	951,674	-	3,023	954,697
Instructional staff	523,053	-	443,509	966,562
Board of education	26,424	-	-	26,424
Administration	2,262,492	-	563	2,263,055
Fiscal	461,059	45,149	-	506,208
Business	204	-	-	204
Operation and maintenance of plant	1,684,036	27,255	9,508	1,720,799
Pupil transportation	1,210,075	-	1,354	1,211,429
Central	102,754	-	-	102,754
Operation of non-instructional services	31,220	-	250	31,470
Extracurricular activities	347,718	-	61,738	409,456
Capital outlay	34,846	707,291	-	742,137
Debt service:				
Principal retirement	71,988	200,000	-	271,988
Interest and fiscal charges	7,683	1,199,635	-	1,207,318
Total expenditures	<u>19,761,108</u>	<u>2,179,330</u>	<u>1,819,464</u>	<u>23,759,902</u>
Excess of revenues over (under) expenditures	<u>(1,018,124)</u>	<u>(919,573)</u>	<u>84,280</u>	<u>(1,853,417)</u>
<u>Other financing sources:</u>				
General obligation bonds issued	<u>-</u>	<u>1,140,000</u>	<u>-</u>	<u>1,140,000</u>
Net change in fund balances	<u>(1,018,124)</u>	<u>220,427</u>	<u>84,280</u>	<u>(713,417)</u>
Restated fund balances beginning of year	<u>1,215,108</u>	<u>796,376</u>	<u>66,102</u>	<u>2,077,586</u>
Fund balances end of year	<u>\$ 196,984</u>	<u>\$ 1,016,803</u>	<u>\$ 150,382</u>	<u>\$ 1,364,169</u>

See accompanying notes to the basic financial statements.

Field Local School District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ (713,417)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions, net	\$	742,137	
Depreciation expense		(760,216)	
Excess of depreciation expense over net capital asset additions			(18,079)

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

Property taxes	\$	124,349	
Intergovernmental		53,491	
			177,840

Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 271,988

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences		(2,208)	
Decrease in intergovernmental payable		37,916	
Increase in accrued interest		(4,390)	
Total reduced expenditures			31,318

The issuance of long-term bonds results in expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net assets as long-term assets and liabilities. (1,140,000)

The amortization of bond premium is reflected as an expense in the statement of activities. 25,818

Change in net assets of governmental activities \$ (1,364,532)

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 8,676,841	\$ 8,676,841	\$ 8,563,917	\$ (112,924)
Intergovernmental	8,316,475	10,247,009	8,316,475	(1,930,534)
Interest	5,000	5,000	3,290	(1,710)
Tuition and fees	1,336,929	1,336,929	1,288,494	(48,435)
Charges for services	-	-	662,164	662,164
Rent	1,500	1,500	74,154	72,654
Payment in lieu of taxes	-	-	1,759	1,759
Miscellaneous	1,024,229	1,555,681	624,640	(931,041)
Total revenues	<u>19,360,974</u>	<u>21,822,960</u>	<u>19,534,893</u>	<u>(2,288,067)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	9,925,365	10,978,438	10,639,738	338,700
Special	1,237,497	1,295,281	1,237,497	57,784
Vocational	134,352	147,855	140,764	7,091
Adult/continuing	2,891	30,765	2,891	27,874
Other	8,662	17,976	8,662	9,314
Support services:				
Pupils	938,852	980,451	945,159	35,292
Instructional staff	508,564	611,283	511,399	99,884
Board of education	26,423	54,127	26,423	27,704
Administration	2,069,386	2,611,929	2,282,805	329,124
Fiscal	486,861	545,748	490,250	55,498
Operation and maintenance of plant	1,767,932	2,113,750	1,836,706	277,044
Pupil transportation	1,233,313	1,495,092	1,256,035	239,057
Central	94,082	108,424	98,200	10,224
Operation of non-instructional services	29,594	30,469	30,000	469
Extracurricular activities	346,806	502,888	347,080	155,808
Total expenditures	<u>18,810,580</u>	<u>21,524,476</u>	<u>19,853,609</u>	<u>1,670,867</u>
Excess of revenues over (under) expenditures	<u>550,394</u>	<u>298,484</u>	<u>(318,716)</u>	<u>(617,200)</u>
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	-	-	847	847
Refund of prior year expenditures	26,350	26,350	-	(26,350)
Insurance recoveries	18,400	18,400	-	(18,400)
Refund of prior year receipts	(76,056)	(76,056)	(37,916)	38,140
Advances out	(14,150)	(2)	-	2
Transfers in	7,100	7,100	-	(7,100)
Total other financing sources (uses)	<u>(38,356)</u>	<u>(24,208)</u>	<u>(37,069)</u>	<u>(12,861)</u>
Net change in fund balance	512,038	274,276	(355,785)	(630,061)
Fund balances at beginning of year	698,504	698,504	698,504	-
Prior year encumbrances appropriated	259,113	259,113	259,113	-
Fund balances at end of year	<u>\$ 1,469,655</u>	<u>\$ 1,231,893</u>	<u>\$ 601,832</u>	<u>\$ (630,061)</u>

