



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, 2013, 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 District's 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 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, 2013, 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.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Also, as discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District reclassified food service operations to a governmental activity. We did not modify our opinion regarding this matter.

**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*, 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 Federal Award Receipts and Expenditures Schedule (schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule 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 schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule 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 March 13, 2014, 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 "D" and "Y".

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

March 13, 2014

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(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, 2013. 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 2013 are as follows:

- The District's net position of governmental activities increased \$5,160, which represents a 0.12% increase from 2012 as restated in Note 3.B.
- General revenues for governmental activities accounted for \$17,439,801 in revenue or 83.20% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$3,521,312 or 16.80% of total governmental activities revenues of \$20,961,113.
- The District had \$20,955,953 in expenses related to governmental activities; only \$3,521,312 of these expenses was offset by program specific charges for services or grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$17,439,801 were 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 \$17,745,103 in revenues and \$17,410,840 in expenditures. The general fund's fund balance increased \$334,263 from a balance of \$804,709 to \$1,138,972.
- The bond retirement fund had \$11,648,821 in revenues and other financing sources and \$11,343,538 in expenditures and other financing uses. During the fiscal year, the District issued refunding bonds with a par value of \$8,770,000. The bond retirement fund's fund balance increased \$305,283 from \$653,739 to \$959,022.

**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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

**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 2013?" 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.

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.

On the statement of net position and in the 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 reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the debt service 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

**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 an agency fund. 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 27-57.

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2013 and 2012 as restated (see Note 3.B). Certain amounts for fiscal year 2012 have been restated to conform to new reporting standards implemented in fiscal year 2013 (see Note 3.A) and to reclassify food service operations to be reported among the District's governmental activities (see Note 3.B).

**Net Position of Governmental Activities**

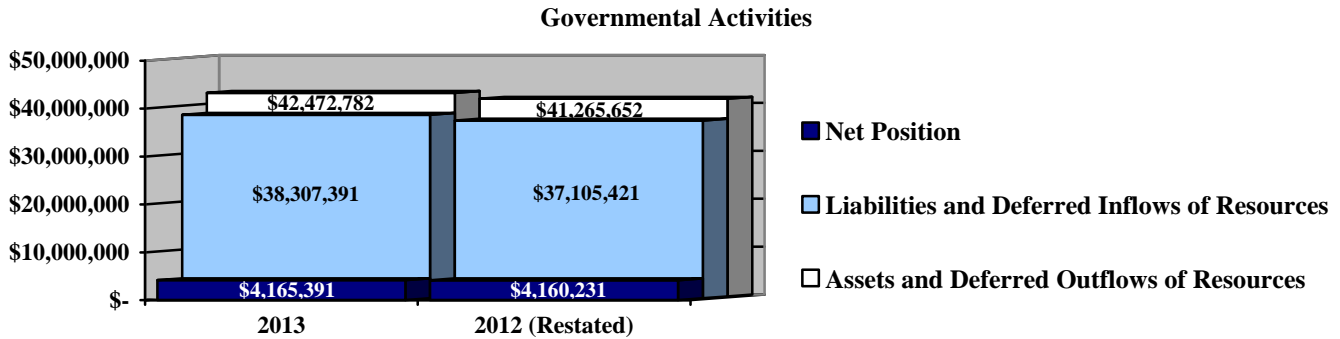
	<u>2013</u>	<u>Restated 2012</u>
<b><u>Assets</u></b>		
Current assets	\$ 14,256,266	\$ 13,282,889
Capital assets, net	<u>27,181,771</u>	<u>27,982,763</u>
Total assets	<u>41,438,037</u>	<u>41,265,652</u>
<b><u>Deferred outflows of resources</u></b>	<u>1,034,745</u>	<u>-</u>
<b><u>Liabilities</u></b>		
Current liabilities	1,969,247	2,460,877
Long-term liabilities	<u>26,917,287</u>	<u>25,997,113</u>
Total liabilities	<u>28,886,534</u>	<u>28,457,990</u>
<b><u>Deferred inflows of resources</u></b>	<u>9,420,857</u>	<u>8,647,431</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	2,361,842	2,929,742
Restricted	1,360,884	794,903
Unrestricted	<u>442,665</u>	<u>435,586</u>
Total net position	<u>\$ 4,165,391</u>	<u>\$ 4,160,231</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

Total governmental activities net position increased \$5,160. Total assets of the District's governmental activities increased \$172,385 from June 30, 2012. Current assets increased \$973,377 primarily due to an increase in equity in pooled cash and equivalents of \$1,045,180. The District refunded debt during fiscal year 2013, and resulted in a deferred outflow of resources of \$1,034,745 as of June 30, 2013. The District's liabilities increased \$428,544 or 1.51%. Restricted net position increased primarily due to the reclassification of food service operations to a governmental activity; for fiscal year 2013, the net position of the food service operations is reported as restricted net position. Unrestricted net position increased \$7,079 or 1.63% from the prior year.

The graph below illustrates the District's governmental activities assets plus deferred outflows of resources, liabilities plus deferred inflows of resources and net position at June 30, 2013 and 2012, as restated. Amounts for fiscal year 2012 have been restated to conform to new reporting standards implemented in fiscal year 2013 (see Note 3.A) and to reclassify the food service operations to a governmental activity (see Note 3.B).



The table below shows the change in net position for fiscal years 2013 and 2012 as restated (see Note 3.B). Certain amounts for fiscal year 2012 have been restated to conform to new reporting standards implemented in fiscal year 2013 (see Note 3.A) and to reclassify the food service operations to a governmental activity (see Note 3.B).

**Change in Net Position**

	Governmental Activities	
	2013	Restated 2012
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 1,732,626	\$ 1,970,899
Operating grants and contributions	1,788,686	1,206,251
General revenues:		
Property taxes	9,674,888	9,660,820
Grants and entitlements	7,451,621	8,278,084
Payment in lieu of taxes	213,864	541,294
Investment earnings	2,799	1,242
Other	96,629	81,002
Total revenues	<u>20,961,113</u>	<u>21,739,592</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

<u>Expenses</u>	Governmental Activities	
	2013	Restated 2012
Program expenses:		
Instruction:		
Regular	10,086,466	10,298,006
Special	1,674,679	1,759,745
Vocational	55,258	101,017
Adult/continuing	30,799	32,466
Other	1,622	2,203
Support services:		
Pupil	840,002	900,975
Instructional staff	608,373	695,273
Board of Education	53,279	30,307
Administration	2,078,343	2,084,203
Fiscal	589,752	624,307
Business	159,039	-
Operations and maintenance	1,513,306	1,788,011
Pupil transportation	899,713	993,533
Central	71,965	102,544
Operation of non-instructional services:		
Food service operations	696,675	737,472
Other non-instructional services	334	719
Extracurricular activities	397,036	544,960
Interest and fiscal charges	1,021,430	1,196,248
Bond issuance costs	177,882	-
Total expenses	20,955,953	21,891,989
Changes in net position	5,160	(152,397)
Net position at beginning of year (restated)	4,160,231	4,312,628
Net position at end of year	\$ 4,165,391	\$ 4,160,231

