

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Field Local School District, Portage County, Ohio, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 1999, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.


Jim Petro
Auditor of State

December 15, 1999

Field Local School District

Field Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,043,602	\$113,831	\$3,770	\$57,735
Receivables:				
Taxes	6,521,999	0	38,600	0
Accounts	4,212	825	0	2,250
Intergovernmental	1,200	5,000	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	3,324	0	0	0
Restricted Assets:				
Equity in Pooled Cash	167,143	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$7,741,480	\$119,656	\$42,370	\$59,985
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accrued Wages	\$1,190,563	\$26,165	\$0	\$2,250
Compensated Absences Payable	10,512	0	0	0
Intergovernmental Payable	232,738	3,412	0	3
Deferred Revenue	5,665,194	0	38,600	0
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
OWDA Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	7,099,007	29,577	38,600	2,253
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	109,812	0	0	0
Reserved for Inventory	3,324	0	0	0
Reserved for Debt Service Principal	0	0	(34,830)	0
Reserved for Contributions	0	0	0	0
Reserved for Property Taxes	856,805	0	38,600	0
Reserved for Capital Improvements	53,127	0	0	0
Reserved for Budget Stabilization	114,016	0	0	0
Unreserved:				
Undesignated	(494,611)	90,079	0	57,732
Total Fund Equity and Other Credits	642,473	90,079	3,770	57,732
Total Liabilities, Fund Equity and Other Credits	\$7,741,480	\$119,656	\$42,370	\$59,985

See accompanying notes to the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$27,596	\$60,616	\$0	\$0	\$1,307,150
0	0	0	0	6,560,599
147	0	0	0	7,434
31,705	0	0	0	37,905
11,273	0	0	0	11,273
4,862	0	0	0	8,186
0	0	0	0	167,143
46,783	0	7,355,488	0	7,402,271
0	0	0	1,253,549	1,253,549
<u>\$122,366</u>	<u>\$60,616</u>	<u>\$7,355,488</u>	<u>\$1,253,549</u>	<u>\$16,755,510</u>
\$33,014	\$0	\$0	\$0	\$1,251,992
13,689	0	0	953,986	978,187
21,436	0	0	90,808	348,397
4,881	0	0	0	5,708,675
0	6,745	0	0	6,745
0	40,596	0	0	40,596
0	0	0	92,755	92,755
0	0	0	116,000	116,000
73,020	47,341	0	1,253,549	8,543,347
0	0	7,355,488	0	7,355,488
49,346	0	0	0	49,346
0	0	0	0	109,812
0	0	0	0	3,324
0	0	0	0	(34,830)
0	11,730	0	0	11,730
0	0	0	0	895,405
0	0	0	0	53,127
0	0	0	0	114,016
0	1,545	0	0	(345,255)
<u>49,346</u>	<u>13,275</u>	<u>7,355,488</u>	<u>0</u>	<u>8,212,163</u>
<u>\$122,366</u>	<u>\$60,616</u>	<u>\$7,355,488</u>	<u>\$1,253,549</u>	<u>\$16,755,510</u>

