



Dave Yost • Auditor of State



**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Field Local School District, Portage County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Districts preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Field Local School District, Portage County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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* in considering the District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 17, 2018

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

The management's discussion and analysis of Field Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2017 are as follows:

- The District's net position of governmental activities decreased \$1,417,886, which represents a 7.67% decrease from 2016.
- General revenues for governmental activities accounted for \$19,267,317 in revenue or 81.95% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$4,244,764 or 18.05% of total governmental activities revenues of \$23,512,081.
- The District had \$24,929,967 in expenses related to governmental activities; only \$4,244,764 of these expenses were offset by program specific charges for services or grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$19,267,317 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$20,029,914 in revenues and \$20,639,208 in expenditures and other financing uses. The general fund's fund balance decreased \$609,294 from a balance of \$5,032,809 to \$4,423,515.
- The bond retirement fund had \$1,805,222 in revenues and other financing sources and \$1,790,876 in expenditures. The bond retirement fund's fund balance increased \$14,346 from \$1,312,604 to \$1,326,950.

**Using the Basic Financial Statements (BFS)**

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

**Reporting the District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

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

In the statement of net position and statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

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

**Fund Financial Statements**

The analysis of the District's major governmental funds begins on page 12. Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

**Governmental Funds**

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* are reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

**Reporting the District's Fiduciary Responsibilities**

The District acts in a trustee capacity as an agent for scholarship programs and student managed activities. These activities are reported in a private- purpose trust fund and agency funds, respectively. The District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 24-25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-65.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 68 through 74 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

**The District as a Whole**

The table below provides a summary of the District's net position at June 30, 2017 and June 30, 2016.

**Net Position of Governmental Activities**

	<u>2017</u>	<u>2016</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 16,618,974	\$ 17,380,263
Capital assets, net	<u>24,399,273</u>	<u>25,238,882</u>
Total assets	<u>41,018,247</u>	<u>42,619,145</u>
<b><u>Deferred Outflows of Resources</u></b>		
Unamortized deferred charges on debt refunding	1,061,292	1,131,355
Pension	<u>5,847,428</u>	<u>2,601,114</u>
Total deferred outflows of resources	<u>6,908,720</u>	<u>3,732,469</u>
<b><u>Liabilities</u></b>		
Current liabilities	2,246,884	2,172,605
Long-term liabilities:		
Due within one year	1,340,757	1,009,302
Due in more than one year:		
Net pension liability	32,434,301	26,909,480
Other amounts	<u>23,306,891</u>	<u>24,422,024</u>
Total liabilities	<u>59,328,833</u>	<u>54,513,411</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes and PILOTs levied for next year	8,061,055	8,448,868
Pensions	<u>436,139</u>	<u>1,870,509</u>
Total deferred inflows of resources	<u>8,497,194</u>	<u>10,319,377</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	2,522,837	2,499,704
Restricted	1,070,775	1,176,771
Unrestricted (deficit)	<u>(23,492,672)</u>	<u>(22,157,649)</u>
Total net position (deficit)	<u>\$ (19,899,060)</u>	<u>\$ (18,481,174)</u>

The District has adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - and Amendment of GASB Statement No. 68," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$19,899,060.

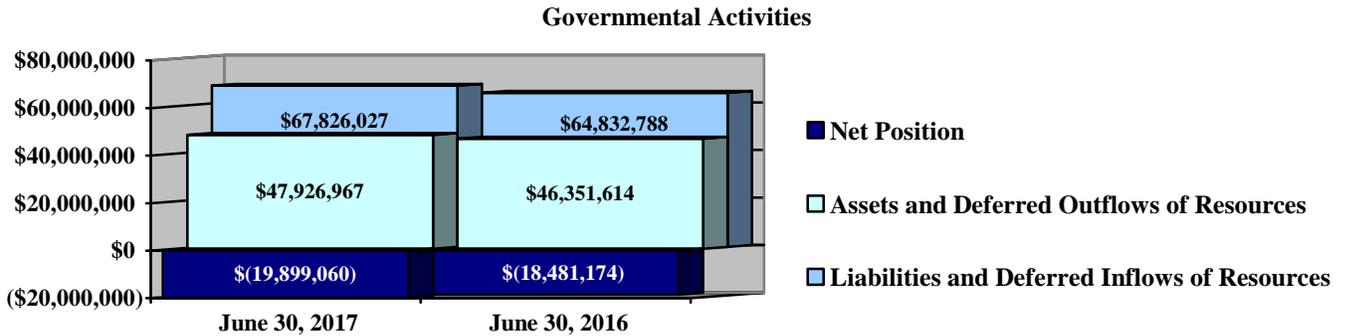
**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

At fiscal year-end, capital assets represented 59.48% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Net investment in capital assets at June 30, 2017 was \$2,522,837. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$1,070,775, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$23,492,672.

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2017 and June 30, 2016.



The table below shows the change in net position for fiscal year 2017 and 2016.

**Change in Net Position**

Governmental Activities

<u>Revenues</u>	2017	2016
Program revenues:		
Charges for services and sales	\$ 2,072,221	\$ 2,102,183
Operating grants and contributions	2,172,543	1,977,110
General revenues:		
Property taxes	10,406,283	11,235,527
Grants and entitlements	8,232,519	8,404,191
Payment in lieu of taxes	557,770	552,148
Investment earnings	47,378	16,891
Other	23,367	25,107
Total revenues	<u>23,512,081</u>	<u>24,313,157</u>

(Continued)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	<b>Change in Net Position (Continued)</b>	
	<u>Governmental Activities</u>	
<b><u>Expenses</u></b>	<u>2017</u>	<u>2016</u>
Program expenses:		
Instruction:		
Regular	11,549,985	10,395,351
Special	3,308,265	2,807,545
Vocational	50,394	32,293
Adult/continuing	59,724	65,167
Other	27,008	22,291
Support services:		
Pupil	1,119,258	965,966
Instructional staff	667,159	597,311
Board of Education	15,421	15,035
Administration	2,218,345	1,972,022
Fiscal	589,036	561,157
Business	141,511	6,506
Operations and maintenance	1,729,275	1,706,488
Pupil transportation	937,513	943,174
Central	77,870	60,184
Operation of non-instructional services:		
Food service operations	772,912	782,732
Other non-instructional services	53,300	51,090
Extracurricular activities	529,796	400,689
Interest and fiscal charges	<u>1,083,195</u>	<u>886,788</u>
Total expenses	<u>24,929,967</u>	<u>22,271,789</u>
<b><u>Special Item</u></b>		
Special item - distribution from Stark County COG	<u>-</u>	<u>1,037,983</u>
Changes in net position	(1,417,886)	3,079,351
Net position (deficit) at beginning of year	<u>(18,481,174)</u>	<u>(21,560,525)</u>
Net position (deficit) at end of year	<u>\$ (19,899,060)</u>	<u>\$ (18,481,174)</u>

**Governmental Activities**

The net position of the District's governmental activities decreased \$1,417,886. Total governmental expenses of \$24,929,967 were offset by program revenues of \$4,244,764 and general revenues of \$19,267,317. Program revenues supported 17.03% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 79.27% of total governmental revenue.