**Governmental Activities**

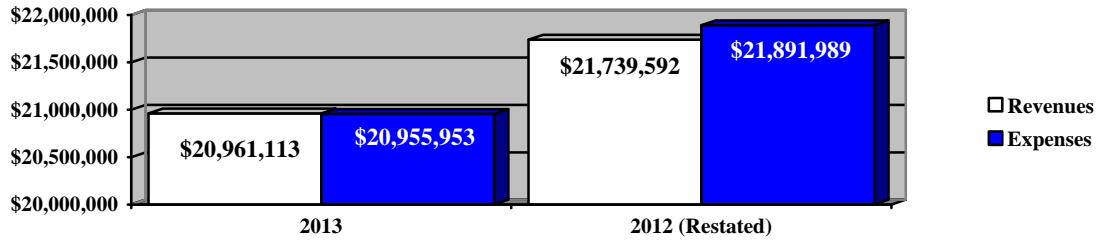
The net position of the District's governmental activities increased \$5,160. Total governmental expenses of \$20,955,953 were offset by program revenues of \$3,521,312 and general revenues of \$17,439,801. The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 81.71% of total governmental revenue. Real estate property is reappraised every six years. Property tax revenue remained comparable to prior year. The decrease in unrestricted grants and entitlements revenues is due to certain special education and career development revenues being classified as program revenues in 2013 while being considered general revenues in 2012. These revenue sources are more appropriately reported as a program revenue. This explains the increase in program revenues - operating grants and contributions. The primary decreases in expenses were in the areas of regular instruction, which decreased \$211,540 from 2012, and operations and maintenance, which decreased \$274,705. Despite the dollar amounts of the decreases, they represent only a 2.05% decrease in regular instruction and a 15.36% decrease in operations and maintenance expenses. The District continues to monitor and control costs.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2013 and 2012. Amounts for fiscal year 2012 have been restated to conform to new reporting standards implemented in fiscal year 2013 (see Note 3.A) and to reclassify the food service operations to a governmental activity (see Note 3.B).

**Governmental Activities - Revenues and Expenses**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

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 for 2013 and 2012. It identifies the cost of services supported by tax revenue and restricted State grants and entitlements. Certain amounts for fiscal year 2012 have been restated to conform to new reporting standards implemented in fiscal year 2013 (see Note 3.A) and to reclassify the food service operations to a governmental activity (see Note 3.B).

**Governmental Activities**

	Total Cost of Services 2013	Net Cost of Services 2013	Restated Total Cost of Services 2012	Restated Net Cost of Services 2012
<b>Instruction:</b>				
Regular	\$ 10,086,466	\$ 8,946,764	\$ 10,298,006	\$ 8,944,331
Special	1,674,679	685,668	1,759,745	1,195,811
Vocational	55,258	(69)	101,017	101,017
Adult/continuing	30,799	30,799	32,466	32,466
Other	1,622	1,622	2,203	(1,815)
<b>Support services:</b>				
Pupil	840,002	837,236	900,975	891,975
Instructional staff	608,373	370,844	695,273	432,051
Board of Education	53,279	53,279	30,307	30,307
Administration	2,078,343	2,075,537	2,084,203	2,071,578
Fiscal	589,752	589,752	624,307	624,307
Business	159,039	159,039	-	-
Operations and maintenance	1,513,306	1,411,303	1,788,011	1,675,576
Pupil transportation	899,713	830,942	993,533	993,533
Central	71,965	71,965	102,544	102,544
<b>Operation of non-instructional services:</b>				
Food service operations	696,675	(26,439)	737,472	(55,337)
Other non-operating services	334	250	719	719
Extracurricular activities	397,036	275,566	544,960	479,528
Interest and fiscal charges	1,021,430	942,701	1,196,248	1,196,248
Bond issuance costs	177,882	177,882	-	-
<b>Total expenses</b>	<b><u>\$ 20,955,953</u></b>	<b><u>\$ 17,434,641</u></b>	<b><u>\$ 21,891,989</u></b>	<b><u>\$ 18,714,839</u></b>

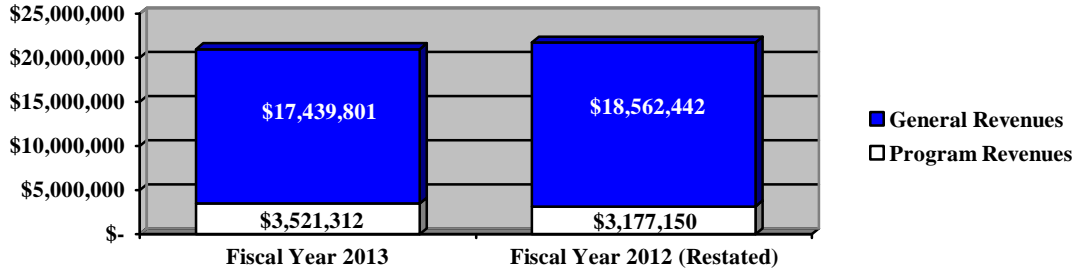
The dependence upon general revenues during fiscal year 2013 for governmental activities is apparent, as 81.57% of 2013 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 83.20% in 2013. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the primary support for District's students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2013 and 2012. Amounts for fiscal year 2012 have been restated to reclassify the food service operations to a governmental activity (see Note 3.B).

**Governmental Activities - General and Program Revenues**



**The District's Funds**

During 2013 the District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$2,384,679, which is above last year's total of \$1,891,352. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	Fund Balance June 30, 2013	Restated Fund Balance June 30, 2012	Increase (Decrease)	Percentage Change
General	\$ 1,138,972	\$ 804,709	\$ 334,263	41.54 %
Bond Retirement	959,022	653,739	305,283	46.70 %
Other Governmental	286,685	432,904	(146,219)	(33.78) %
Total	<u>\$ 2,384,679</u>	<u>\$ 1,891,352</u>	<u>\$ 493,327</u>	26.08 %

**General Fund**

The District's general fund balance increased \$334,263 as revenues continued to exceed expenditures in the current year. Equity in pooled cash and cash equivalents in the general fund increased \$654,102 from \$1,369,325 at June 30, 2012 to \$2,023,427 at June 30, 2013, including \$30,914 restricted for school bus purchases.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

The tables below assist in illustrating the financial activities of the general fund.

	2013 Amount	2012 Amount	Increase (Decrease)	Percentage Change
<b><u>Revenues</u></b>				
Property taxes	\$ 8,302,466	\$ 8,625,884	\$ (323,418)	(3.75) %
Payment in lieu of taxes	213,864	541,294	(327,430)	(60.49) %
Tuition and fees	1,195,842	1,279,933	(84,091)	(6.57) %
Earnings on investments	2,138	904	1,234	136.50 %
Intergovernmental	7,825,664	8,073,689	(248,025)	(3.07) %
Other revenues	<u>205,129</u>	<u>268,102</u>	<u>(62,973)</u>	(23.49) %
Total	<u>\$ 17,745,103</u>	<u>\$ 18,789,806</u>	<u>\$ (1,044,703)</u>	(5.56) %
<b><u>Expenditures</u></b>				
Instruction	\$ 10,907,173	\$ 11,285,996	\$ (378,823)	(3.36) %
Support services	6,157,052	6,411,200	(254,148)	(3.96) %
Operation of non-instructional services	-	469	(469)	(100.00) %
Extracurricular activities	294,320	390,328	(96,008)	(24.60) %
Capital outlay	-	41,793	(41,793)	(100.00) %
Debt Service	<u>52,295</u>	<u>52,295</u>	<u>-</u>	- %
Total	<u>\$ 17,410,840</u>	<u>\$ 18,182,081</u>	<u>\$ (771,241)</u>	(4.24) %

Payments in lieu of taxes revenue decreased due to the timing and reporting of payments for 2013. For 2013, the revenue accrued for the payments in lieu of taxes receivable was recorded as a deferred inflow in accordance with new reporting standards. Both instruction and support services expenditures decreased by 3.36% and 3.96%, respectively. The District is controlling costs and has instituted cost cutting measures. Overall, revenues decreased 5.56%; however, they were offset by a decrease in expenditures of 4.24%.