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Fund Net Assets
Proprietary Fund
June 30, 2011

	Business-Type Activities - Enterprise Fund - <u>Food Service</u>
<u>Assets:</u>	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 216,657
Inventory held for resale	3,470
Material and supplies inventory	1,764
Intergovernmental receivable	<u>54,277</u>
Total current assets	<u>276,168</u>
Noncurrent assets:	
Depreciable capital assets, net	<u>93,633</u>
Total assets	<u>\$ 369,801</u>
<u>Liabilities:</u>	
Current liabilities:	
Accounts payable	\$ 185
Accrued wages	33,075
Intergovernmental payable	35,054
Compensated absences payable	<u>4,472</u>
Total current liabilities	<u>72,786</u>
Noncurrent liabilities:	
Compensated absences	<u>12,780</u>
Total liabilities	<u>85,566</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	93,633
Unrestricted	<u>190,602</u>
Total net assets	<u>\$ 284,235</u>

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities - Enterprise Fund - Food Service
<u>Operating revenues:</u>	
Sales	\$ 419,098
<u>Operating expenses:</u>	
Salaries	226,690
Fringe benefits	132,381
Purchased services	14,390
Materials and supply	342,497
Depreciation	13,794
Other	4,060
Total operating expenses	<u>733,812</u>
Operating loss	<u>(314,714)</u>
<u>Non-operating revenues:</u>	
Federal donated commodities	15,203
Intergovernmental	321,704
Interest	231
Total non-operating revenues	<u>337,138</u>
Change in net assets	22,424
Net assets beginning of year	<u>261,811</u>
Net assets end of year	<u>\$ 284,235</u>

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities - Enterprise Fund - Food Service
<u>Cash flows from operating activities:</u>	
Cash received from customers	\$ 419,098
Cash payments to suppliers for goods and services	(348,940)
Cash payments to employees for services	(224,161)
Cash payments for employee benefits	(114,251)
Net cash used for operating activities	<u>(268,254)</u>
<u>Cash flows from noncapital financing activities:</u>	
Operating grants	<u>316,323</u>
<u>Cash flows from capital and related financing activities:</u>	
Principal payment on capital lease	(4,614)
Acquisition of capital assets	(10,000)
Net cash used for capital financing activities	<u>(14,614)</u>
<u>Cash flows from investing activities:</u>	
Interest on investments	<u>231</u>
Net increase in cash and cash equivalents	33,686
Cash and cash equivalents at beginning of year	<u>182,971</u>
Cash and cash equivalents at end of year	<u>\$ 216,657</u>
<u>Reconciliation of operating loss to net cash used for operating activities:</u>	
Operating loss	\$ (314,714)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	13,794
Federal donated commodities	15,203
Change in assets and liabilities:	
(Increase) decrease in assets:	
Inventory held for resale	(959)
Material and supplies inventory	(141)
Increase (decrease) in liabilities:	
Accounts payable	(2,096)
Accrued wages	1,226
Compensated absences payable	1,303
Intergovernmental payable	18,130
Total adjustments	<u>46,460</u>
Net cash used for operating activities	<u>\$ (268,254)</u>
Non-cash noncapital financing activities:	
Federal donated commodities	<u>\$ 15,203</u>

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust	
	Scholarship	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 114,266	\$ 50,029
Total assets	<u>\$ 114,266</u>	<u>\$ 50,029</u>
<u>Liabilities:</u>		
Undistributed monies	\$ -	\$ 7,588
Due to students	-	42,441
Total liabilities	<u>-</u>	<u>\$ 50,029</u>
<u>Net assets:</u>		
Held in trust for scholarships	<u>\$ 114,266</u>	