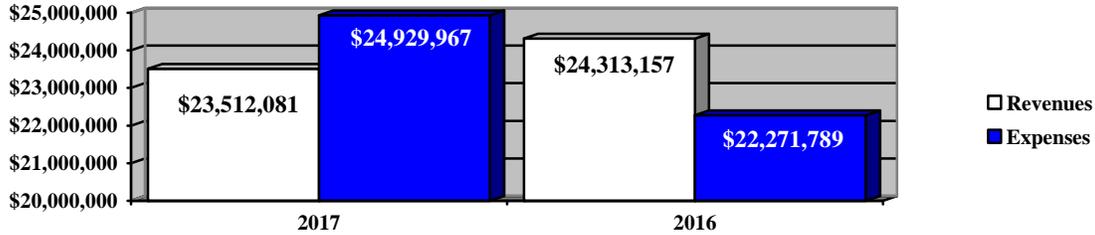
The largest expense of the District is for instructional programs. Instruction expenses totaled \$14,995,376 or 60.15% of total governmental expenses for fiscal year 2017.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2017 and 2016.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
<b>Instruction:</b>				
Regular	\$ 11,549,985	\$ 9,942,087	\$ 10,395,351	\$ 8,769,554
Special	3,308,265	1,829,747	2,807,545	1,457,232
Vocational	50,394	8,529	32,293	9,909
Adult/continuing	59,724	59,724	65,167	65,167
Other	27,008	27,008	22,291	22,291
<b>Support services:</b>				
Pupil	1,119,258	1,109,753	965,966	959,220
Instructional staff	667,159	514,603	597,311	460,083
Board of Education	15,421	15,421	15,035	15,035
Administration	2,218,345	2,184,031	1,972,022	1,932,144
Fiscal	589,036	589,036	561,157	561,157
Business	141,511	141,511	6,506	6,506
Operations and maintenance	1,729,275	1,717,505	1,706,488	1,706,428
Pupil transportation	937,513	885,601	943,174	886,042
Central	77,870	64,586	60,184	54,602
<b>Operation of non-instructional services:</b>				
Food service operations	772,912	54,146	782,732	75,856
Other non-operating services	53,300	52,227	51,090	50,030
Extracurricular activities	529,796	406,493	400,689	274,452
Interest and fiscal charges	1,083,195	1,083,195	886,788	886,788
<b>Total expenses</b>	<u>\$ 24,929,967</u>	<u>\$ 20,685,203</u>	<u>\$ 22,271,789</u>	<u>\$ 18,192,496</u>

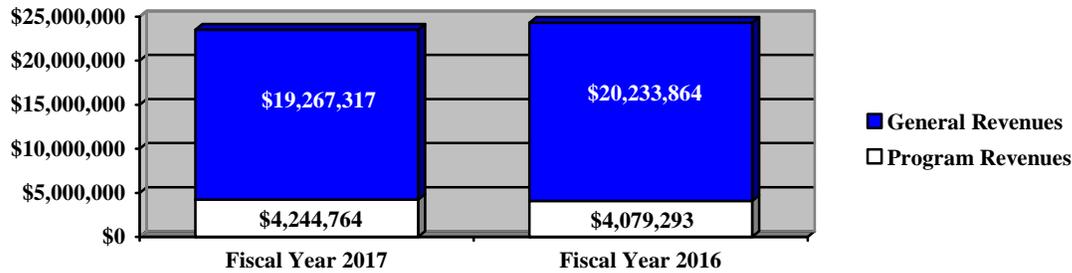
**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

The dependence upon general revenues during fiscal year 2017 for governmental activities is apparent, as 79.14% of 2017 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenues support was 82.97% in 2017. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2017 and 2016.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

During 2017, the District's governmental funds reported a combined fund balance of \$5,747,884, which is less than last year's total of \$6,554,264. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	Fund Balance (Deficit) June 30, 2017	Fund Balance June 30, 2016	Change	Percentage Change
General	\$ 4,423,515	\$ 5,032,809	\$ (609,294)	(12.11) %
Bond Retirement	1,326,950	1,312,604	14,346	1.09 %
Other Governmental	(2,581)	208,851	(211,432)	(101.24) %
Total	<u>\$ 5,747,884</u>	<u>\$ 6,554,264</u>	<u>\$ (806,380)</u>	(12.30) %

**General Fund**

The District's general fund balance decreased \$609,294. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

The tables below show the revenues and expenditures of the general fund for fiscal years 2017 and 2016.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	2017 Amount	2016 Amount	Change	Percentage Change
<b><u>Revenues</u></b>				
Property taxes	\$ 8,856,426	\$ 9,601,701	\$ (745,275)	(7.76) %
Payment in lieu of taxes	557,770	552,148	5,622	1.02 %
Tuition and fees	1,385,385	1,574,554	(189,169)	(12.01) %
Earnings on investments	40,289	14,430	25,859	179.20 %
Intergovernmental	8,846,912	8,964,317	(117,405)	(1.31) %
Other revenues	<u>343,132</u>	<u>170,786</u>	<u>172,346</u>	100.91 %
Total	<u>\$ 20,029,914</u>	<u>\$ 20,877,936</u>	<u>\$ (848,022)</u>	(4.06) %
<b><u>Expenditures</u></b>				
Instruction	\$ 13,211,356	\$ 12,230,777	\$ 980,579	8.02 %
Support services	6,893,132	6,628,334	264,798	3.99 %
Operation of non-instructional services	52,300	50,090	2,210	4.41 %
Extracurricular activities	420,593	304,094	116,499	38.31 %
Debt Service	<u>59,232</u>	<u>66,828</u>	<u>(7,596)</u>	(11.37) %
Total	<u>\$ 20,636,613</u>	<u>\$ 19,280,123</u>	<u>\$ 1,356,490</u>	7.04 %

The decrease in property taxes revenue is mainly the result of variances in the amount of taxes available as an advance to the District at year-end. This amount is recorded as revenue and can vary from year to year based on the date the tax bills are sent. The decrease in tuition revenue was due primarily to decreases in open enrollment. Earnings on investments increased due to increase in performance of the District's investments. Support services increased due mainly to an increase in expenditures related to pupil and administration. Instruction expenditures increased due to increases in regular instruction, special instruction and vocational instruction related expenditures. All other revenues and expenditures remained comparable to fiscal year 2016.

**Bond Retirement Fund**

The District's bond retirement fund balance increased \$14,346. The tables below assist in illustrating the financial activities of the bond retirement fund.

	2017 Amount	2016 Amount	Change	Percentage Change
<b><u>Revenues</u></b>				
Property taxes	\$ 1,556,326	\$ 1,648,853	\$ (92,527)	(5.61) %
Interest earnings	7,089	2,461	4,628	188.05 %
Intergovernmental	<u>239,212</u>	<u>234,741</u>	<u>4,471</u>	1.90 %
Total	<u>\$ 1,802,627</u>	<u>\$ 1,886,055</u>	<u>\$ (83,428)</u>	(4.42) %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	2017 Amount	2016 Amount	Change	Percentage Change
<b><u>Expenditures</u></b>				
Support services:				
Administration	\$ 3,629	\$ 4,444	\$ (815)	(18.34) %
Fiscal	23,373	22,246	1,127	5.07 %
Debt Service:				
Principal retirement	764,998	930,000	(165,002)	(17.74) %
Interest and fiscal charges	703,874	718,667	(14,793)	(2.06) %
Accretion on capital appreciation bonds	<u>295,002</u>	<u>-</u>	<u>295,002</u>	100.00 %
Total	<u>\$ 1,790,876</u>	<u>\$ 1,675,357</u>	<u>\$ 115,519</u>	6.90 %

The decrease in property taxes revenue is mainly the result of variances in the amount of taxes available as an advance to the District at year-end. This amount is recorded as revenue and can vary from year to year based on the date the tax bills are sent. The decrease in principal retirement and the increase in accretion on capital appreciation bonds can be attributed to the change in the way the District is recording the retirement of accreted interest on capital appreciation bonds. Earnings on investments increased due to an increase in the performance of the District's investments. The remaining revenues remained consistent with the prior year.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2017, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. For the general fund, original and final budgeted revenues and other financing sources were \$19,077,464 and \$19,681,802, respectively. The actual revenues and other financing sources were \$19,747,536.

General fund original and final appropriations and other financing uses were \$20,309,704 and \$20,361,713 respectively. The actual budget basis expenditures for fiscal year 2017 were \$20,361,712.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

**Capital Assets and Debt Administration**

**Capital Assets**

During fiscal year 2017, the District had \$24,399,273 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. This entire amount was reported in governmental activities.