**Bond Retirement Fund**

The District's bond retirement fund balance increased \$305,283. The tables below assist in illustrating the financial activities of the debt service fund.

	2013 Amount	2012 Amount	Increase	Percentage Change
<b><u>Revenues</u></b>				
Property taxes	\$ 1,389,868	\$ 1,350,494	\$ 39,374	2.92 %
Interest earnings	652	333	319	95.80 %
Intergovernmental	<u>264,097</u>	<u>208,452</u>	<u>55,645</u>	26.69 %
Total	<u>\$ 1,654,617</u>	<u>\$ 1,559,279</u>	<u>\$ 95,338</u>	6.11 %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>2013</u> Amount	<u>2012</u> Amount	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>				
Support services:				
Fiscal	\$ 29,118	\$ 33,372	\$ (4,254)	(12.75) %
Operations and maintenance	-	194,936	(194,936)	(100.00) %
Capital outlay	-	176,252	(176,252)	(100.00) %
Debt Service:				
Principal retirement	335,000	300,000	35,000	11.67 %
Interest and fiscal charges	985,950	1,217,783	(231,833)	(19.04) %
Bond issuance costs	<u>177,882</u>	<u>-</u>	<u>177,882</u>	100.00 %
Total	<u>\$ 1,527,950</u>	<u>\$ 1,922,343</u>	<u>\$ (394,393)</u>	(20.52) %

Overall revenues remained consistent with the prior year. The expenditures for 2012 include some related to a construction project financed by debt. These expenditures did not occur in fiscal year 2013. During fiscal year 2013, the District refunded debt as further described in Note 10. The refunding was undertaken to reduce combined total debt service payments through December 1, 2032 by \$681,183.

**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 2013, 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 \$17,206,692 and \$17,280,233, respectively. The actual revenues and other financing sources were \$18,164,482, which was \$884,249 higher than the final budget revenues.

General fund original and final appropriations were \$17,734,609 and \$17,972,527, respectively. The actual budget basis expenditures for fiscal year 2013 totaled \$17,972,519, which were \$8 less than final budgeted appropriations.

**Capital Assets and Debt Administration**

**Capital Assets**

Capital assets of the governmental activities have been restated at July 1, 2012, to include the capital assets of the food service fund which has been reclassified from the business-type activities to the governmental activities (see Note 3.B to the notes to the financial statements for detail). During fiscal year 2013, the District had \$27,181,771 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. This entire amount was reported in governmental activities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

The following table shows fiscal year 2013 balances compared to 2012 as restated (see Note 9):

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

	Governmental Activities	
	2013	Restated 2012
Land	\$ 597,678	\$ 597,678
Land improvements	289,209	315,009
Buildings and improvements	25,554,307	26,206,744
Furniture, fixtures and equipment	611,323	681,240
Vehicles	129,254	182,092
Total	<u>\$ 27,181,771</u>	<u>\$ 27,982,763</u>

The overall decrease in governmental activities capital assets and depreciation expense for fiscal year 2013 was \$800,992.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

**Debt Administration**

At June 30, 2013 the District had \$24,389,680 in general obligation bonds, OWDA loans, and capital leases outstanding. Of this total, \$762,890 is due within one year and \$23,626,790 is due within greater than one year.

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

**Outstanding Debt, at Year End**

	Balance June 30, 2013	Balance June 30, 2012
General obligation bonds:		
Series 2005 school facilities construction and improvement	\$ 14,555,000	\$ 23,585,000
Series 2013 refunding	8,812,337	-
Energy conservation	990,000	1,065,000
Total general obligation bonds	<u>24,357,337</u>	<u>24,650,000</u>
OWDA loans	21,258	27,796
Capital lease obligation	11,085	54,110
Total	<u>\$ 24,389,680</u>	<u>\$ 24,731,906</u>

During fiscal year 2013, the District issued \$8,770,000 in refunding bonds to advance refund a portion of the Series 2005 school facilities improvement bonds.

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, 2013  
(UNAUDITED)

**Current Financial Related Activities**

The District faces challenges in the future. As the preceding information shows, the District relies heavily upon grants and entitlements and property taxes. The current operating levy of 7.3 mills passed in August 2009 expires in December 2014 with collections through calendar year 2015. In anticipation of the expiration of the current operating levy and the future needs of the District, the Board will be placing a combined levy of 6.5 mills for operations (expected to generate \$2,411,045 annually) and 1 mill for permanent improvements (expected to generate \$370,930 annually) on the May 6, 2014 ballot.

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

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and 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, 2013