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust
	<u>Scholarship</u>
<u>Additions:</u>	
Interest	\$ 126
Gifts and donations	3,200
Total additions	<u>3,326</u>
 <u>Deductions:</u>	
Payments in accordance with trust agreements	<u>2,500</u>
Change in net assets	826
Net assets beginning of year	<u>113,440</u>
Net assets end of year	<u>\$ 114,266</u>

See accompanying notes to the basic financial statements.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the School District

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

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's eight instructional/support facilities staffed by 120 non-certificated employees and 153 certificated teaching and support personnel who provide services to 2,324 students and other community members.

A. Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. This includes general operations, food service and student-related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2011.

The School District is associated with the Stark/Portage Area Computer Consortium (SPARCC). Additional information concerning the jointly governed organization is presented in Note 15. In addition, the School District is associated with the Falcon Academy of Creative Arts, which is defined as a related organization, as more fully explained in Note 16.

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities. The School District has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989 to its business-type activities and enterprise fund. Following are the more significant of the School District's accounting policies.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

B. Fund Accounting

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

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

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

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

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

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

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

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

Fiduciary Funds - Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has one trust fund which accounts for student scholarships. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's two agency funds account for resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

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

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue

Deferred revenue and unearned revenue arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes (excluding delinquent taxes) for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue on the statement of net assets. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue on the statement of net assets.

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Expenditures/Expenses

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

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

E. Budgets and Budgetary Accounting

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

The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budgeted revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2011. The amounts reported as the original budgeted expenditures reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditures represent the final appropriation amounts passed by the Board during the year.

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

F. Cash and Investments

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

Field Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

During the fiscal year, investments were limited to certificates of deposit, and interest in STAR Ohio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as explained in Note 5.

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

G. Interfund Balances

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

H. Inventory

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

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, laws of other governments, or enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. Restricted assets may also include amounts set aside for budget stabilization, which is now optional as determined by the School District. The School District has restricted a portion of their cash in the general fund as this balance is a required set aside amount with specific restrictions. See Note 3 and 12 for the calculation of the year-end restricted asset balance and the corresponding fund balance classifications.

J. Capital Assets

General capital assets are those assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

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

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

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

M. Fund Balance

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

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

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

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

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

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

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

N. Net Assets

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

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

O. Operating Revenues and Expenses

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

P. Interfund Transactions

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

Q. Estimates

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	<u>General</u>	<u>Bond</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund balance at June 30, 2010	\$ 1,069,788	\$ 796,376	\$ 211,422	\$ 2,077,586
Change in fund structure	<u>145,320</u>	<u>-</u>	<u>(145,320)</u>	<u>-</u>
Restated fund balance at July 1, 2010	<u>\$ 1,215,108</u>	<u>\$ 796,376</u>	<u>\$ 66,102</u>	<u>\$ 2,077,586</u>

Field Local School District

Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2011

NOTE 3 – FUND BALANCES

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

Fund Balances	<u>General</u>	<u>Bond</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Restricted for</u>				
Athletics and music	-	-	42,193	42,193
Scholarships and awards	-	-	25,921	25,921
Management information systems	-	-	11,375	11,375
Data communication	-	-	5,000	5,000
Instructional	-	-	56,340	56,340
State grants	-	-	54	54
Federal grants	-	-	21,623	21,623
Capital improvements	-	-	28	28
Debt service payments	-	1,016,803	-	1,016,803
Set-asides for textbooks	<u>538,018</u>	<u>-</u>	<u>-</u>	<u>538,018</u>
Total restricted	<u>538,018</u>	<u>1,016,803</u>	<u>162,534</u>	<u>1,717,355</u>
<u>Committed</u>				
Underground storage tanks	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
Unassigned (deficit)	<u>(352,034)</u>	<u>-</u>	<u>(12,152)</u>	<u>(364,186)</u>
Total fund balances	<u>\$ 196,984</u>	<u>\$ 1,016,803</u>	<u>\$ 150,382</u>	<u>\$ 1,364,169</u>

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
	<u>General</u>
GAAP basis	\$ (1,018,124)
Revenue accruals	945,754
Expenditure accruals	(95,967)
Budgeted as part of special revenue funds:	
Revenues	(152,998)
Expenditures	155,365
Encumbrances (Budget Basis) outstanding at year end	<u>(189,815)</u>
Budget basis	<u>\$ (355,785)</u>

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

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

A. Cash on hand

At fiscal year-end, the School District had \$2,669 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents".