The following table shows June 30, 2017 balances compared to June 30, 2016 (see Note 9):

**Capital Assets at June 30 (Net of Depreciation)**

	Governmental Activities	
	2017	2016
Land	\$ 597,678	\$ 597,678
Land improvements	154,185	159,886
Buildings and improvements	22,936,499	23,587,645
Furniture, fixtures and equipment	459,880	601,440
Vehicles	251,031	292,233
Total	\$ 24,399,273	\$ 25,238,882

The overall decrease in governmental activities capital assets for fiscal year 2017 was \$839,609 due to deletions and depreciation during the fiscal year exceeding additions.

**Debt Administration**

At June 30, 2017, the District had \$21,781,067 in general obligation bonds and capital leases outstanding. Of this total, \$1,152,392 is due within one year and \$20,628,675 is due in more than one year.

The following table summarizes the governmental activities bonds, and leases outstanding.

**Outstanding Debt, at Year-End**

	Balance June 30, 2017	Balance June 30, 2016
General obligation bonds:		
Series 2013 refunding	\$ 8,422,286	\$ 8,456,317
Series 2014 refunding	9,206,679	9,203,664
Series 2015 refunding	3,395,000	3,917,301
Energy conservation	685,000	765,000
Total general obligation bonds	21,708,965	22,342,282
Capital lease obligation	72,102	127,248
Total	\$ 21,781,067	\$ 22,469,530

See Note 10 to the basic financial statements for additional information on the District's debt administration.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

**Current Financial Related Activities**

Currently, the District's Five Year Forecast shows a positive fund balance through fiscal year 2018. The District relies heavily upon grants, entitlements and property taxes. Since future grant and entitlement revenue is uncertain, the reliance upon local taxes remains very important.

Since the District relies on the State for roughly 38% of general operating revenues, one of the largest challenges facing the District is that of state funding. State funding has had an unpredictable past. With a new funding methodology and the current economic environment, the District is hoping to avoid further State funding reductions. If this does occur, it will have a drastic effect on the District's overall financial position.

Voters passed a 7.3 mill renewal on November 4, 2014. While this did not bring additional revenue in for the District, the passage was critical to the short term success of the District. The five-year forecast is utilized by the School Board and Administration to effectively and efficiently manage the District's resources to the fullest.

**Contacting the District's Financial Management**

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

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

STATEMENT OF NET POSITION  
JUNE 30, 2017

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 5,504,020
Receivables:	
Property taxes . . . . .	10,633,181
Payment in lieu of taxes . . . . .	5,338
Accounts . . . . .	108
Intergovernmental . . . . .	447,122
Prepayments . . . . .	21,089
Materials and supplies inventory . . . . .	3,768
Inventory held for resale . . . . .	4,348
Capital assets:	
Nondepreciable capital assets . . . . .	597,678
Depreciable capital assets, net . . . . .	<u>23,801,595</u>
Capital assets, net . . . . .	<u>24,399,273</u>
Total assets . . . . .	<u>41,018,247</u>
<b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding . . . . .	1,061,292
Pension - STRS . . . . .	4,526,571
Pension - SERS . . . . .	<u>1,320,857</u>
Total deferred outflows of resources . . . . .	<u>6,908,720</u>
<b>Liabilities:</b>	
Accounts payable . . . . .	33,759
Accrued wages and benefits payable . . . . .	1,740,861
Intergovernmental payable . . . . .	85,178
Pension and postemployment benefits payable . . . . .	292,728
Accrued interest payable . . . . .	94,358
Long-term liabilities:	
Due within one year . . . . .	1,340,757
Due in more than one year:	
Net pension liability . . . . .	32,434,301
Other amounts due in more than one year . . . . .	<u>23,306,891</u>
Total liabilities . . . . .	<u>59,328,833</u>
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year . . . . .	8,055,717
Payment in lieu of taxes levied for the next fiscal year . . . . .	5,338
Pension - STRS . . . . .	381,471
Pension - SERS . . . . .	<u>54,668</u>
Total deferred inflows of resources . . . . .	<u>8,497,194</u>
<b>Net position:</b>	
Net investment in capital assets . . . . .	2,522,837
Restricted for:	
Capital projects . . . . .	2,252
Debt service . . . . .	725,504
Locally funded programs . . . . .	11,542
State funded programs . . . . .	54
Federally funded programs . . . . .	67,524
Other purposes . . . . .	263,899
Unrestricted (deficit) . . . . .	<u>(23,492,672)</u>
Total net position (deficit) . . . . .	<u>\$ (19,899,060)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 11,549,985	\$ 1,529,122	\$ 78,776	\$ (9,942,087)
Special . . . . .	3,308,265	51,356	1,427,162	(1,829,747)
Vocational . . . . .	50,394	-	41,865	(8,529)
Adult/continuing. . . . .	59,724	-	-	(59,724)
Other . . . . .	27,008	-	-	(27,008)
Support services:				
Pupil. . . . .	1,119,258	-	9,505	(1,109,753)
Instructional staff . . . . .	667,159	400	152,156	(514,603)
Board of education . . . . .	15,421	-	-	(15,421)
Administration. . . . .	2,218,345	34,314	-	(2,184,031)
Fiscal. . . . .	589,036	-	-	(589,036)
Business. . . . .	141,511	-	-	(141,511)
Operations and maintenance . . . . .	1,729,275	11,770	-	(1,717,505)
Pupil transportation. . . . .	937,513	-	51,912	(885,601)
Central . . . . .	77,870	13,284	-	(64,586)
Operation of non-instructional services:				
Other non-instructional services . . . . .	53,300	-	1,073	(52,227)
Food service operations . . . . .	772,912	308,672	410,094	(54,146)
Extracurricular activities. . . . .	529,796	123,303	-	(406,493)
Interest and fiscal charges . . . . .	1,083,195	-	-	(1,083,195)
<b>Total governmental activities . . . . .</b>	<b>\$ 24,929,967</b>	<b>\$ 2,072,221</b>	<b>\$ 2,172,543</b>	<b>(20,685,203)</b>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				8,850,772
Debt service. . . . .				1,555,511
Payments in lieu of taxes. . . . .				557,770
Grants and entitlements not restricted to specific programs. . . . .				8,232,519
Investment earnings. . . . .				47,378
Miscellaneous. . . . .				23,367
<b>Total general revenues . . . . .</b>				<b>19,267,317</b>
Change in net position . . . . .				(1,417,886)
<b>Net position (deficit) at beginning of year . . . . .</b>				<b>(18,481,174)</b>
<b>Net position (deficit) at end of year. . . . .</b>				<b>\$ (19,899,060)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 4,160,682	\$ 983,493	\$ 328,925	\$ 5,473,100
Receivables:				
Property taxes. . . . .	9,046,519	1,586,662	-	10,633,181
Payment in lieu of taxes . . . . .	5,338	-	-	5,338
Accounts . . . . .	108	-	-	108
Interfund loans . . . . .	155,702	-	-	155,702
Intergovernmental. . . . .	120,368	-	326,754	447,122
Prepayments. . . . .	20,428	-	661	21,089
Materials and supplies inventory. . . . .	-	-	3,768	3,768
Inventory held for resale. . . . .	-	-	4,348	4,348
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	30,920	-	-	30,920
Total assets . . . . .	<u>\$ 13,540,065</u>	<u>\$ 2,570,155</u>	<u>\$ 664,456</u>	<u>\$ 16,774,676</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 23,393	\$ -	\$ 10,366	\$ 33,759
Accrued wages and benefits payable . . . . .	1,593,965	-	146,896	1,740,861
Compensated absences payable . . . . .	110,566	-	-	110,566
Intergovernmental payable . . . . .	82,845	-	2,333	85,178
Pension and postemployment benefits payable . . . . .	267,742	-	24,986	292,728
Interfund loans payable. . . . .	-	-	155,702	155,702
Total liabilities. . . . .	<u>2,078,511</u>	<u>-</u>	<u>340,283</u>	<u>2,418,794</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	6,844,389	1,211,328	-	8,055,717
Payment in lieu of taxes levied for the next fiscal year. . . . .	5,338	-	-	5,338
Delinquent property tax revenue not available. . . . .	188,312	31,877	-	220,189
Intergovernmental revenue not available. . . . .	-	-	326,754	326,754
Total deferred inflows of resources . . . . .	<u>7,038,039</u>	<u>1,243,205</u>	<u>326,754</u>	<u>8,607,998</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	-	3,768	3,768
Prepays. . . . .	20,428	-	661	21,089
Restricted:				
Debt service . . . . .	-	1,326,950	-	1,326,950
Capital improvements . . . . .	-	-	2,252	2,252
Food service operations . . . . .	-	-	218,916	218,916
Other purposes . . . . .	-	-	40,101	40,101
School bus purchase . . . . .	30,920	-	-	30,920
Assigned:				
Student instruction . . . . .	114,118	-	-	114,118
Student and staff support. . . . .	147,791	-	-	147,791
Subsequent year's appropriations . . . . .	1,529,209	-	-	1,529,209
School supplies . . . . .	8,695	-	-	8,695
Other purposes. . . . .	375,909	-	-	375,909
Unassigned (deficit) . . . . .	2,196,445	-	(268,279)	1,928,166
Total fund balances (deficit) . . . . .	<u>4,423,515</u>	<u>1,326,950</u>	<u>(2,581)</u>	<u>5,747,884</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 13,540,065</u>	<u>\$ 2,570,155</u>	<u>\$ 664,456</u>	<u>\$ 16,774,676</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2017