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 3,392,586
Receivables:	
Property taxes . . . . .	10,073,999
Payment in lieu of taxes . . . . .	543,110
Accounts . . . . .	418
Intergovernmental . . . . .	241,705
Materials and supplies inventory . . . . .	4,448
Capital assets:	
Nondepreciable capital assets . . . . .	597,678
Depreciable capital assets, net. . . . .	26,584,093
Capital assets, net . . . . .	<u>27,181,771</u>
Total assets . . . . .	<u>41,438,037</u>
 <b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding. . . . .	1,034,745
Total deferred outflows of resources . . . . .	<u>1,034,745</u>
 <b>Liabilities:</b>	
Accounts payable . . . . .	60,087
Accrued wages and benefits payable . . . . .	1,309,318
Pension obligation payable . . . . .	400,938
Intergovernmental payable . . . . .	80,357
Accrued interest payable . . . . .	118,547
Long-term liabilities:	
Due within one year . . . . .	872,618
Due in more than one year. . . . .	26,044,669
Total liabilities . . . . .	<u>28,886,534</u>
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	8,877,747
Payment in lieu of taxes levied for the subsequent year . . . . .	543,110
Total deferred inflows of resources. . . . .	<u>9,420,857</u>
 <b>Net position:</b>	
Net investment in capital assets. . . . .	2,361,842
Restricted for:	
Capital projects . . . . .	2,252
Debt service . . . . .	846,665
Locally funded programs . . . . .	18,698
State funded programs. . . . .	35,479
Federally funded programs . . . . .	62,056
Student activities . . . . .	26,600
Other purposes. . . . .	369,134
Unrestricted . . . . .	442,665
Total net position . . . . .	<u>\$ 4,165,391</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, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 10,086,466	\$ 1,029,080	\$ 110,622	\$ (8,946,764)
Special . . . . .	1,674,679	110,365	878,646	(685,668)
Vocational . . . . .	55,258	6,168	49,159	69
Adult/continuing . . . . .	30,799	-	-	(30,799)
Other . . . . .	1,622	-	-	(1,622)
Support services:				
Pupil. . . . .	840,002	-	2,766	(837,236)
Instructional staff . . . . .	608,373	13	237,516	(370,844)
Board of education . . . . .	53,279	-	-	(53,279)
Administration . . . . .	2,078,343	2,806	-	(2,075,537)
Fiscal. . . . .	589,752	-	-	(589,752)
Business. . . . .	159,039	-	-	(159,039)
Operations and maintenance . . . . .	1,513,306	102,003	-	(1,411,303)
Pupil transportation . . . . .	899,713	-	68,771	(830,942)
Central. . . . .	71,965	-	-	(71,965)
Operation of non-instructional services:				
Food service operations. . . . .	696,675	360,754	362,360	26,439
Other non-instructional services . . . . .	334	-	84	(250)
Extracurricular activities . . . . .	397,036	121,437	33	(275,566)
Debt service:				
Interest and fiscal charges. . . . .	1,021,430	-	78,729	(942,701)
Bond issuance costs . . . . .	177,882	-	-	(177,882)
<b>Total governmental activities . . . . .</b>	<b>\$ 20,955,953</b>	<b>\$ 1,732,626</b>	<b>\$ 1,788,686</b>	<b>(17,434,641)</b>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	8,283,908
Debt service. . . . .	1,390,980
Payments in lieu of taxes. . . . .	213,864
Grants and entitlements not restricted to specific programs. . . . .	7,451,621
Investment earnings. . . . .	2,799
Miscellaneous. . . . .	96,629
<b>Total general revenues . . . . .</b>	<b>17,439,801</b>
Change in net position . . . . .	5,160
<b>Net position at beginning of year (restated) . . . . .</b>	<b>4,160,231</b>
<b>Net position at end of year. . . . .</b>	<b>\$ 4,165,391</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 1,992,513	\$ 837,108	\$ 532,051	\$ 3,361,672
Receivables:				
Property taxes . . . . .	8,594,407	1,479,592	-	10,073,999
Payment in lieu of taxes. . . . .	543,110	-	-	543,110
Accounts. . . . .	60	-	358	418
Interfund loans. . . . .	14,150	-	-	14,150
Intergovernmental . . . . .	46,488	-	195,217	241,705
Materials and supplies inventory . . . . .	-	-	4,448	4,448
Due from other funds . . . . .	65,434	-	-	65,434
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	30,914	-	-	30,914
<b>Total assets. . . . .</b>	<b>\$ 11,287,076</b>	<b>\$ 2,316,700</b>	<b>\$ 732,074</b>	<b>\$ 14,335,850</b>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 52,617	\$ -	\$ 7,470	\$ 60,087
Accrued wages and benefits payable. . . . .	1,195,389	-	113,929	1,309,318
Compensated absences payable . . . . .	60,616	-	-	60,616
Interfund loans payable. . . . .	-	-	14,150	14,150
Intergovernmental payable. . . . .	74,205	-	6,152	80,357
Pension obligation payable. . . . .	357,901	-	43,037	400,938
Due to other funds . . . . .	-	-	65,434	65,434
<b>Total liabilities. . . . .</b>	<b>1,740,728</b>	<b>-</b>	<b>250,172</b>	<b>1,990,900</b>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	7,568,596	1,309,151	-	8,877,747
Delinquent property tax revenue not available. . . . .	295,670	48,527	-	344,197
Intergovernmental revenue not available. . . . .	-	-	195,217	195,217
Payment in lieu of taxes levied for the next fiscal year . . . .	543,110	-	-	543,110
<b>Total deferred inflows of resources . . . . .</b>	<b>8,407,376</b>	<b>1,357,678</b>	<b>195,217</b>	<b>9,960,271</b>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	-	-	4,448	4,448
Restricted:				
Debt service. . . . .	-	959,022	-	959,022
Capital improvements. . . . .	-	-	2,252	2,252
Food service operations. . . . .	-	-	329,018	329,018
Extracurricular activities . . . . .	-	-	26,600	26,600
School bus purchase . . . . .	30,914	-	-	30,914
Other purposes . . . . .	-	-	82,168	82,168
Assigned:				
Student instruction. . . . .	17,375	-	-	17,375
Student and staff support . . . . .	335,232	-	-	335,232
Extracurricular activities. . . . .	9,274	-	-	9,274
School supplies . . . . .	45,315	-	-	45,315
Unassigned (deficit) . . . . .	700,862	-	(157,801)	543,061
<b>Total fund balances. . . . .</b>	<b>1,138,972</b>	<b>959,022</b>	<b>286,685</b>	<b>2,384,679</b>
<b>Total liabilities, deferred inflows of resources, and fund balances . . . . .</b>	<b>\$ 11,287,076</b>	<b>\$ 2,316,700</b>	<b>\$ 732,074</b>	<b>\$ 14,335,850</b>