B. Deposits

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

As of June 30, the carrying amount of the School District's deposits was \$826,481. The School District's bank balance of \$2,341,659 was not exposed to custodial credit risk.

C. Investments

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating ⁽¹⁾</u>
STAR Ohio	\$ 1,746,058	58.3 ⁽²⁾	AAAm

⁽¹⁾ Standard and Poor's rating

⁽²⁾ Days (Average)

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

All interest is legally required to be placed in the general, permanent improvements, building, food service, special trust, and endowment funds. Interest revenue credited to the general fund during fiscal year 2011 amount to \$3,290, which includes \$414 assigned from other School District funds.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

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

NOTE 6 - PROPERTY TAX

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2010 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Calendar year 2010 was the last year for the collection of tangible personal property taxes from telephone companies. 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.

The School District receives property taxes from Portage County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amounts available as an advance at June 30, 2011, was \$736,628 in the general fund and \$110,343 in the bond retirement debt service fund.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

<u>Property Category</u>	<u>2010 Assessed Value</u>
<u>Real Property</u>	
Residential and agricultural	\$ 300,629,740
Commercial, industrial and minerals	59,094,290
Public utilities	11,660
<u>Tangible Personal Property</u>	
Public utilities	<u>7,730,790</u>
Total	<u>\$ 367,466,480</u>

NOTE 7 - RECEIVABLES

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

A summary of the principal items of intergovernmental receivables follows:

Nonmajor governmental funds:	
Title I grant	\$ 71,486
Enterprise fund:	
Food service	54,277

Field Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Capital assets, not being depreciated:				
Land	\$ 597,678	\$ -	\$ -	\$ 597,678
Construction in progress	<u>-</u>	<u>340,028</u>	<u>-</u>	<u>340,028</u>
Total capital assets, not being depreciated	<u>597,678</u>	<u>340,028</u>	<u>-</u>	<u>937,706</u>
Capital assets, being depreciated:				
Land improvements	418,120	-	-	418,120
Buildings	30,846,576	158,468	-	31,005,044
Furniture, fixtures and equipment	1,167,399	236,941	-	1,404,340
Vehicles	<u>1,133,620</u>	<u>6,700</u>	<u>-</u>	<u>1,140,320</u>
Total capital assets, being depreciated	<u>33,565,715</u>	<u>402,109</u>	<u>-</u>	<u>33,967,824</u>
Less: Accumulated depreciation				
Land improvements	(51,510)	(25,801)	-	(77,311)
Buildings	(4,039,793)	(623,224)	-	(4,663,017)
Furniture, fixtures and equipment	(711,098)	(43,333)	-	(754,431)
Vehicles	<u>(852,713)</u>	<u>(67,858)</u>	<u>-</u>	<u>(920,571)</u>
Total accumulated depreciation	<u>(5,655,114)</u>	<u>(760,216)</u>	<u>-</u>	<u>(6,415,330)</u>
Total capital assets being depreciated, net	<u>27,910,601</u>	<u>(358,107)</u>	<u>-</u>	<u>27,552,494</u>
Governmental activities capital assets, net	<u>\$ 28,508,279</u>	<u>\$ (18,079)</u>	<u>\$ -</u>	<u>\$ 28,490,200</u>

Field Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 399,016
Special	17,596
Support services:	
Pupils	3,245
Instructional staff	732
Administration	26,789
Fiscal	3,802
Operation and Maintenance of plant services	130,395
Pupil Transportation	86,484
Extracurricular activities	<u>92,157</u>
Total depreciation expense	<u>\$ 760,216</u>