<b>Total governmental fund balances</b>		\$	5,747,884
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			24,399,273
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	220,189	
Intergovernmental receivable		326,754	
Total		546,943	546,943
Unamortized premiums on bonds issued are not recognized in the funds.			(1,695,626)
Unamortized amounts on refundings are not recognized in the funds.			1,061,292
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(94,358)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources - pension		5,847,428	
Deferred inflows of resources - pension		(436,139)	
Net pension liability		(32,434,301)	
Total		(27,023,012)	(27,023,012)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(21,708,965)	
Capital lease obligations		(72,102)	
Compensated absences		(1,060,389)	
Total		(22,841,456)	(22,841,456)
<b>Net position (deficit) of governmental activities</b>		\$	(19,899,060)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 8,856,426	\$ 1,556,326	\$ -	\$ 10,412,752
Payment in lieu of taxes . . . . .	557,770	-	-	557,770
Tuition . . . . .	1,385,385	-	-	1,385,385
Earnings on investments . . . . .	40,289	7,089	1,216	48,594
Charges for services . . . . .	-	-	308,672	308,672
Extracurricular . . . . .	-	-	58,399	58,399
Classroom materials and fees . . . . .	179,645	-	-	179,645
Contributions and donations . . . . .	500	-	5,200	5,700
Contract services . . . . .	5,381	-	-	5,381
Other local revenues . . . . .	157,606	-	-	157,606
Intergovernmental - state . . . . .	8,801,603	204,181	13,371	9,019,155
Intergovernmental - federal . . . . .	45,309	35,031	1,022,873	1,103,213
Total revenues . . . . .	<u>20,029,914</u>	<u>1,802,627</u>	<u>1,409,731</u>	<u>23,242,272</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	10,594,475	-	63,659	10,658,134
Special . . . . .	2,486,874	-	630,752	3,117,626
Vocational . . . . .	45,943	-	-	45,943
Adult/continuing . . . . .	59,724	-	-	59,724
Other . . . . .	24,340	-	-	24,340
Support services:				
Pupil . . . . .	1,028,966	-	7,112	1,036,078
Instructional staff . . . . .	478,439	-	141,172	619,611
Board of education . . . . .	14,313	-	-	14,313
Administration . . . . .	2,140,634	3,629	-	2,144,263
Fiscal . . . . .	531,934	23,373	-	555,307
Business . . . . .	135,051	-	-	135,051
Operations and maintenance . . . . .	1,646,670	-	-	1,646,670
Pupil transportation . . . . .	839,255	-	-	839,255
Central . . . . .	77,870	-	-	77,870
Operation of non-instructional services:				
Other non-instructional services . . . . .	52,300	-	1,000	53,300
Food service operations . . . . .	-	-	711,877	711,877
Extracurricular activities . . . . .	420,593	-	65,591	486,184
Debt service:				
Principal retirement . . . . .	55,146	764,998	-	820,144
Interest and fiscal charges . . . . .	4,086	703,874	-	707,960
Accretion on capital appreciation bonds . . . . .	-	295,002	-	295,002
Total expenditures . . . . .	<u>20,636,613</u>	<u>1,790,876</u>	<u>1,621,163</u>	<u>24,048,652</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(606,699)	11,751	(211,432)	(806,380)
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	2,595	-	2,595
Transfers (out) . . . . .	(2,595)	-	-	(2,595)
Total other financing sources (uses) . . . . .	<u>(2,595)</u>	<u>2,595</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	(609,294)	14,346	(211,432)	(806,380)
<b>Fund balances at beginning of year . . . . .</b>	<u>5,032,809</u>	<u>1,312,604</u>	<u>208,851</u>	<u>6,554,264</u>
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 4,423,515</u>	<u>\$ 1,326,950</u>	<u>\$ (2,581)</u>	<u>\$ 5,747,884</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2017

<b>Net change in fund balances - total governmental funds</b>	\$	(806,380)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Current year depreciation		(804,379)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(35,230)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	\$ (6,469)	
Intergovernmental	276,278	
Total	269,809	269,809
Repayment of bond, loan, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	680,000	
Capital appreciation bonds	4,998	
Accreted interest	295,002	
Capital lease	55,146	
Energy conservation bonds	80,000	
Total	1,115,146	1,115,146
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Increase in accrued interest payable	(18,326)	
Accreted interest on capital appreciation bonds	(426,683)	
Amortization of bond premiums	112,661	
Amortization of deferred charges	(70,063)	
Total	(402,411)	(402,411)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		1,588,114
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(2,432,251)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		89,696
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>(1,417,886)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
JUNE 30, 2017

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 8,537,266	\$ 8,807,712	\$ 8,837,127	\$ 29,415
Payment in lieu of taxes. . . . .	557,589	557,752	557,770	18
Tuition. . . . .	1,338,376	1,380,773	1,385,385	4,612
Earnings on investments . . . . .	38,922	40,155	40,289	134
Classroom materials and fees . . . . .	62,702	64,688	64,904	216
Other local revenues . . . . .	-	15,408	17,453	2,045
Intergovernmental - state . . . . .	8,403,329	8,669,530	8,698,485	28,955
Intergovernmental - federal . . . . .	41,501	44,907	44,909	2
Total revenues . . . . .	<u>18,979,685</u>	<u>19,580,925</u>	<u>19,646,322</u>	<u>65,397</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	9,996,076	10,160,369	10,160,368	1
Special. . . . .	2,337,691	2,597,802	2,597,802	-
Vocational. . . . .	37,803	41,162	41,162	-
Adult/continuing . . . . .	70,896	59,724	59,724	-
Other. . . . .	24,118	24,435	24,435	-
Support services:				
Pupil. . . . .	1,039,085	1,048,502	1,048,502	-
Instructional staff . . . . .	489,089	478,688	478,688	-
Board of education . . . . .	17,460	14,362	14,362	-
Administration. . . . .	2,068,565	2,059,040	2,059,040	-
Fiscal . . . . .	608,716	540,609	540,609	-
Business . . . . .	16,586	135,051	135,051	-
Operations and maintenance. . . . .	2,119,818	1,699,881	1,699,881	-
Pupil transportation . . . . .	1,026,085	850,560	850,560	-
Central. . . . .	14,391	12,883	12,883	-
Other operation of non-instructional services . . . . .	54,494	52,300	52,300	-
Extracurricular activities. . . . .	342,646	412,157	412,157	-
Total expenditures . . . . .	<u>20,263,519</u>	<u>20,187,525</u>	<u>20,187,524</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(1,283,834)</u>	<u>(606,600)</u>	<u>(541,202)</u>	<u>65,398</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	18,429	19,013	19,076	63
Refund of prior year's receipts. . . . .	-	(90)	(90)	-
Transfers (out). . . . .	-	(32,545)	(32,545)	-
Advances in. . . . .	63,504	65,516	65,735	219
Advances (out) . . . . .	(46,185)	(141,553)	(141,553)	-
Sale of capital assets . . . . .	15,846	16,348	16,403	55
Total other financing sources (uses) . . . . .	<u>51,594</u>	<u>(73,311)</u>	<u>(72,974)</u>	<u>337</u>
Net change in fund balance . . . . .	(1,232,240)	(679,911)	(614,176)	65,735
<b>Fund balance at beginning of year . . . . .</b>	<b>3,864,775</b>	<b>3,864,775</b>	<b>3,864,775</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>252,619</b>	<b>252,619</b>	<b>252,619</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 2,885,154</b>	<b>\$ 3,437,483</b>	<b>\$ 3,503,218</b>	<b>\$ 65,735</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FIELD LOCAL SCHOOL DISTRICT**  
**PORTAGE COUNTY, OHIO**  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents	\$ 117,503	\$ 63,571
Total assets. . . . .	117,503	\$ 63,571
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 4,664
Due to students. . . . .	-	58,907
Total liabilities . . . . .	-	\$ 63,571
<b>Net position:</b>		
Held in trust for scholarships . . . . .	117,503	
Total net position. . . . .	\$ 117,503	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUND  
JUNE 30, 2017