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, 2013

<b>Total governmental fund balances</b>		\$	2,384,679
<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.			27,181,771
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.			
Property taxes receivable	\$	344,197	
Intergovernmental receivable		195,217	
Total		<u>539,414</u>	539,414
Unamortized premiums on bonds issued are not recognized in the funds.			(1,507,331)
Unamortized deferred amounts on refundings are not recognized in the funds.			1,034,745
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(118,547)
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		(24,357,337)	
Capital lease obligations		(11,085)	
OWDA loan payable		(21,258)	
Compensated absences		(959,660)	
Total		<u>(25,349,340)</u>	(25,349,340)
<b>Net position of governmental activities</b>		<u>\$</u>	<u>4,165,391</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<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 . . . . .	\$ 8,302,466	\$ 1,389,868	\$ -	\$ 9,692,334
Payment in lieu of taxes . . . . .	213,864	-	-	213,864
Tuition . . . . .	1,061,067	-	-	1,061,067
Earnings on investments . . . . .	2,138	652	264	3,054
Charges for services . . . . .	-	-	360,754	360,754
Extracurricular . . . . .	-	-	67,530	67,530
Classroom materials and fees . . . . .	134,775	-	-	134,775
Rental income . . . . .	101,758	-	-	101,758
Contributions and donations . . . . .	2,092	-	-	2,092
Contract services . . . . .	6,742	-	-	6,742
Other local revenues . . . . .	94,537	-	-	94,537
Intergovernmental - state . . . . .	7,768,181	185,368	40,393	7,993,942
Intergovernmental - federal . . . . .	57,483	78,729	937,258	1,073,470
Total revenues . . . . .	<u>17,745,103</u>	<u>1,654,617</u>	<u>1,406,199</u>	<u>20,805,919</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	9,634,742	-	104,027	9,738,769
Special . . . . .	1,187,537	-	444,653	1,632,190
Vocational . . . . .	52,573	-	-	52,573
Adult/continuing . . . . .	30,799	-	-	30,799
Other . . . . .	1,522	-	-	1,522
Support services:				
Pupil . . . . .	819,412	-	2,836	822,248
Instructional staff . . . . .	328,634	-	245,180	573,814
Board of education . . . . .	52,446	-	-	52,446
Administration . . . . .	2,020,049	-	-	2,020,049
Fiscal . . . . .	550,457	29,118	-	579,575
Business . . . . .	159,039	-	-	159,039
Operations and maintenance . . . . .	1,358,521	-	-	1,358,521
Pupil transportation . . . . .	796,529	-	1,048	797,577
Central . . . . .	71,965	-	-	71,965
Operation of non-instructional services:				
Food service operations . . . . .	-	-	668,420	668,420
Other non-instructional services . . . . .	-	-	334	334
Extracurricular activities . . . . .	294,320	-	85,920	380,240
Debt service:				
Principal retirement . . . . .	49,563	335,000	-	384,563
Interest and fiscal charges . . . . .	2,732	985,950	-	988,682
Bond issuance costs . . . . .	-	177,882	-	177,882
Total expenditures . . . . .	<u>17,410,840</u>	<u>1,527,950</u>	<u>1,552,418</u>	<u>20,491,208</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>334,263</u>	<u>126,667</u>	<u>(146,219)</u>	<u>314,711</u>
<b>Other financing sources (uses):</b>				
Issuance of refunding bonds . . . . .	-	8,770,000	-	8,770,000
Premium on refunding bonds . . . . .	-	1,224,204	-	1,224,204
Payment to refunded bond escrow agent . . . . .	-	(9,815,588)	-	(9,815,588)
Total other financing sources (uses) . . . . .	<u>-</u>	<u>178,616</u>	<u>-</u>	<u>178,616</u>
Net change in fund balances . . . . .	334,263	305,283	(146,219)	493,327
<b>Fund balances at beginning of year (restated) . . .</b>	<b>804,709</b>	<b>653,739</b>	<b>432,904</b>	<b>1,891,352</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 1,138,972</b>	<b>\$ 959,022</b>	<b>\$ 286,685</b>	<b>\$ 2,384,679</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<b>Net change in fund balances - total governmental funds</b>	\$	493,327
<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 costs of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense during the current period amounted to \$800,992.		(800,992)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(17,446)	
Intergovernmental	172,640	
Total		155,194
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	335,000	
Capital leases	43,025	
OWDA Loan	6,538	
Total		384,563
The issuance of bonds is recorded as an other financing source in the funds; however, in the statement of activities, the issuance is not reported as an other financing source as it increases liabilities on the statement of net position.		(8,770,000)
Premiums on bonds issuances are reported as other financing sources in the governmental funds but are amortized over the term of the issuance on the statement of activities.		(1,224,204)
Payment to a refunded bond escrow agent for the retirement of bonds is reported as an other financing use in the governmental funds; however, the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the term of the issuance in the statement of activities. The following refunding transactions occurred during the current period:		
Bonds refunded	8,770,000	
Deferred charges on refundings	1,045,588	
Total		9,815,588
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	(17,556)	
Accreted interest on capital appreciation bonds	(42,337)	
Amortization of bond premiums	37,988	
Amortization of deferred charges	(10,843)	
Total		(32,748)
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.		(15,568)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>5,160</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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<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 . . . . .	\$ 7,276,336	\$ 8,037,528	\$ 8,448,817	\$ 411,289
Payment in lieu of taxes . . . . .	497,650	458,386	481,842	23,456
Tuition . . . . .	1,031,195	1,009,414	1,061,067	51,653
Earnings on investments . . . . .	901	2,034	2,138	104
Classroom materials and fees . . . . .	146,103	143,987	151,355	7,368
Rental income . . . . .	100,135	96,804	101,758	4,954
Contributions and donations . . . . .	2,181	1,990	2,092	102
Other local revenues . . . . .	43,210	39,785	41,821	2,036
Intergovernmental - state . . . . .	8,049,589	7,390,025	7,768,181	378,156
Intergovernmental - federal . . . . .	59,392	54,685	57,483	2,798
<b>Total revenues . . . . .</b>	<u>17,206,692</u>	<u>17,234,638</u>	<u>18,116,554</u>	<u>881,916</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	8,748,558	9,765,749	9,765,741	8
Special . . . . .	1,272,588	1,196,738	1,196,738	-
Vocational . . . . .	102,797	50,855	50,855	-
Adult/continuing . . . . .	34,237	30,799	30,799	-
Other . . . . .	2,084	1,727	1,727	-
Support services:				
Pupil . . . . .	876,102	857,164	857,164	-
Instructional staff . . . . .	386,291	358,891	358,891	-
Board of education . . . . .	31,971	51,980	51,980	-
Administration . . . . .	2,124,599	2,124,787	2,124,787	-
Fiscal . . . . .	569,165	585,378	585,378	-
Business . . . . .	-	160,094	160,094	-
Operations and maintenance . . . . .	2,099,774	1,538,013	1,538,013	-
Pupil transportation . . . . .	985,338	869,768	869,768	-
Central . . . . .	96,209	73,965	73,965	-
Extracurricular activities . . . . .	404,896	306,619	306,619	-
<b>Total expenditures . . . . .</b>	<u>17,734,609</u>	<u>17,972,527</u>	<u>17,972,519</u>	<u>8</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(527,917)</u>	<u>(737,889)</u>	<u>144,035</u>	<u>881,924</u>
<b>Other financing sources:</b>				
Refund of prior year's expenditures . . . . .	-	45,595	47,928	2,333
<b>Total other financing sources . . . . .</b>	<u>-</u>	<u>45,595</u>	<u>47,928</u>	<u>2,333</u>
Net change in fund balance . . . . .	(527,917)	(692,294)	191,963	884,257
<b>Fund balance at beginning of year . . . . .</b>	990,624	990,624	990,624	-
<b>Prior year encumbrances appropriated . . . . .</b>	461,910	461,910	461,910	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 924,617</u>	<u>\$ 760,240</u>	<u>\$ 1,644,497</u>	<u>\$ 884,257</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 111,514	\$ 60,171
Total assets. . . . .	111,514	\$ 60,171
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 19
Due to students. . . . .	-	60,152
Total liabilities . . . . .	-	\$ 60,171
<b>Net position:</b>		
Held in trust for scholarships . . . . .	111,514	
Total net position. . . . .	\$ 111,514	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 77
<b>Deductions:</b>	
Scholarships awarded. . . . .	1,501
Change in net position . . . . .	(1,424)
<b>Net position at beginning of year . . . . .</b>	<b>112,938</b>
<b>Net position at end of year. . . . .</b>	<b>\$ 111,514</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, 2013

**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 93 non-certified employees and 137 certified teaching and support personnel who provide services to approximately 2,179 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, 2013

**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 and Portage 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*

Stark County Schools Council of Governments (the “Council”)

The Council is governed by an assembly, which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program, which is a shared risk pool comprised of an 79 member council of which 66 are member school districts.

*RELATED ORGANIZATION*

Falcon Academy of Creative Arts

During fiscal year 2013, the District provided instructional and administrative services as well as rental of facilities to the Falcon Academy of Creative Arts. As of June 30, 2013, all of these services were paid in full. The Academy issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Falcon Academy of Creative Arts, 1473 Saxe Road, Mogadore, Ohio 44260.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal years. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain 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.

*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.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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.

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, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of the District are included 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, 2013

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

*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, current deferred outflows of resources, current liabilities and current 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).

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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 Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes and payments in lieu of taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

On an accrual basis of accounting, unamortized deferred charges on debt refunding (the difference between the reacquisition price and the carrying amount of the refunded obligation) is reported as a deferred outflow of resources.

*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.

**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 2013 is 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 these 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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 2013.
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. Appropriations 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, 2013; 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 reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

During fiscal year 2013, 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price at which the investment could be sold on June 30, 2013.

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 2013 amounted to \$2,138, which includes \$182 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" and "due to/from other funds", respectively. These amounts are eliminated in the governmental activities column on the statement of net position.

**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 material 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**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 fair market 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:

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

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**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 are recognized as a liability on the fund financial statements when due.