<u>Business-type Activities</u>	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Capital assets, being depreciated:				
Furniture, fixtures and equipment	<u>\$ 170,225</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 180,225</u>
Total capital assets, being depreciated	<u>170,225</u>	<u>10,000</u>	<u>-</u>	<u>180,225</u>
Less: Accumulated depreciation				
Furniture, fixtures and equipment	<u>(72,798)</u>	<u>(13,794)</u>	<u>-</u>	<u>(86,592)</u>
Total accumulated depreciation	<u>(72,798)</u>	<u>(13,794)</u>	<u>-</u>	<u>(86,592)</u>
Total capital assets being depreciated, net	<u>\$ 97,427</u>	<u>\$ (3,794)</u>	<u>\$ -</u>	<u>\$ 93,633</u>

NOTE 9 - RISK MANAGEMENT

A. Property and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

B. Fidelity Bond

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

C. Worker's Compensation

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the system. For fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension and death benefits. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$344,373, \$390,235 and \$269,942 respectively; 54.6 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2011, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$1,217,677, \$1,114,642 and \$1,128,608 respectively; 82.6 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$24,030 made by the School District and \$17,164 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011, several members of the Board of Education have elected Social Security. The Board's liability is 6.2 % of wages paid. The remaining Board members contribute to SERS.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 11 – POST-EMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$78,192, \$51,281 and \$123,537 respectively; 71 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010 and 2009 were \$22,161, \$23,206 and \$22,272 respectively; 54.6 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$93,667, \$85,742 and \$86,816 respectively; 82.6 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 12- STATUTORY RESERVES

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

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the textbook set-aside. Effective July 1, 2011, the textbook set aside is no longer required as the obligation was repealed by the 129th General Assembly in Amended Substitute House Bill 30. This balance is therefore not presented as being carried forward to a future fiscal year. Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, this amount may not be used to reduce the set aside requirement for future years. This negative balance is, therefore, not presented as being carried forward to future years.

During the fiscal year ended June 30, 2011, the reserve activity was as follows:

	<u>Textbook</u> <u>Reserve</u>	<u>Capital</u> <u>Maintenance</u> <u>Reserve</u>	<u>Total</u>
Set-aside cash balance as of			
June 30, 2010	\$ 688,006	\$ -	\$ 688,006
Current year set-aside requirement	364,227	364,227	728,454
Current year offset	-	(200,000)	(200,000)
Qualifying disbursements	<u>(514,215)</u>	<u>(644,492)</u>	<u>(1,158,707)</u>
Total	<u>\$ 538,018</u>	<u>\$ (480,265)</u>	<u>\$ 57,753</u>
Balance carried forward to future years	<u>\$ -</u>		<u>\$ -</u>

Field Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 13 – BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

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

	Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011	Due in One Year
Governmental Activities					
Loans payable:					
OWDA loan	\$ 40,113	\$ -	\$ (6,035)	\$ 34,078	\$ 6,282
General obligation bonds:					
Construction and improvement	24,010,000	-	(200,000)	23,810,000	225,000
Unamortized premium	372,507	-	(25,818)	346,689	-
Energy conservation bonds	-	1,140,000	-	1,140,000	75,000
Other long-term obligations:					
Intergovernmental payable	37,916	-	(37,916)	-	-
Capital lease	161,055	-	(65,953)	95,102	40,992
Compensated absences	1,044,613	186,856	(184,648)	1,046,821	271,338
Total governmental activities	<u>\$ 25,666,204</u>	<u>\$ 1,326,856</u>	<u>\$ (520,370)</u>	<u>\$ 26,472,690</u>	<u>\$ 618,612</u>
Business Activities					
Capital lease	\$ 4,614	\$ -	\$ (4,614)	\$ -	\$ -
Compensated absences	15,949	4,087	(2,784)	17,252	4,472
Total business activities	<u>\$ 20,563</u>	<u>\$ 4,087</u>	<u>\$ (7,398)</u>	<u>\$ 17,252</u>	<u>\$ 4,472</u>

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

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

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

Other Obligations: Compensated absences will be paid from the fund from which the person is paid. In current and prior years, capital lease obligations were paid from the general fund. The intergovernmental payable is a liability of the general fund with the final payment of \$37,916 due in 2011.