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 809
Gifts and contributions . . . . .	4,000
Total additions. . . . .	4,809
<b>Deductions:</b>	
Scholarships awarded . . . . .	4,500
Change in net position . . . . .	309
<b>Net position at beginning of year. . . . .</b>	<b>117,194</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 117,503</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Field Local School District (the "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 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 District's eight instructional/support facilities staffed by 103 non-certified employees and 141 certified teaching and support personnel who provide services to approximately 2,018 students and other community members.

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

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "*The Financial Reporting Entity*" as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*", and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATION*

Stark Portage Area Computer Consortium (“SPARCC”)

The District is a member of SPARCC, a jointly governed organization which provides computer services to the school districts within the boundaries of Stark, Portage and Carroll Counties. Each District’s superintendent serves as a representative on the Board, which consists of 30 member districts; however, SPARCC is primarily governed by a five-member Executive Board, which is made up of two representatives from Stark County, two from Portage County and a Treasurer. The Board meets monthly to address any current issues.

*PUBLIC ENTITY RISK POOL*

Portage Area School Consortium

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

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

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

The following are the 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Bond Retirement fund* - The bond retirement fund is used to account for financial resources that are restricted to expenditures for principal, interest, and related debt service costs.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

*FIDUCIARY FUNDS*

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

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

The District's basic financial statements consist of government-wide statements, including a statement of net position 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 position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

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

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

**D. Basis of Accounting**

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

*Revenues - Exchange and Nonexchange 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, property taxes available as an advance and refunds due to the District are considered to be both measurable and available at fiscal year-end.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports a deferred outflow of resources related to the District's net pension liability (see Note 13). In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The District also reports a deferred inflow of resources related to the District's net pension liability (see Note 13). This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a corresponding amount reported as intergovernmental 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2017 was as follows:

1. On or before February 1, the fiscal officer of the District must submit the alternative tax budget for the subsequent fiscal year to the Portage County Auditor. The alternative tax budget includes all proposed expenditures and the means of financing those expenditures for all funds. The purpose of the alternative tax budget is to reflect the need for existing (or increased) tax rates, as determined by the Portage County Budget Commission.
2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended certificates issued for fiscal year 2017.
3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Although the legal level of budgetary control has been established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
4. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
6. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2017; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
7. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**F. Cash and Investments**

To improve cash management, cash received by the 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 District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2017, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and non-negotiable certificates of deposit. Except for nonparticipating investment contracts, such as non-negotiable certificates of deposit, investments are reported at fair value, which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2017 amounted to \$40,289, which includes \$2,755 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

**G. Interfund Balances**

On fund financial statements, receivables and payables resulting from interfund loans and cash deficits among the governmental activities are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**H. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported materials and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**I. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside to restrict these assets for bus purchases. These restricted assets are required by State statute. A schedule of set-asides is presented in Note 17.

**J. Capital Assets**

General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**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 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 method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the 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 "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 and compensated absences 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 subsequent year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

**M. Unamortized Bond Premiums and Discounts, and Deferred Charges on Debt Refunding**

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 10.

For current and advance refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the refunded debt is amortized as a component of interest expense. This accounting gain or loss on refunding is amortized over the remaining term of the old debt or the term of the new debt, whichever is shorter, and is presented on the statement of net position as a deferred inflow of resources or a deferred outflow of resources.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**N. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the 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* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor 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 District’s Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

*Unassigned* - 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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**O. Interfund Activity**

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

**P. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes consists of amounts restricted for capital projects, debt service, locally funded programs, state funded programs, federally funded programs, student activities, other purposes and special trust funds.

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

**Q. Estimates**

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

**R. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2017.

**FIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**T. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2017, the District has implemented GASB Statement No. 77, “*Tax Abatement Disclosures*”, GASB Statement No. 78, “*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*”, GASB Statement No. 80, “*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*” and GASB Statement No. 82, “*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*”.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government’s tax revenues. These disclosures were incorporated in the District’s fiscal year 2017 financial statements (see Note 19); however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2017 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
District managed student activity	\$ 3,005
IDEA Part-B	125,999
Stimulus Title II-D	14,150
Title I	97,860
Improving teacher quality	27,265

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (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 Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**A. Cash on Hand**

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

**B. Deposits with Financial Institutions**

At June 30, 2017, the carrying amount of all District deposits was \$306,671. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investment Risk Disclosures*”, as of June 30, 2017, \$25,419 of the District’s bank balance of \$459,007 was exposed to custodial risk as discussed below, while \$433,588 was covered by the FDIC.

*Custodial Credit Risk:* Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2017, the District had the following investment and maturity:

Measurement/ Investment type	Measurement Value	Investment Maturity 6 months or less
Amortized Cost:		
STAR Ohio	\$ 5,378,323	\$ 5,378,323

*Interest Rate Risk:* Interest rate risk arises when potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* STAR Ohio carries a rating of AAAM by Standard & Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**FIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial credit risk beyond the requirement of State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2017:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Amortized Cost:		
STAR Ohio	<u>\$ 5,378,323</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2017:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	\$ 306,671
Investments	5,378,323
Cash on hand	<u>100</u>
Total	<u>\$ 5,685,094</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 5,504,020
Private-purpose trust fund	117,503
Agency funds	<u>63,571</u>
Total	<u>\$ 5,685,094</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2017 as reported on the fund statements include the following interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 155,702</u>

This interfund balance will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the statement of net position.

- B. Interfund transfers for fiscal year 2017 consisted of the following, as reported on the fund statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Bond retirement fund	<u>\$ 2,595</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers made in fiscal year 2017 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Transfers between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District's fiscal year runs from July through June. First half tax collections are received by the 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 property and public utility property. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016 on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

The District receives property taxes from Portage County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017 are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was \$2,013,818 in the general fund and \$343,457 in the bond retirement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2016 was \$1,994,519 in the general fund and \$340,990 in the bond retirement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2017 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 inflows.