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

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which they are incurred.

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.

**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. It also includes the long-term amount of loans receivable in the general fund.

*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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

*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.

**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 plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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. The amount restricted for other purposes represents amounts restricted for school bus purchases, amounts restricted for food service, and the resources of the special trust fund (a nonmajor governmental fund).



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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. 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 2013.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections - 2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 Financial Accounting Standards Board and American Institute of Certified Public Accountants pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

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

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources, and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 affected the District's financial statements to present property taxes levied for the subsequent fiscal year and receivable amounts on the governmental fund financial statements not available to finance current period expenditures as deferred inflows of resources rather than as liabilities as previously reported.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

**B. Fund Reclassification and Restatement of Fund Balance and Net Position**

A fund reclassification is required to report funds previously reported as enterprise funds as nonmajor special revenue funds. The fees received by these funds are not designed to cover all costs associated with the operation of the funds. These funds are largely supported by intergovernmental grants and entitlements and should be reported as governmental funds rather than enterprise funds. This fund reclassification had the following effect on the District's governmental fund balances and enterprise fund net position as previously reported:

	General	Bond Retirement	Nonmajor Governmental	Total Governmental	Enterprise Funds
Fund balance/net assets as previously reported	\$ 804,709	\$ 653,739	\$ 154,132	\$ 1,612,580	\$ 339,572
Fund reclassification:					
Food service fund:					
Current assets at June 30, 2012	-	-	370,677	370,677	(370,677)
Non-current assets at June 30, 2012	-	-	-	-	(79,857)
Current liabilities at June 30, 2012 other than compensated absences	-	-	(91,905)	(91,905)	91,905
Compensated absences payable	-	-	-	-	19,057
Net fund reclassification	-	-	278,772	278,772	(339,572)
Fund balance at July 1, 2012, restated	<u>\$ 804,709</u>	<u>\$ 653,739</u>	<u>\$ 432,904</u>	<u>\$ 1,891,352</u>	<u>\$ -</u>

**FIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

The fund reclassification had the following effect on the net position of governmental activities and business-type activities at July 1, 2012:

	Governmental Activities	Business-Type Activities
Net assets at previously reported	\$ 3,820,659	\$ 339,572
Fund reclassification	339,572	(339,572)
Net position at July 1, 2012, restated	\$ 4,160,231	\$ -

**C. Deficit Fund Balances**

Fund balances at June 30, 2013 included the following individual fund deficits:

Nonmajor governmental funds	Deficit
Title VI-B	\$ 112,490
Vocational education	97
Title II-D	13,952
Title I	8,721
Title II-A	22,541

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

**D. Compliance**

Contrary to the Ohio Revised Code, expenditures plus outstanding encumbrances exceeded appropriations approved by the Board of Education in several funds.

**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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**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 debt 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**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, 2013, the carrying amount of all District deposits was \$1,274,932. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investment Risk Disclosures*”, as of June 30, 2013, \$1,396,309 of the District’s bank balance of \$1,672,718 was exposed to custodial risk as discussed below, while \$276,409 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, 2013, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturity
		6 months or less
STAR Ohio	\$ 2,289,239	\$ 2,289,239

*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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**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 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, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 2,289,239</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, 2013:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	\$ 1,274,932
Investments	2,289,239
Cash on hand	<u>100</u>
Total	<u>\$ 3,564,271</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 3,392,586
Private-purpose trust fund	111,514
Agency funds	<u>60,171</u>
Total	<u>\$ 3,564,271</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2013 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>\$ 14,150</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.

**FIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B.** Interfund balances at June 30, 2013 as reported on the fund statements include the following amounts due to and due from other funds:

Due to	Due from	Amount
General fund	Nonmajor governmental funds	\$ 65,434

The purpose of amounts due to/from other funds is to cover negative cash balances in the nonmajor governmental funds. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the statement of net position.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District 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 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, 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 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, 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.

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, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$730,141 in the general fund and \$48,527 in the bond retirement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$876,442 in the general fund and \$130,776 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, 2013 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 a deferred inflow of resources.

**FIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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 of resources.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$ 360,076,410	97.85	\$ 348,661,160	97.59
Public utility personal	7,914,160	2.15	8,623,900	2.41
Total	\$ 367,990,570	100.00	\$ 357,285,060	100.00
Tax rate per \$1,000 of assessed valuation	\$54.46		\$54.94	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2013 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	\$ 10,073,999
Payment in lieu of taxes	543,110
Accounts	418
Intergovernmental	241,705
Total	\$ 10,859,232

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 receipts totaled \$213,864 in the general fund during fiscal year 2013.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 9 - CAPITAL ASSETS**

Capital assets of the governmental activities have been restated at July 1, 2012, to include the capital assets of the food service fund which has been reclassified from the business-type activities to the governmental activities (see Note 3.B). Capital asset activity for the fiscal year ended June 30, 2013, is as follows:

<b>Governmental activities:</b>	Restated Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
<i>Capital assets, not being depreciated:</i>				
Land	\$ 597,678	\$ -	\$ -	\$ 597,678
Total capital assets, not being depreciated	<u>597,678</u>	<u>-</u>	<u>-</u>	<u>597,678</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	418,120	-	-	418,120
Building and improvements	31,521,324	-	-	31,521,324
Furniture, fixtures and equipment	1,594,974	-	(11,604)	1,583,370
Vehicles	1,164,320	-	-	1,164,320
Total capital assets, being depreciated	<u>34,698,738</u>	<u>-</u>	<u>(11,604)</u>	<u>34,687,134</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(103,111)	(25,800)	-	(128,911)
Building and improvements	(5,314,580)	(652,437)	-	(5,967,017)
Furniture, fixtures and equipment	(913,734)	(69,917)	11,604	(972,047)
Vehicles	(982,228)	(52,838)	-	(1,035,066)
Total accumulated depreciation	<u>(7,313,653)</u>	<u>(800,992)</u>	<u>11,604</u>	<u>(8,103,041)</u>
Governmental activities capital assets, net	<u>\$ 27,982,763</u>	<u>\$ (800,992)</u>	<u>\$ -</u>	<u>\$ 27,181,771</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 312,582
Special	59,533
Vocational	1,764
Other	100
<u>Support services:</u>	
Pupil	30,858
Instructional staff	26,745
Board of education	833
Administration	61,905
Fiscal	12,455
Operations and maintenance	148,066
Pupil transportation	95,017
<u>Operation of non-instructional services:</u>	
Food service operations	24,613
Extracurricular activities	26,521
Total depreciation expense	<u>\$ 800,992</u>

**FIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. Long-term obligations of the governmental activities have been restated at July 1, 2012, to include \$19,057 in long-term compensated absences obligations of the food service fund, which has been reclassified from the business-type activities to the governmental activities (see Note 3.B). Long-term obligation activity for the fiscal year ended June 30, 2013, is as follows:

<b>Governmental activities:</b>	Restated Balance Outstanding 7/1/2012	Additions	Reductions	Balance Outstanding 6/30/2013	Amounts Due in One Year
General obligation bonds					
Series 2005 School Facilities					
Construction and Improvement	\$23,585,000	\$ -	\$ (9,030,000)	\$14,555,000	\$ 400,000
Series 2013 Refunding Bonds	-	8,812,337	-	8,812,337	270,000
Energy Conservation Bonds	<u>1,065,000</u>	<u>-</u>	<u>(75,000)</u>	<u>990,000</u>	<u>75,000</u>
Total general obligation bonds	<u>24,650,000</u>	<u>8,812,337</u>	<u>(9,105,000)</u>	<u>24,357,337</u>	<u>745,000</u>
OWDA loans payable	27,796	-	(6,538)	21,258	6,805
Capital lease payable	54,110	-	(43,025)	11,085	11,085
Compensated absences	<u>944,092</u>	<u>289,023</u>	<u>(212,839)</u>	<u>1,020,276</u>	<u>109,728</u>
Total governmental activities	<u>\$25,675,998</u>	<u>\$ 9,101,360</u>	<u>\$ (9,367,402)</u>	25,409,956	<u>\$ 872,618</u>
Unamortized premiums on general obligation bonds				<u>1,507,331</u>	
Total long-term obligations as reported on the statement of net position				<u>\$26,917,287</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, the food service fund (a nonmajor governmental fund), the Title VI-B fund (a nonmajor governmental fund), the Limited English Proficiency fund (a nonmajor governmental fund), the Title I fund (a nonmajor governmental fund), and the Title II-A 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  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013
<b>General obligation bonds:</b>				
Series 2005 School Facilities Construction Construction and Improvement Bonds				
Current interest bonds	\$ 23,585,000	\$ -	\$ (9,030,000)	\$ 14,555,000
Total Series 2005 Bonds	<u>23,585,000</u>	<u>-</u>	<u>(9,030,000)</u>	<u>14,555,000</u>
Series 2013 Refunding Bonds				
Current interest bonds	-	8,375,000	-	8,375,000
Capital appreciation bonds	-	395,000	-	395,000
Accreted interest	-	42,337	-	42,337
Total Series 2013 Refunding Bonds	<u>-</u>	<u>8,812,337</u>	<u>-</u>	<u>8,812,337</u>
Energy Conservation Bonds				
Current interest bonds	1,065,000	-	(75,000)	990,000
Total 2012 School Improvement Refunding	<u>1,065,000</u>	<u>-</u>	<u>(75,000)</u>	<u>990,000</u>
Total General Obligation Bonds	<u>\$ 24,650,000</u>	<u>\$ 8,812,337</u>	<u>\$ (9,105,000)</u>	<u>\$ 24,357,337</u>

*Series 2005 School Facilities Construction and Improvement Bonds* - On April 1, 2005, the District issued Series 2005 School Facilities Construction and Improvement general obligation bonds. Proceeds of \$25,000,000 from the issuance were used to finance the costs of constructing school facilities, construction additions and renovations for existing school facilities, furnishing and equipping, landscaping, and improving sites, and acquiring land and interest in land.

The original issue was comprised of current interest bonds, par value \$25,000,000. The bonds bear an interest rate of 4.73% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2032.

On April 18, 2013, \$8,770,000 of the 2005 School Facilities Construction and Improvement general obligation bonds was refunded by the District's Series 2013 Refunding general obligation bonds. Principal payments on the Series 2005 School Facilities Construction and Improvement general obligation bonds made during 2013 amounted to \$260,000 and were paid from the bond retirement fund.

*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. This refunded debt, the outstanding balance of which totaled \$8,770,000 at June 30, 2013, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

**FIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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.

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 \$42,337 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. The advance refunding was undertaken to reduce combined future debt service payments by \$681,183.

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
2014	\$ 75,000	2020	\$ 75,000
2015	75,000	2021	75,000
2016	75,000	2022	75,000
2017	80,000	2023	75,000
2018	80,000	2024	75,000
2019	80,000	2025	75,000

Remaining principal of \$75,000 is payable at maturity on December 1, 2025. Sinking fund payments made during 2013 amounted to \$75,000 and are reflected as principal payments 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, 2013

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

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
2014	\$ 745,000	\$ 1,035,666	\$ 1,780,666	\$ -	\$ -	\$ -
2015	670,000	1,001,655	1,671,655	-	-	-
2016	710,000	977,143	1,687,143	-	-	-
2017	895,000	944,388	1,839,388	-	-	-
2018	955,000	907,190	1,862,190	-	-	-
2019 - 2023	4,880,000	3,836,468	8,716,468	280,000	915,000	1,195,000
2024 - 2028	6,500,000	2,751,303	9,251,303	115,000	480,000	595,000
2029 - 2033	8,565,000	1,015,154	9,580,154	-	-	-
Total	<u>\$ 23,920,000</u>	<u>\$ 12,468,967</u>	<u>\$ 36,388,967</u>	<u>\$ 395,000</u>	<u>\$ 1,395,000</u>	<u>\$ 1,790,000</u>

**D. OWDA Loan**

In 1996, the District entered into an agreement with the Portage County Commissioners to pay for the construction costs of a water main. The project was funded by the Ohio Water Development Authority (OWDA). The amount of the loan was \$100,000 at an interest rate of 4.04%. The loan will be repaid from general operating monies of the District and the final payment is due in December 2015.

The following is a schedule of future debt service requirements for the District's OWDA loan payable:

Year Ended	OWDA Loan		
	Principal	Interest	Total
2014	\$ 6,805	\$ 791	\$ 7,596
2015	7,082	514	7,596
2016	<u>7,371</u>	<u>225</u>	<u>7,596</u>
Total	<u>\$ 21,258</u>	<u>\$ 1,530</u>	<u>\$ 22,788</u>

**E. Capital Lease Payable**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**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, 2013, are a voted debt margin of \$9,789,677 (including available funds of \$959,022), an unvoted debt margin of \$357,285, and an energy conservation margin of \$2,225,566.

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

The District has entered into capitalized leases 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 \$226,760. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2013 was \$215,422, leaving a current book value of \$11,338. A corresponding liability was recorded in the government-wide financial statements. Principal and interest payments for capital leases in the 2013 fiscal year totaled \$43,025 and \$1,674, 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, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	11,175
Total minimum lease payments	11,175
Less: amount representing interest	(90)
Total	\$ 11,085

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**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 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 has contracted with Stark County Schools Council of Governments to provide medical/surgical, dental, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The Stark County Schools Council of Governments is a shared risk pool comprised of seventy-four members. The districts pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating Districts and their covered dependents. Claims are paid for all participants regardless of claims flow.

Premium contributions are determined annually based on the claims experience of the individual district. Premiums can be increased or decreased by up to 20% of the prior year's contribution. Member districts may become liable for additional contributions to fund the liability of the pool. In the event of termination, all participating Districts' claims would be paid without regard to their individual account balances. The Stark County Schools Council of Governments' Board of Directors has authority to return monies to an existing District subsequent to the settlement of all claims and expenses.

**D. Worker's 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$276,718, \$336,659, and \$344,373, respectively; 52.10 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

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

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



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$1,008,726, \$1,135,784, and \$1,217,677, respectively; 82.27 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$34,950 made by the District and \$24,964 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [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, 2013

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$36,732, \$47,932, and \$78,192, respectively; 52.10 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$15,631, \$19,881, and \$22,161, respectively; 52.10 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" 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 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$77,594, \$87,368, and \$93,667, respectively; 82.27 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**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 revenue, 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 account 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 is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 191,963
Net adjustment for revenue accruals	(511,777)
Net adjustment for expenditure accruals	420,431
Net adjustment for other sources and uses	(47,928)
Funds budgeted elsewhere	(20,123)
Adjustment for encumbrances	301,697
GAAP basis	\$ 334,263

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 and the uniform school supplies fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**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 involved in no material litigation as either plaintiff or defendant.