Field Local School District
**Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 1999**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Taxes	\$6,561,097	\$0	\$46,415	\$67,556	\$6,675,068
Intergovernmental	6,431,191	402,537	0	10,984	6,844,712
Interest	124,966	331	0	0	125,297
Tuition and Fees	128,722	0	0	0	128,722
Rent	435	0	0	0	435
Extracurricular Activities	0	65,459	0	0	65,459
Miscellaneous	11,609	59,742	0	5,005	76,356
Total Revenues	13,258,020	528,069	46,415	83,545	13,916,049
Expenditures:					
Current:					
Instruction:					
Regular	6,264,245	66,262	0	232,822	6,563,329
Special	946,185	197,345	0	0	1,143,530
Vocational	253,284	960	0	0	254,244
Other	101,884	0	0	0	101,884
Support Services:					
Pupils	782,995	1,468	0	5,033	789,496
Instructional Staff	391,475	87,875	0	3,696	483,046
Board of Education	9,453	2,539	0	0	11,992
Administration	1,287,568	86,786	0	0	1,374,354
Fiscal	336,274	0	0	2,266	338,540
Operation and Maintenance of Plant	1,074,294	2,963	0	17,886	1,095,143
Pupil Transportation	740,167	0	0	0	740,167
Central	25	6,819	0	0	6,844
Operation of Non-Instructional Services	0	670	0	0	670
Extracurricular Activities	167,258	78,928	0	0	246,186
Capital Outlay	4,340	0	0	3,777	8,117
Debt Service:					
Principal Retirement	3,735	0	34,000	0	37,735
Interest and Fiscal Charges	3,861	0	8,645	0	12,506
Total Expenditures	12,367,043	532,615	42,645	265,480	13,207,783
Excess of Revenues Over (Under) Expenditures	890,977	(4,546)	3,770	(181,935)	708,266
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	3,663	0	0	0	3,663
Operating Transfers In	42,645	16,344	0	0	58,989
Operating Transfers Out	(16,344)	0	0	(42,645)	(58,989)
Total Other Financing Sources (Uses)	29964	16344	0	-42645	3663
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	920,941	11,798	3,770	(224,580)	711,929
Fund Balances (Deficit) at Beginning of Year	(276,961)	78,281	0	282,312	83,632
Decrease in Reserve for Inventory	(1,506)	0	0	0	(1,506)
Fund Balances at End of Year	\$642,474	\$90,079	\$3,770	\$57,732	\$794,055

See accompanying notes to the general purpose financial statements.

Field Local School District
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 1999

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$6,431,191	\$6,431,191	\$0
Interest	124,966	124,966	0
Tuition and Fees	130,999	130,999	0
Rent	435	435	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Property and Other Local Taxes	6,111,112	6,111,112	0
Miscellaneous	9,595	9,595	0
Total Revenues	12,808,298	12,808,298	0
Expenditures			
Current:			
Instruction:			
Regular	6,139,445	6,271,631	(132,186)
Special	1,046,859	974,207	72,652
Vocational	304,475	261,186	43,289
Other	130,996	153,535	(22,539)
Support services:			
Pupils	745,051	790,773	(45,722)
Instructional Staff	325,091	379,657	(54,566)
Board of Education	7,877	9,452	(1,575)
Administration	1,147,085	1,285,172	(138,087)
Fiscal	265,563	313,977	(48,414)
Operation and Maintenance of Plant	1,100,082	1,114,386	(14,304)
Pupil Transportation	791,737	753,077	38,660
Central	0	25	(25)
Non-Instructional Services	0	0	0
Extracurricular activities	167,759	165,739	2,020
Capital Outlay	0	4,340	(4,340)
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	12,172,020	12,477,157	(305,137)
Excess (Deficiency) of Revenues Over (Under) Expenditures	636,278	331,141	(305,137)
Other Financing Sources (Uses)			
Operating Transfers In	42,645	42,645	0
Proceeds from Sale of Fixed Assets	2,062	2,062	0
Refund of Prior Year Expenditures	15,747	15,747	0
Advances In	18,229	18,229	0
Other Financing Sources	2,014	2,014	0
Operating Transfers Out	0	(16,344)	(16,344)
Refund of Prior Year Receipts	0	(283)	(283)
Advances Out	0	0	0
Total Other Financing Sources (Uses)	80,697	64,070	(16,627)
Excess (Deficiency) of Revenues and Other Financing Sources			
Over (Under) Expenditures and Other Financing Uses	716,975	395,211	(321,764)
Fund Balances at Beginning of Year	658,530	658,530	0
Prior Year Encumbrances Appropriated	47,193	47,193	0
Fund Balance at End of Year	\$1,422,698	\$1,100,934	(\$321,764)

See accompanying notes to the general purpose financial statements.