Principal and interest requirements to amortize all bonds outstanding at June 30, 2011 are as follows:

Year Ending June 30,	OWDA Loan			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 6,282	\$ 1,314	\$ 7,596	\$ 300,000	\$ 1,217,783	\$ 1,517,783
2013	6,538	1,058	7,596	335,000	1,205,200	1,540,200
2014	6,805	791	7,596	475,000	1,187,555	1,662,555
2015	7,082	513	7,595	525,000	1,165,655	1,690,655
2016	7,371	224	7,595	565,000	1,142,955	1,707,955
2017-2021	-	-	-	4,690,000	5,119,545	9,809,545
2022-2026	-	-	-	6,530,000	3,691,500	10,221,500
2027-2031	-	-	-	7,830,000	1,921,437	9,751,437
2032-2033	-	-	-	3,700,000	187,250	3,887,250
Total	<u>\$ 34,078</u>	<u>\$ 3,900</u>	<u>\$ 37,978</u>	<u>\$ 24,950,000</u>	<u>\$ 16,838,880</u>	<u>\$ 41,788,880</u>

NOTE 14 - CAPITALIZED LEASES - LESSEE DISCLOSURE

Governmental Activities:

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

Governmental activities capital assets consist of buses that have been capitalized in the amount of \$290,842 and copiers in the amount of \$226,760. The principal amount of \$198,132 was financed through the lease agreement for the copiers. This amount represents the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the 2011 fiscal year totaled \$65,953 and \$6,123 respectively. These amounts are reported as debt service payments of the general fund on the fund financial statements.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2011:

Field Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Year Ending June 30,	Capital Leases		
	Principal	Interest	Total
2012	\$ 40,992	\$ 3,707	\$ 44,699
2013	43,025	1,674	44,699
2014	11,085	90	11,175
Total	<u>\$ 95,102</u>	<u>\$ 5,471</u>	<u>\$ 100,573</u>

Business-type Activities:

During 2008, the School District entered into a capital lease for equipment used in business-type activities. The equipment is reported as an asset acquisition equal to the principal amount of the lease. Principal payments on this lease are reported as a reduction of the capital lease liability within the food service enterprise fund. Principal payments in the current fiscal year totaled \$4,614

The final payment on the lease was made during the fiscal year.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Stark Portage Area Computer Consortium (SPARCC) is the computer service organization or Data Acquisition Site (DAS) used by the School District. SPARCC is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Stark County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All School Districts in the consortium are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating districts governs SPARCC. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to SPARCC are made from the general fund and the management information system special revenue fund. During the fiscal year, the School District contributed \$97,437 to SPARCC.

NOTE 16 – RELATED ORGANIZATIONS

During fiscal year 2011, the School District provided instructional and administrative services as well as rental of facilities to the Falcon Academy of Creative Arts. As of June 30, 2011, all of these services were paid in full. The Academy issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Falcon Academy of Creative Arts, 1473 Saxe Road, Mogadore, Ohio 44260.

NOTE 17 - CONTINGENCIES

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

NOTE 18 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2011 consisted of the following:

Due to general fund from:		
Nonmajor governmental funds	\$	14,150

Interfund receivables and payables result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2011, all interfund loans outstanding are anticipated to be repaid in fiscal year 2012.

NOTE 19 – ACCOUNTABILITY

As of June 30, 2011, one fund had a deficit fund balance. This deficit was caused by the application of GAAP. This deficit balance will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The following fund had a deficit balance:

		Deficit
Fund		Balance
Nonmajor special revenue fund:		
Title II-D grant	\$	12,152

**FIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Non-Cash Receipts	Receipts	Non-Cash Expenditures	Expenditures
<u>U.S. Department of Agriculture</u>					
Passed through Ohio Department of Education					
<i>Child Nutrition Cluster</i>					
National School Breakfast Program	10.553	\$ 42,423	\$ 0	\$ 42,423	\$ 0
National School Lunch Program	10.555	<u>266,200</u>	<u>39,728</u>	<u>266,200</u>	<u>39,728</u>
<i>Total Child Nutrition Cluster</i>		<u>308,623</u>	<u>39,728</u>	<u>308,623</u>	<u>39,728</u>
Total U.S. Department of Agriculture		<u>308,623</u>	<u>39,728</u>	<u>308,623</u>	<u>39,728</u>
<u>U.S. Department of Education</u>					
Passed through Ohio Department of Education					
<i>Title I Cluster</i>					
Title I - Grants to Local Educational Agencies	84.010	186,115	0	189,123	0
ARRA-Title I-Grants to Local Educational Agencies	84.389	<u>90,034</u>	<u>0</u>	<u>63,562</u>	<u>0</u>
<i>Total Title I Cluster</i>		<u>276,149</u>	<u>0</u>	<u>252,685</u>	<u>0</u>
<i>Special Education Cluster</i>					
Special Education Grants to States - IDEA Part B	84.027	474,682	0	450,022	0
ARRA - Special Education Grants to States - IDEA Part B	84.391	<u>261,146</u>	<u>0</u>	<u>221,123</u>	<u>0</u>
<i>Total Special Education Cluster</i>		<u>735,828</u>	<u>0</u>	<u>671,145</u>	<u>0</u>
Education Technology State Grants, Title II-D	84.318	<u>1,863</u>	<u>0</u>	<u>13,478</u>	<u>0</u>
<i>Improving Teacher Quality - State Grants</i>					
Improving Teacher Quality - State Grants	84.367	<u>97,309</u>	<u>0</u>	<u>76,439</u>	<u>0</u>
Education Jobs Fund (EdJobs)	84.410	<u>246,877</u>	<u>0</u>	<u>246,877</u>	<u>0</u>
ARRA - State Fiscal Stabilization Fund	84.394	<u>416,332</u>	<u>0</u>	<u>476,849</u>	<u>0</u>
Total U.S. Department of Education		<u>1,774,358</u>	<u>0</u>	<u>1,737,473</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$2,082,981</u>	<u>\$ 39,728</u>	<u>\$2,046,096</u>	<u>\$ 39,728</u>

See accompanying notes to Supplemental Schedule of Expenditures of Federal Awards.

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE SUPPLEMENTAL SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Field Local School District and is presented on the cash basis of accounting. The information in this 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 this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2: CHILD NUTRITION CLUSTER

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

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

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

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**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
Mogadore, Ohio

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, Portage County, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the Field Local School District, Ohio's basic financial statements and have issued our report thereon dated January 30, 2012, wherein we noted that the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 Field Local School District, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Field Local School District, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Field Local School District, Ohio's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Field Local School District, Ohio'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Field Local School District, Ohio, in a separate letter dated January 30, 2012.

This report is intended solely for the information and use of management, the Board of Education, the District's Audit Committee, others within the entity, 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.



James G. Zupka, CPA, Inc.
Certified Public Accountants

January 30, 2012

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Board of Education
Field Local School District
Mogadore, Ohio

Compliance

We have audited the Field Local School District, Portage County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Field Local School District, Ohio's major federal programs for the year ended June 30, 2011. The Field Local School District, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Field Local School District, Ohio's management. Our responsibility is to express an opinion on the Field Local School District, Ohio'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 Field Local School District, Ohio'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 of the Field Local School District, Ohio's compliance with those requirements.

In our opinion, the Field Local School District, Ohio complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Field Local School District, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Field Local School District, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Field Local School District, Ohio's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the Board of Education, the District's Audit Committee, others within the entity, 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.



James G. Zupka, CPA, Inc.
Certified Public Accountant

January 30, 2012

**FIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 & .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

2011(i)	Type of Financial Statement Opinion	Unqualified
2011(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2011(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2011(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2011(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2011(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2011(v)	Type of Major Program's Compliance Opinion	Unqualified
2011(vi)	Are there any reportable findings under .510?	No
2011(vii)	Major Programs (list): Special Education Cluster: Special Education Grants to States - IDEA Part B - CFDA #84.027 ARRA - Special Education Grants to States - IDEA Part B - CFDA #84.391 Education Jobs Fund - CFDA #84.410 ARRA - State Fiscal Stabilization Fund - CFDA #84.394	
2011(viii)	Dollar Threshold: Type A\B Program	Type A: \$300,000 or more Type B: All others less than \$300,000
2011(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**FIELD LOCAL SCHOOL DISTRICT
STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2011**

The prior audit report, as of June 30, 2010, included no citations or instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

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

To the Board of Education:


Ohio Revised Code Section 117.53 states, "the Auditor of State shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The Auditor of State shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether the Field Local School District (the District), Portage County, Ohio, has updated its anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. The Board amended the policy on October 12, 2010. We read the amended policy, noting it now includes all the requirements listed in Ohio Revised Code 3313.666.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.


James G. Zupka, CPA, Inc.
Certified Public Accountants

January 30, 2012

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Dave Yost • Auditor of State

FIELD LOCAL SCHOOL DISTRICT

PORTAGE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 26, 2012**