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

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 364,436,400	97.15	\$ 369,792,300	96.97
Public utility personal	<u>10,703,380</u>	<u>2.85</u>	<u>11,540,860</u>	<u>3.03</u>
Total	<u>\$ 375,139,780</u>	<u>100.00</u>	<u>\$ 381,333,160</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$55.01		\$55.00	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2017 consisted of taxes, payment in lieu of taxes, accounts, 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. A summary of the principal items of receivables reported on the statement of net position follows:

<b>Governmental activities:</b>	
Property taxes	\$ 10,633,181
Payment in lieu of taxes	5,338
Accounts	108
Intergovernmental	<u>447,122</u>
Total	<u>\$ 11,085,749</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 7 - RECEIVABLES - (Continued)**

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**NOTE 8 - PAYMENT IN LIEU OF TAXES**

The District has entered into tax incremental financing agreements with local companies. These companies were granted reductions or exemptions from property tax obligations to encourage economic development in the area; however, as part of these agreements, the companies make payments in lieu of taxes to the District to compensate the District for its portion of the reduction in property tax receipts. On the governmental fund financial statements, payment in lieu of taxes revenues totaled \$557,770 in the general fund during fiscal year 2017.

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2017 is as follows:

<b>Governmental activities:</b>	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
<i>Capital assets, not being depreciated:</i>				
Land	\$ 597,678	\$ -	\$ -	\$ 597,678
Total capital assets, not being depreciated	597,678	-	-	597,678
<i>Capital assets, being depreciated:</i>				
Land improvements	217,126	-	-	217,126
Buildings and improvements	31,482,622	-	-	31,482,622
Furniture, fixtures and equipment	1,683,277	-	(305,173)	1,378,104
Vehicles	1,003,640	-	-	1,003,640
Total capital assets, being depreciated	34,386,665	-	(305,173)	34,081,492
<i>Less: accumulated depreciation:</i>				
Land improvements	(57,240)	(5,701)	-	(62,941)
Buildings and improvements	(7,894,977)	(651,146)	-	(8,546,123)
Furniture, fixtures and equipment	(1,081,837)	(106,330)	269,943	(918,224)
Vehicles	(711,407)	(41,202)	-	(752,609)
Total accumulated depreciation	(9,745,461)	(804,379)	269,943	(10,279,897)
Governmental activities capital assets, net	\$ 25,238,882	\$ (804,379)	\$ (35,230)	\$ 24,399,273

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 417,207
Special	83,335
Vocational	1,980
Other	1,081
<u>Support services:</u>	
Pupil	38,878
Instructional staff	21,786
Board of education	542
Administration	60,123
Fiscal	12,281
Business services	6,460
Operations and maintenance	52,428
Pupil transportation	65,510
<u>Operation of non-instructional services:</u>	
Extracurricular activities	18,356
Food service	<u>24,412</u>
Total depreciation expense	<u>\$ 804,379</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. The changes in the District's long-term obligations during fiscal year 2017 were as follows.

<b>Governmental activities:</b>	Balance Outstanding 7/1/2016	Additions	Reductions	Balance Outstanding 6/30/2017	Amounts Due in One Year
General obligation bonds					
Series 2013 Refunding Bonds	\$ 8,456,317	\$ 110,969	\$ (145,000)	\$ 8,422,286	\$ 445,000
Series 2014 Refunding Bonds	9,203,664	128,015	(125,000)	9,206,679	560,000
Series 2015 Refunding Bonds	3,917,301	187,699	(710,000)	3,395,000	10,000
Energy Conservation Bonds	765,000	-	(80,000)	685,000	80,000
Total general obligation bonds	<u>22,342,282</u>	<u>426,683</u>	<u>(1,060,000)</u>	<u>21,708,965</u>	<u>1,095,000</u>
Capital lease payable	127,248	-	(55,146)	72,102	57,392
Net pension liability	26,909,480	5,524,821	-	32,434,301	-
Compensated absences	<u>1,153,509</u>	<u>97,257</u>	<u>(79,811)</u>	<u>1,170,955</u>	<u>188,365</u>
Total governmental activities	<u>\$ 50,532,519</u>	<u>\$ 6,048,761</u>	<u>\$ (1,194,957)</u>	55,386,323	<u>\$ 1,340,757</u>
Unamortized premiums on general obligation bonds				<u>1,695,626</u>	
Total long-term obligations as reported on the statement of net position				<u>\$ 57,081,949</u>	

**B. Compensated Absences**

Compensated absences will be paid from the fund from which the employees' salaries are paid. For the District, these are primarily the general fund and the food service fund (a nonmajor governmental fund).

**C. General Obligation Bonds**

General obligation bonds are direct obligations of the 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. Payments of principal and interest related to these bonds are recorded as expenditures of the bond retirement fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a schedule of activity for the District's general obligation bonds:

	Balance 7/1/2016	Additions	Reductions	Balance 6/30/2017	Amounts Due in One Year
<b>General obligation bonds:</b>					
Series 2013 Refunding Bonds					
Current interest bonds	\$ 7,815,000	\$ -	\$ (145,000)	\$ 7,670,000	\$ 445,000
Capital appreciation bonds	395,000	-	-	395,000	-
Accreted interest	246,317	110,969	-	357,286	-
Total Series 2013 Refunding Bonds	<u>8,456,317</u>	<u>110,969</u>	<u>(145,000)</u>	<u>8,422,286</u>	<u>445,000</u>
Series 2014 Refunding Bonds					
Current interest bonds	9,145,000	-	(125,000)	9,020,000	435,000
Capital appreciation bonds	5,000	-	-	5,000	2,081
Accreted interest	53,664	128,015	-	181,679	122,919
Total Series 2014 Refunding Bonds	<u>9,203,664</u>	<u>128,015</u>	<u>(125,000)</u>	<u>9,206,679</u>	<u>560,000</u>
Series 2015 Refunding Bonds					
Current interest bonds	3,805,000	-	(410,000)	3,395,000	10,000
Capital appreciation bonds	4,998	-	(4,998)	-	-
Accreted interest	107,303	187,699	(295,002)	-	-
Total Series 2015 Refunding Bonds	<u>3,917,301</u>	<u>187,699</u>	<u>(710,000)</u>	<u>3,395,000</u>	<u>10,000</u>
Energy Conservation Bonds					
Current interest bonds	765,000	-	(80,000)	685,000	80,000
Total 2011 Energy Conservation Bonds	<u>765,000</u>	<u>-</u>	<u>(80,000)</u>	<u>685,000</u>	<u>80,000</u>
Total General Obligation Bonds	<u>\$ 22,342,282</u>	<u>\$ 426,683</u>	<u>\$ (1,060,000)</u>	<u>\$ 21,708,965</u>	<u>\$ 1,095,000</u>

*Series 2013 Refunding Bonds* - On April 18, 2013, the District issued Series 2013 Refunding general obligation bonds to advance refund an \$8,770,000 portion of the District's Series 2005 School Facilities Construction and Improvement general obligation bonds. The issuance proceeds of \$8,770,000 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt.

The original issue was comprised of current interest serial refunding bonds, par value \$7,630,000, current interest term refunding bonds, par value \$745,000, and capital appreciation refunding bonds, par value \$395,000. Interest payments on the current interest serial refunding bonds are due on May 1 and November 1 of each year until final maturity at November 1, 2032 at interest rates ranging from 1.0% to 4.5%. The current interest term refunding bonds bear an interest rate of 3.375% with a final stated maturity at November 1, 2029.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The capital appreciation bonds mature on November 1, 2021, 2022, and 2023 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at stated approximate yields to maturity of 3.00%, 3.15%, and 3.35%, respectively. The accreted value at maturity for the capital appreciation bonds is \$1,790,000. Total accreted interest of \$357,286 has been included in the statement of net position.

The current interest term refunding bonds due November 1, 2029 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on November 1, 2028 at a principal amount of \$25,000. Remaining principal on the current interest term refunding bond of \$720,000 is due at stated maturity on November 1, 2029.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,045,588. This amount is amortized as a deferred outflow of resources over the remaining term of the refunding debt, which is one month less than the term of the refunded debt.