(Continued)

Field Local School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types (Continued)
 For the Fiscal Year Ended June 30, 1999

	Special Revenue			Debt Service		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$452,278	\$452,278	\$0	\$0	\$0	\$0
Interest	331	331	0	0	0	0
Tuition and Fees	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Extracurricular Activities	65,519	65,519	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Property and Other Local Taxes	0	0	0	46,415	46,415	0
Miscellaneous	59,742	59,742	0	0	0	0
Total Revenues	577,870	577,870	0	46,415	46,415	0
Expenditures						
Current:						
Instruction:						
Regular	69,432	66,273	3,159	0	0	0
Special	173,452	195,609	(22,157)	0	0	0
Vocational	1,800	960	840	0	0	0
Other	18,040	0	18,040	0	0	0
Support services:						
Pupils	4,100	1,468	2,632	0	0	0
Instructional Staff	54,467	89,849	(35,382)	0	0	0
Board of Education	0	2,539	(2,539)	0	0	0
Administration	79,537	98,658	(19,121)	0	0	0
Fiscal	0	0	0	0	0	0
Operation and Maintenance of Plant	1,647	2,964	(1,317)	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	6,700	6,819	(119)	0	0	0
Non-Instructional Services	2,653	673	1,980	0	0	0
Extracurricular activities	90,982	78,926	12,056	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	34,000	34,000	0
Interest and Fiscal Charges	0	0	0	8,645	8,645	0
Total Expenditures	502,810	544,738	(41,928)	42,645	42,645	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	75,060	33,132	(41,928)	3,770	3,770	0
Other Financing Sources (Uses)						
Operating Transfers In	16,344	16,344	0	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0
Advances Out	0	(18,229)	(18,229)	0	0	0
Total Other Financing Sources (Uses)	16,344	(1,885)	(18,229)	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	91,404	31,247	(60,157)	3,770	3,770	0
Fund Balances at Beginning of Year	81,107	81,107	0	0	0	0
Prior Year Encumbrances Appropriated	1,477	1,477	0	0	0	0
Fund Balance at End of Year	\$173,988	\$113,831	(\$60,157)	\$3,770	\$3,770	\$0

(continued)

**Field Local School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis) (Continued)
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 1999**

	Capital Projects			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$8,734	\$8,734	\$0	\$6,892,203	\$6,892,203	\$0
Interest	0	0	0	125,297	125,297	0
Tuition and Fees	0	0	0	130,999	130,999	0
Rent	0	0	0	435	435	0
Extracurricular Activities	0	0	0	65,519	65,519	0
Gifts and Donations	0	0	0			
Property and Other Local Taxes	77,411	77,411	0	6,234,938	6,234,938	0
Miscellaneous	5,005	5,005	0	74,342	74,342	0
Total Revenues	91,150	91,150	0	13,523,733	13,523,733	0
Expenditures						
Current:						
Instruction:						
Regular	0	232,822	(232,822)	6,208,877	6,570,726	(361,849)
Special	0	0	0	1,220,311	1,169,816	50,495
Vocational	0	0	0	306,275	262,146	44,129
Other	0	0	0	149,036	153,535	(4,499)
Support services:						
Pupils	6,000	5,033	967	755,151	797,274	(42,123)
Instructional Staff	6,200	1,443	4,757	385,758	470,949	(85,191)
Board of Education	0	0	0	7,877	11,991	(4,114)
Administration	0	0	0	1,226,622	1,383,830	(157,208)
Fiscal	2,650	2,266	384	268,213	316,243	(48,030)
Operation and Maintenance of Plant	0	17,886	(17,886)	1,101,729	1,135,236	(33,507)
Pupil Transportation	0	0	0	791,737	753,077	38,660
Central	0	0	0	6,700	6,844	(144)
Non-Instructional Services	0	0	0	2,653	673	1,980
Extracurricular activities	0	0	0	258,741	244,665	14,076
Capital Outlay	57,550	3,777	53,773	57,550	8,117	49,433
Debt Service:						
Principal Retirement	0	0	0	34,000	34,000	0
Interest and Fiscal Charges	0	0	0	8,645	8,645	0
Total Expenditures	72,400	263,227	(190,827)	12,789,875	13,327,767	(537,892)
Excess (Deficiency) of Revenues Over (Under) E	18,750	(172,077)	(190,827)	733,858	195,966	(537,892)
Other Financing Sources (Uses)						
Operating Transfers In	0	0	0	58,989	58,989	0
Proceeds from Sale of Fixed Assets	0	0	0	2,062	2,062	0
Refund of Prior Year Expenditures	0	0	0	15,747	15,747	0
Advances In	0	0	0	18,229	18,229	0
Other Financing Sources	0	0	0	2,014	2,014	0
Operating Transfers Out	(10,444)	(42,645)	(32,201)	(10,444)	(58,989)	(48,545)
Refund of Prior Year Receipts	0	0	0	0	(283)	(283)
Advances Out	0	0	0	0	(18,229)	(18,229)
Total Other Financing Sources (Uses)	(10,444)	(42,645)	(32,201)	86,597	19,540	(67,057)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing	8,306	(214,722)	(223,028)	820,455	215,506	(604,949)
Fund Balances at Beginning of Year	272,457	272,457	0	1,012,094	1,012,094	0
Prior Year Encumbrances Appropriated	0	0	0	48,670	48,670	0
Fund Balance at End of Year	\$280,763	\$57,735	(\$223,028)	\$1,881,219	\$1,276,270	(\$604,949)