**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, 2012	\$ -
Current year set-aside requirement	382,972
Current year qualifying expenditures	<u>(391,515)</u>
Total	<u>\$ (8,543)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

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 \$30,914 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 18 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. To the extent of available balances at June 30, 2013, 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:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 266,911
Nonmajor governmental funds	<u>157,082</u>
Total	<u>\$ 423,993</u>

**NOTE 19 - SUBSEQUENT EVENTS**

Following fiscal year-end, David Heflinger became Superintendent of the District, replacing Beth Coleman, and Todd Carpenter became Treasurer of the District, replacing James Vokac.

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**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$47,223		\$47,223	
National School Lunch Program	10.555	312,959	\$39,055	312,959	\$39,055
Total Child Nutrition Cluster		360,182	39,055	360,182	39,055
Total U.S. Department of Agriculture		360,182	39,055	360,182	39,055
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	287,099		281,774	
Special Education Grants to States	84.027	560,095		420,327	
Education Technology State Grants	84.318	2,062		187	
English Language Acquisition State Grants	84.365	5,569		5,338	
Improving Teacher Quality State Grants	84.367	76,529		79,494	
ARRA - Race to the Top Incentive Grants, Recovery Act Recovery Act - Resident Educator Program	84.395	1,050			
Education Jobs Fund	84.410	57,968			
Total U.S. Department of Education		990,372		787,120	
<b>Total</b>		<b>\$1,350,554</b>	<b>\$39,055</b>	<b>\$1,147,302</b>	<b>\$39,055</b>

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

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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





# Dave Yost • Auditor of State

## INDEPENDENT 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 Field Local School District, Portage County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 13, 2014, wherein we noted the District adopted the provisions of Governmental Accounting Standards Board Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and No. 65. "Items Previously Reported as Assets and Liabilities." We also noted the District reclassified its food service operations to a governmental activity.

### ***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 opinions 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of 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. We consider finding 2013-001 described in the accompanying schedule of findings and questioned costs to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2013-001.

***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 communication 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

March 13, 2014



# Dave Yost • Auditor of State

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

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

To the Board of Education:

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

We have audited the Field Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Field Local School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings and questioned costs identifies the District's major federal programs.

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

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to opine on the District's compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 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 Each Major Federal Program***

In our opinion, the Field Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings and questioned costs as item 2013-002. The finding did not require us to modify our compliance opinion on each major federal program.

**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 OMB Circular A-133, 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.

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

*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's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-002 to be a material weakness.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



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

March 13, 2014

FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<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)?	Yes
<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 § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Grants to States CFDA# 84.027 Child Nutrition Cluster CFDA# 10.553 and 10.555
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

**1. Ohio Rev. Code Section 5705.41(B)**

<i>Finding Number</i>	2013-001
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NONCOMPLIANCE AND MATERIAL WEAKNESS

**Ohio Revised Code Section 5705.41(B)** provides no subdivision or taxing unit shall make any expenditures of money unless it has been appropriated. During fiscal year 2013, appropriations were amended by the Treasurer on several occasions. However, the appropriation amendments were not approved by the Board until August of 2013. As a result, at June 30, 2013, total expenditures plus outstanding encumbrances exceeded total appropriations at the legal level of control in the General Fund by \$237,910, Food Service Fund by \$85,365, and the Debt Service Fund by \$9,470,436.

The Board should approve appropriation amendments on a timely basis. The Treasurer should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the legal level of control to avoid overspending.

**Official's Response:** We did not receive a response from officials regarding the finding above.

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

**Fiscal Year 2011 Title I Grant**

<b>Finding Number</b>	2013-002
<b>CFDA Title and Number</b>	Title I Grants to Local Educational Agencies CFDA 84.010
<b>Federal Award Number / Year</b>	2011
<b>Federal Agency</b>	Education
<b>Pass-Through Agency</b>	Ohio Department of Education

MATERIAL WEAKNESS/NONCOMPLIANCE / QUESTIONED COST – CASH  
 MANAGEMENT/ALLOWABLE COSTS/ALLOWABLE ACTIVITIES

**2 Code of Federal Regulations Section 215.22(a)** provides payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. Payment methods of State agencies or instrumentalities shall be consistent with Treasury-State CMIA agreements or default procedures codified at 31 CFR part 205.

**2 Code of Federal Regulations Section 225(C)(1)(j)** provides to be allowable under Federal awards, costs must be adequately documented.

**34 Code of Federal Regulations Section 80.21** provides in part, grantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal agency. The grantee may keep interest amounts up to \$100 per year for administrative expenses.

The Ohio Department of Education's (ODE) CCIP Final Expenditure Report Completion Steps, provides in part, Local Education Agencies (LEA) shall enter the amount of cash expenditures using the information from the LEA's accounting system.

The District carried a balance in the Title I fund after all expenditures were liquidated of \$68,612. The District's fiscal year 2011 Final Expenditure Report (FER) for the Title I grant did not match the accounting records. The amount reported to ODE on the FER was \$231,580; however, the actual amount expenditures from the accounting system were \$151,674, a variance of \$79,906. Indicating costs were not adequately documented, and that the expenditures reported to ODE on the FER were not from the LEA's accounting system. As a result of the reporting error, the District had excess cash on hand throughout fiscal year 2013 ranging from \$83,600 to \$68,612. As a result of the excess cash on hand, an estimated of \$674 of interest was earned on the Title I grant fund balance. We consider the amount of \$79,906 to be a questioned cost.

The District should ensure the FER submitted to ODE matches the accounting records. By not reporting correct amounts to ODE the District could risk suspension of their federal funding. We recommend the District return the unspent balance of the fiscal year 2012 Title I grant in the amount of \$68,612 to ODE. In addition, the District should closely monitor cash balances to help minimize excess cash on hand. If more than \$100 of interest is earned on Federal funds, the District should ensure the excess interest is remitted to the U.S. Department of Education as required.

**Official's Response: See the corrective action plan.**

**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
JUNE 30, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-002	<p>The current Treasurer will personally oversee to ensure the following: the elapsing of time between the transfer of funds and the expenditure thereof are in compliance with the Treasurer-State CMIA agreements or default procedures codified at 31 CFR part 205; Federal award costs are adequately documented by maintaining and keeping an orderly account of receipts and expenses for accurate reporting purposes; submit the FER to ODE and make sure that the report submitted matches the district's financial data; and ensure that any interest earned in excess of \$100.00 on Federal funds will be remitted to the US. Department of Education as required.</p>	4/30/14	Todd Carpenter, Current Treasurer



**FIELD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Ohio Rev. Code § 5705.41(B), expenditures plus outstanding encumbrances exceeded total appropriations	No	Not Corrected Repeated 2013-001
2012-002	OMB Circular A-133 Subpart C, Section .310(b)(1) – (3), auditees required to prepare complete and accurate schedule of expenditures of Federal awards.	Yes	Corrected
2012-003	Failure to enter into a written agreement for legal services and to maintain supporting invoices for related expenditures	Yes	Corrected

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# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on May 9, 2011 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

March 13, 2014

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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  
MAY 8, 2014**