Series 2014 Refunding Bonds - On May 22, 2014, the District issued Series 2014 Refunding general obligation bonds to advance refund \$9,310,000 of the District's Series 2005 School Facilities Construction and Improvement general obligation bonds. The issuance proceeds of \$9,310,000 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt.

The original issue was comprised of current interest serial refunding bonds, par value \$7,625,000, current interest term refunding bonds, par value \$1,680,000, and capital appreciation refunding bonds, par value \$5,000. Interest payments on the current interest serial refunding bonds are due on June 1 and December 1 of each year until final maturity at December 1, 2031 at interest rates ranging from 1.0% to 3.5%. The current interest term refunding bonds bear an interest rate of 4.00% with a final stated maturity at December 1, 2029.

The capital appreciation bonds mature on December 1, 2017 and 2018 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at stated approximate yields to maturity of 1.75% and 2.03%, respectively. The accreted value at maturity for the capital appreciation bonds is \$695,000. Total accreted interest of \$181,679 has been included in the statement of net position.

The current interest term refunding bonds due December 1, 2029 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2027 at a principal amount of \$800,000. Remaining principal on the current interest term refunding bonds of \$880,000 is due at stated maturity on December 1, 2029.

The reacquisition price exceeded the net carrying amount of the old debt by \$268,098. This amount is amortized as a deferred outflow of resources over the remaining term of the refunding debt, which is equal to the life of the new debt issued.

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**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Series 2015 Refunding Bonds - On March 18, 2015, the District issued Series 2015 Refunding general obligation bonds to advance refund the remaining \$4,395,000 of the District's Series 2005 School Facilities Construction and Improvement general obligation bonds. The issuance proceeds of \$4,394,998 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt.

The original issue was comprised of current interest serial refunding bonds, par value \$4,235,000, current interest term refunding bonds, par value \$155,000, and capital appreciation refunding bonds, par value \$4,998. Interest payments on the current interest serial refunding bonds are due on June 1 and December 1 of each year until final maturity at December 1, 2032 at interest rates ranging from 1.0% to 4.25%. The current interest term refunding bonds bear an interest rate of 3.00% with a final stated maturity at December 1, 2027.

The capital appreciation bonds matured on December 1, 2016 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at stated approximate yields to maturity of 1.149%. The accreted value at maturity for the capital appreciation bonds was \$300,000. At June 30, 2017 no accreted interest was included in the statement of net position as the capital appreciation bonds were retired during fiscal year 2017.

The current interest term refunding bonds due December 1, 2027 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2017 through December 1, 2026 at principal amount of \$140,000. Remaining principal on the current interest term refunding bonds of \$15,000 is due at stated maturity on December 1, 2027.

The reacquisition price exceeded the net carrying amount of the old debt by \$22,487. This amount is amortized as a deferred outflow of resources over the remaining term of the refunding debt, which is equal to the life of the new debt issued.

Energy Conservation Bonds - During fiscal year 2011, the District issued \$1,140,000 in Energy Conservation general obligation bonds to finance renovations that would significantly reduce the energy consumption of the District's facilities. The issue is composed of current interest bonds bearing an interest rate of 5.2% with a final maturity at December 1, 2025.

The current interest bonds are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Fiscal Year	Principal Amount to be Redeemed	Fiscal Year	Principal Amount to be Redeemed
2018	\$ 80,000	2023	75,000
2019	80,000	2024	75,000
2020	75,000	2025	75,000
2021	75,000		
2022	75,000		

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**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Remaining principal of \$75,000 is payable at maturity on December 1, 2025. Sinking fund payments made during 2017 amounted to \$80,000 and are reflected as principal payments of the bond retirement fund.

The following is a summary of the future debt service requirements to maturity for the District's general obligation bonds:

Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 970,000	\$ 685,726	\$ 1,655,726	\$ 2,081	\$ 122,919	\$ 125,000
2019	580,000	668,653	1,248,653	2,919	567,081	570,000
2020	1,305,000	645,787	1,950,787	-	-	-
2021	1,330,000	612,599	1,942,599	-	-	-
2022	765,000	584,958	1,349,958	150,000	450,000	600,000
2023 - 2027	5,905,000	2,450,069	8,355,069	245,000	945,000	1,190,000
2028 - 2032	8,055,000	1,156,116	9,211,116	-	-	-
2033	1,860,000	34,875	1,894,875	-	-	-
Total	<u>\$ 20,770,000</u>	<u>\$ 6,838,783</u>	<u>\$ 27,608,783</u>	<u>\$ 400,000</u>	<u>\$ 2,085,000</u>	<u>\$ 2,485,000</u>

**D. Capital Lease Payable**

Capital lease payments will be made from the general fund. See Note 11 for further detail.

**E. Net Pension Liability**

See Note 13 for details on the net pension liability.

**F. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2017 are a voted debt margin of \$15,161,934 (including available funds of \$1,326,950, an unvoted debt margin of \$381,333, and an energy conservation debt margin of \$2,746,998).

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**NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In a prior fiscal year, the District entered into a capital lease for copier equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of furniture and equipment have been capitalized in the amount of \$266,342. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2017 was \$186,439, leaving a current book value of \$79,903. A corresponding liability was recorded in the government-wide financial statements. Principal and interest payments for capital leases in the 2017 fiscal year totaled \$55,146 and \$4,086, respectively, and were paid by the general fund.

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, 2017:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 59,232
2019	<u>14,808</u>
Total minimum lease payments	74,040
Less: amount representing interest	<u>(1,938)</u>
Total	<u><u>\$ 72,102</u></u>

**NOTE 12 - RISK MANAGEMENT**

**A. Property and Liability Insurance**

The 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 Bonds**

The Board President, Superintendent, Assistant Treasurer, and Bank Courier each have a \$50,000 position bond. The Treasurer is covered under a surety bond in the amount of \$100,000.

**C. Employee Benefits**

The District is a member of the Portage Area School Consortium (the "Consortium"), an insurance purchasing pool (See Note 2.A), through which a cooperative Health Benefit Program was created for the benefit of its members. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the school district were to withdraw from the pool. If the reserve would not cover such claims, the school district would be liable for any costs above the reserve.

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PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - RISK MANAGEMENT**

**D. Workers' Compensation**

The District pays the Ohio Bureau of Workers' Compensation a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that the State calculates.

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability*

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation, including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Plan Description - School Employees Retirement System (SERS)***

Plan Description – District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$331,967 for fiscal year 2017. Of this amount, \$45,132 is reported as pension and postemployment benefits payable.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Plan Description - State Teachers Retirement System (STRS)*

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability 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.

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS was \$1,256,147 for fiscal year 2017. Of this amount, \$203,668 is reported as pension and postemployment benefits payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.08200120%	0.08043692%	
Proportion of the net pension liability current measurement date	<u>0.08113680%</u>	<u>0.07915581%</u>	
Change in proportionate share	<u>-0.00086440%</u>	<u>-0.00128111%</u>	
Proportionate share of the net pension liability	\$ 5,938,465	\$ 26,495,836	\$ 32,434,301
Pension expense	\$ 611,890	\$ 1,820,361	\$ 2,432,251

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 80,098	\$ 1,070,559	\$ 1,150,657
Net difference between projected and actual earnings on pension plan investments	489,836	2,199,865	2,689,701
Changes of assumptions	396,425	-	396,425
Difference between District contributions and proportionate share of contributions/ change in proportionate share	22,531	-	22,531
District contributions subsequent to the measurement date	<u>331,967</u>	<u>1,256,147</u>	<u>1,588,114</u>
Total deferred outflows of resources	<u><u>\$ 1,320,857</u></u>	<u><u>\$ 4,526,571</u></u>	<u><u>\$ 5,847,428</u></u>
<b>Deferred inflows of resources</b>			
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>\$ 54,668</u>	<u>\$ 381,471</u>	<u>\$ 436,139</u>
Total deferred inflows of resources	<u><u>\$ 54,668</u></u>	<u><u>\$ 381,471</u></u>	<u><u>\$ 436,139</u></u>