**Field Local School District
 Combined Statement of Revenues,
 Expenses and Changes in Fund Equity
 Proprietary Fund Type and Similar Trust Fund
 For the Fiscal Year Ended June 30, 1999**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
<u>Operating Revenues:</u>			
Sales	\$304,362	\$0	\$304,362
Interest	0	675	675
Total Operating Revenues	<u>304,362</u>	<u>675</u>	<u>305,037</u>
<u>Operating Expenses:</u>			
Salaries	158,148	0	158,148
Fringe Benefits	100,709	0	100,709
Purchased Services	4,237	0	4,237
Materials and Supplies	20,044	0	20,044
Cost of Sales	196,007	0	196,007
Depreciation	3,494	0	3,494
Other Operating Expenses	1,486	500	1,986
Total Operating Expenses	<u>484,125</u>	<u>500</u>	<u>484,625</u>
Operating Income (Loss)	<u>(179,763)</u>	<u>175</u>	<u>(179,588)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	33,399	0	33,399
Interest	249	0	249
Federal and State Subsidies	120,936	0	120,936
Total Non-Operating Revenues	<u>154,584</u>	<u>0</u>	<u>154,584</u>
Net Income (Loss)	<u>(25,179)</u>	<u>175</u>	<u>(25,004)</u>
Retained Earnings/Fund Balance at Beginning of Year	<u>74,525</u>	<u>0</u>	<u>74,525</u>
Retained Earnings/Fund Balance at End of Year	<u>\$49,346</u>	<u>\$175</u>	<u>\$49,521</u>

See accompanying notes to the general purpose financial statements.

Field Local School District
Combined Statement of Cash Flows
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Cash Flows from Operating Activities:			
Cash Received from Customers	\$304,362	\$675	\$305,037
Cash Payments to Suppliers for Goods and Services	(188,774)	0	(188,774)
Cash Payments to Employees for Services	(167,070)	0	(167,070)
Cash Payments for Employee Benefits	(86,915)	0	(86,915)
Cash Payments for Other Operating Expenses	0	(500)	(500)
Net Cash Provided by (Used for) Operating Activities	<u>(138,397)</u>	<u>175</u>	<u>(138,222)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	121,130	0	121,130
Net Cash Provided by Noncapital Financing Activities	<u>121,130</u>	<u>0</u>	<u>121,130</u>
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(19,593)	0	(19,593)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(19,593)</u>	<u>0</u>	<u>(19,593)</u>
Cash Flows from Investing Activities:			
Interest on Investments	249	0	249
Net Cash Provided by (Used for) Investing Activities	<u>249</u>	<u>0</u>	<u>249</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(36,611)	175	(36,436)
Cash and Cash Equivalents at Beginning of Year	64,207	13,100	77,307
Cash and Cash Equivalents at End of Year	<u>\$27,596</u>	<u>\$13,275</u>	<u>\$40,871</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	<u>(179,763)</u>	<u>175</u>	<u>(179,588)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	3,494	0	3,494
Donated Commodities Used During Year	33,399	0	33,399
Changes in Assets and Liabilities:			
(Increase)/Decrease in Inventory Held for Resale	145	0	145
(Increase)/Decrease in Materials and Supplies Inventory	(544)	0	(544)
Increase/(Decrease) in Accrued Wages	983	0	983
Increase/(Decrease) in Compensated Absences Payable	(654)	0	(654)
Increase/(Decrease) in Intergovernmental Payable	4,543	0	4,543
Total Adjustments	<u>41,366</u>	<u>0</u>	<u>41,366</u>
Net Cash Provided by Operating Activities	<u>(\$138,397)</u>	<u>\$175</u>	<u>(\$138,222)</u>

See accompanying notes to the general purpose financial statements.

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

NOTE 1 - DESCRIPTION OF THE ENTITY

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

The District operates under a locally-elected five-member board of education and provides educational services as mandated by state and/or federal agencies. This Board controls the District's nine instructional/support facilities staffed by 99 noncertificated employees, 161 certificated full-time teaching personnel and 10 administrators who provide services to 2,413 students and other community members.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION - FUND ACCOUNTING

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

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

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

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

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

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND

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

Enterprise Fund

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

FIDUCIARY FUNDS

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

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonexpendable Trust Fund

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

Agency Funds

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

ACCOUNT GROUPS

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

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

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District reports deferred revenue on its Combined Balance Sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue. In the proprietary fund types, unused donated commodities are reported as deferred revenue.

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

Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds other than agency funds are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts set forth in the final amended Certificate issued for fiscal 1999.

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations

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

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

Encumbrances

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

Lapsing of Appropriations

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

CASH AND INVESTMENTS

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the Combined Balance Sheet. During fiscal year 1999, investments were limited to STAR Ohio.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$124,966, which includes \$35,704 assigned from other District funds.

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RESTRICTED ASSETS

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

INVENTORY

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

FIXED ASSETS AND DEPRECIATION

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

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

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

INTERGOVERNMENTAL REVENUES

In governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Reimbursable grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for proprietary fund operations are recognized as non-operating revenues when measurable and earned. The District currently participates in various State and Federal programs, as follows:

Grants and Entitlements

Entitlements

General Fund
State Foundation Program
School Bus Allocation

State Property Tax Relief

**FIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 1999 (Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-Reimbursable Grants

Special Revenue Funds

Title I

Title VI-B

Drug Free Schools

Title VI

Vocational Education

Reimbursable Grants

General Fund

Driver's Education

Proprietary Funds

National School Lunch Program

Government Donated Commodities

SHORT-TERM INTERFUND ASSETS/LIABILITIES

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Interfund Loans Receivable/Payable".

COMPENSATED ABSENCES

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

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

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

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

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

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

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

FUND BALANCE RESERVES

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

INTERFUND TRANSACTIONS

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

ESTIMATES

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

TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

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

**FIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 1999 (Continued)**

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.