\$1,588,114 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2018	\$ 232,297	\$ 415,921	\$ 648,218
2019	231,946	415,921	647,867
2020	329,170	1,260,068	1,589,238
2021	<u>140,809</u>	<u>797,043</u>	<u>937,852</u>
Total	<u><u>\$ 934,222</u></u>	<u><u>\$ 2,888,953</u></u>	<u><u>\$ 3,823,175</u></u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - SERS*

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
<b>Total</b>	<b>100.00 %</b>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 7,862,158	\$ 5,938,465	\$ 4,328,254

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS*

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected Salary Increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2.00 percent simple applied as follows: for members retiring before August 1, 2013, 2.00 percent per year; for members retiring August 1, 2013, or later, 2.00 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no set back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
 Total	 <u>100.00 %</u>	 <u>7.61 %</u>

\* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 35,210,813	\$ 26,495,836	\$ 19,144,239

**Changes Between Measurement Date and Report Date** - In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to District's NPL is expected to be significant.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**Health Care Plan Description** - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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, number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the District's surcharge obligation was \$43,928.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$43,928, \$41,028, and \$65,838, respectively. The fiscal year 2017 amount has been reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2016 and 2015.

**B. State Teachers Retirement System**

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

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 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to an assigned or committed portion of available fund balance for outstanding encumbrances not already recognized as an accounts payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund are as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (614,176)
Net adjustment for revenue accruals	128,731
Net adjustment for expenditure accruals	(111,201)
Net adjustment for other sources and uses	42,988
Funds budgeted elsewhere	(225,335)
Adjustment for encumbrances	169,699
GAAP basis	\$ (609,294)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the public school support fund, the uniform school supplies fund and the employee benefits fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not involved in material litigation as either plaintiff or defendant.

**C. Foundation Funding**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The fiscal year 2017 adjustment resulted in a receivable to the School District in the amount of \$76,443.

**NOTE 17 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2016	\$ -
Current year set-aside requirement	376,792
Current year qualifying expenditures	<u>(376,792)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2018	<u>\$ -</u>
Set-aside balance June 30, 2017	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 17 - SET-ASIDES - (Continued)**

Although the District had qualifying disbursements during the year that reduced the capital improvements set-aside amount to below zero, the excess of current year offsets and qualifying disbursements over the set-aside requirement may not be used to reduce the set-aside requirements of future years. This negative amount is therefore not presented as being carried forward to the next fiscal year.

In addition to the set-asides for capital improvements, the District has a general fund balance of \$30,920 restricted for school bus purchases by the State of Ohio. This amount is displayed as restricted fund balance and restricted net position. A corresponding amount is also recorded as restricted cash of the general fund.

**NOTE 18 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. To the extent of available balances at June 30, 2017, encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year-end, the District’s commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	\$ 141,239
Nonmajor governmental funds	31,041
Total	\$ 172,280

**NOTE 19 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

Other governments entered into property tax abatement agreements with property owners under Enterprise Zone Agreements (“EZAs”) and the Ohio Community Reinvestment Area (“CRA”) program with the taxing districts of the District. The EZAs and CRA programs are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the City of Tallmadge, Brimfield Township, and Suffield Township have entered into such agreements. Under these agreements, the School District’s property taxes were reduced by \$133,940 in CRA agreements through the City of Tallmadge, \$120,155 in an EZA through Brimfield Township and \$3,667 in CRA agreements through Suffield Township. The District is not receiving any amounts from these other governments in association with the forgone property tax revenue.

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REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.08113680%	0.08200120%	0.08113800%	0.08113800%
District's proportionate share of the net pension liability	\$ 5,938,465	\$ 4,679,068	\$ 4,106,348	\$ 4,825,016
District's covered-employee payroll	\$ 2,344,071	\$ 2,468,665	\$ 2,357,720	\$ 2,112,348
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	253.34%	189.54%	174.17%	228.42%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date, which is the prior year-end.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.07915581%	0.08043692%	0.08096191%	0.08096191%
District's proportionate share of the net pension liability	\$ 26,495,836	\$ 22,230,412	\$ 19,692,738	\$ 23,457,861
District's covered-employee payroll	\$ 8,216,686	\$ 8,533,164	\$ 8,272,069	\$ 7,759,431
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	322.46%	260.52%	238.06%	302.31%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date, which is the prior year-end.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 331,967	\$ 328,170	\$ 325,370	\$ 326,780
Contributions in relation to the contractually required contribution	<u>(331,967)</u>	<u>(328,170)</u>	<u>(325,370)</u>	<u>(326,780)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,371,193	\$ 2,344,071	\$ 2,468,665	\$ 2,357,720
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 292,349	\$ 356,540	\$ 366,534	\$ 413,441	\$ 292,214	\$ 282,244
<u>(292,349)</u>	<u>(356,540)</u>	<u>(366,534)</u>	<u>(413,441)</u>	<u>(292,214)</u>	<u>(282,244)</u>
<u>\$ -</u>					
\$ 2,112,348	\$ 2,650,855	\$ 2,915,943	\$ 3,053,479	\$ 2,969,654	\$ 2,874,175
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,256,147	\$ 1,150,336	\$ 1,194,643	\$ 1,075,369
Contributions in relation to the contractually required contribution	<u>(1,256,147)</u>	<u>(1,150,336)</u>	<u>(1,194,643)</u>	<u>(1,075,369)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,972,479	\$ 8,216,686	\$ 8,533,164	\$ 8,272,069
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,008,726	\$ 1,135,784	\$ 1,217,677	\$ 1,114,642	\$ 1,128,608	\$ 1,143,005
<u>(1,008,726)</u>	<u>(1,135,784)</u>	<u>(1,217,677)</u>	<u>(1,114,642)</u>	<u>(1,128,608)</u>	<u>(1,143,005)</u>
<u>\$ -</u>					
\$ 7,759,431	\$ 8,736,800	\$ 9,366,746	\$ 8,574,169	\$ 8,681,600	\$ 8,792,346
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Passed Through to Subrecipient</b>	<b>Total Federal Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education</i>					
School Breakfast Program	10.553	049197-3L70-2016		\$12,179	
School Breakfast Program	10.553	049197-3L70-2017		51,347	
National School Lunch Program	10.555	049197-3L60-2016		65,549	
National School Lunch Program	10.555	049197-3L60-2017		<u>280,779</u>	<u>\$53,464</u>
Total Child Nutrition Cluster				<u>409,854</u>	<u>53,464</u>
Total U.S. Department of Agriculture				<u><b>409,854</b></u>	<u><b>53,464</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	049197-3M00-2016		48,304	
Title I Grants to Local Educational Agencies	84.010	049197-3M00-2017		244,035	
Special Education Grants to States	84.027	049197-3M20-2016		48,583	
Special Education Grants to States	84.027	049197-3M20-2017		370,742	
English Language Acquisition State Grants	84.365	049197-3Y70-2017		3,898	
Supporting Effective Instruction State Grant	84.367	049197-3Y60-2016		7,848	
Supporting Effective Instruction State Grant	84.367	049197-3Y60-2017		<u>59,917</u>	
Total U.S. Department of Education				<u><b>783,327</b></u>	
<b>Total Expenditures of Federal Awards</b>				<u><b>\$1,193,181</b></u>	<u><b>\$53,464</b></u>

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

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Field Local School District (the District) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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

**NOTE E - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 2017 to 2018 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 50,851
Special Education - Grants to States	84.027	\$ 5,276
English Language Acquisition State Grants	84.365	\$ 14,840
Supporting Effective Instruction State Grant	84.367	\$ 1,626



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Field Local School District, Portage County, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 17, 2018.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 17, 2018



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited Field Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Field Local School District's major federal programs for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, Field Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2017.

**Report on Internal Control Over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 17, 2018

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2017**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR §200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Grants to States CFDA 84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	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

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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  
FEBRUARY 27, 2018