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

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Project
GAAP Basis	\$ 920,940	\$ 11,798	\$ 3,770	\$ (224,580)
Net Adjustments for Revenue Accruals	(415,334)	49,801	0	7,605
Net Adjustments for Expenditure Accruals	<u>(110,395)</u>	<u>(30,352)</u>	<u>0</u>	<u>2,253</u>
Budget Basis	\$ <u>395,211</u>	\$ <u>31,247</u>	\$ <u>3,770</u>	\$ <u>(214,722)</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

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

**FIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 1999 (Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

Deposits

At fiscal year end, the reported amount of the District's deposits was \$(129,606) and the bank balance was \$147,952. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$47,952 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investment

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the fiscal year ended June 30, 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999. At June 30, 1999, the fair value of STAR Ohio was \$1,603,900. Investments in STAR Ohio are not categorized since they are not evidenced by securities that exist in physical or book entry form.

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$ 1,474,294	\$ 0
Investments which are part of The Cash Management Pool: STAR Ohio	<u>(1,603,900)</u>	<u>1,603,900</u>
GASB Statement No. 3	<u>\$ (129,606)</u>	<u>\$ 1,603,900</u>

NOTE 5 - PROPERTY TAXES

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

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 5 - PROPERTY TAXES (continued)

The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second Half Valuations		1999 First Half Valuations	
	Amounts	Percent	Amounts	Percent
Real Property:				
Commercial/Industrial	\$32,640,370	14.27%	\$32,323,340	13.83%
Residential/Agricultural	162,430,350	70.97	165,607,370	13.83
Public Utilities	10,960	0.01	10,530	0.01
Mobile Home	131,077	0.06	123,476	0.05
Tangible Personal Property:				
Public Utilities	10,769,010	4.71	10,992,950	4.70
General	<u>22,825,344</u>	<u>9.98</u>	<u>24,597,059</u>	<u>10.53</u>
Total	<u>\$228,807,111</u>	<u>100.00%</u>	<u>\$233,654,725</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed Valuation	\$51.60		\$50.60	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

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

The Portage County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically advances to the District their portion of the taxes collected. The amount available to the District as an advance at June 30, 1999, is available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 and reflected in 1999 revenue was \$856,805 all of which was available to the General Fund.

NOTE 6 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts, intergovernmental entitlements and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

**FIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 1999 (Continued)**

NOTE 6 - RECEIVABLES

Intergovernmental Receivables	Amount
General Fund Reimbursements	\$1,200
Special Revenue Fund Wellness Grant	5,000
Enterprise Funds State and Federal School Lunch Subsidies	<u>31,705</u>
Total Intergovernmental Receivables	<u>\$37,905</u>

NOTE 7 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 1999 follows:

Furniture and Equipment	\$182,407
Less: Accumulated Depreciation	<u>135,624</u>
Net Fixed Assets	<u>\$46,783</u>

A summary of the changes in general fixed assets follows:

	Balance 7/01/98	Additions	Reductions	Balance 6/30/99
Land	\$88,008	\$0	\$0	\$88,008
Buildings	4,604,084	4,340	0	4,608,424
Equipment	1,701,309	200,101	30,525	1,870,885
Vehicles	<u>789,623</u>	<u>46,015</u>	<u>47,467</u>	<u>788,171</u>
Total	<u>\$7,183,024</u>	<u>\$250,456</u>	<u>\$77,992</u>	<u>\$7,355,488</u>

NOTE 8 - RISK MANAGEMENT

A. General Insurance

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

**FIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 1999 (Continued)**

NOTE 8 - RISK MANAGEMENT (Continued)

Additionally, the District carries a \$1,000,000 blanket umbrella policy. The limits of this coverage are \$1,000,000 per occurrence and \$1,000,000 in aggregate.

B. Fidelity Bond

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

C. Workers' Compensation

The District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Board Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

D. Portage Area Schools Consortium

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

NOTE 9 - LONG-TERM DEBT OBLIGATIONS

Changes in long-term obligations of the District from July 1, 1998 through June 30, 1999, were as follows:

Issue	Balance 7/01/98	Additions	Reductions	Balance 6/30/99
<u>GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP</u>				
OWDA Loan Payable 4.04%, 12/96 - 06/16	\$96,490	\$0	\$3,735	\$92,755
General Obligation Bonds: Energy Conservation 6.50% 06/91 - 12/02	150,000	0	34,000	116,000
Compensated Absences Payable	995,517	0	41,531	953,986
Intergovernmental Payable	<u>98,930</u>	<u>90,808</u>	<u>98,930</u>	<u>90,808</u>
Total General Long-term Obligations	<u>\$1,340,937</u>	<u>\$90,808</u>	<u>\$178,196</u>	<u>\$1,253,549</u>

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 9 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

The District entered into an agreement with the Portage County Commissioners to pay for the construction costs of a water main. The project was funded by the Ohio Water Development Authority (OWDA). The loan will be repaid from general operating monies of the District.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 1999, are as follows:

Fiscal Year	Principal	Interest	Total
2000	\$36,000	\$6,370	\$42,370
2001	39,000	3,932	42,932
2002	<u>41,000</u>	<u>1,332</u>	<u>42,332</u>
Total	<u>\$116,000</u>	<u>\$11,634</u>	<u>\$127,634</u>

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

Principal and interest requirements to retire the OWDA loan outstanding at June 30, 1999, are as follows:

Fiscal Year	Principal	Interest	Total
2000	\$3,887	\$3,708	\$7,595
2001	4,046	3,550	7,596
2002	4,210	3,384	7,594
2003	4,383	3,213	7,596
2004	4,561	3,034	7,595
Thereafter	<u>71,668</u>	<u>19,478</u>	<u>91,146</u>
Total	<u>\$92,755</u>	<u>\$36,367</u>	<u>\$129,122</u>

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 10 - RETIREMENT PLANS

School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's contributions to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$151,878, \$151,948 and \$149,463, respectively, equal to the required contributions for each year; 76.4 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$62,563, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system. STRS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6.0 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions to STRS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$427,649, \$727,917 and \$777,693, respectively; 83.4 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$165,900 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

School Employees Retirement Systems

SERS provides postretirement health care to retirees and their dependents with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than 25 years of qualified service credit pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The Ohio Revised Code provides statutory authority requiring school employers to fund post retirement health care through their contributions to SERS. At June 30, 1999, the allocation rate was 4.98 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999, the minimum pay was established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

provides for maintenance of the asset target level for the health care fund. The District's actual contributions which were used to fund postemployment benefits, including surcharge, equaled \$113,014 during the 1999 fiscal year.

The Health care benefits are financed on a pay as you go basis. The target level for the health care reserve is 125 percent of annual health care expenses. At June 30, 1998 (the latest information available) the retirement systems' expenses for health care statewide was \$111,900,575 and the target level was \$139.9 million. The net assets available for payment of health care benefits was \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

State Teachers Retirement Systems

STRS provides comprehensive health care benefits to retirees and their dependents through the State Teachers Retirement System (STRS). Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. The District's actual contributions which were used to fund postemployment benefits equaled \$570,132 during the 1999 fiscal year.

Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$2,156 million statewide at June 30, 1998 (the latest information available). For the year ended June 30, 1998, net health care costs statewide paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

NOTE 12 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

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

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 13 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits

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

Fund	Deficit
Special Revenue	
Teacher Development	\$8
DPIA	3,579

NOTE 14 - REQUIRED BUDGET SET-ASIDES

	Textbooks	Capital Improvements	Budget Stabilization	Totals
Set-Aside Cash Balance as of June 30, 1998	\$0	\$0	\$76,988	\$76,988
Current Year Set-Aside Requirement	193,208	193,208	37,028	423,444
Current Year Offsets	0	0	0	0
Qualifying Disbursements	<u>202,108</u>	<u>140,081</u>	<u>0</u>	<u>342,189</u>
Total	<u>(8,900)</u>	<u>53,127</u>	<u>114,016</u>	<u>158,243</u>
Cash Balance Carried Forward to Fiscal Year 2000	<u>0</u>	<u>53,127</u>	<u>114,016</u>	<u>167,143</u>
Amount restricted for Capital Improvements and Budget Stabilization				<u>167,143</u>
Total Restricted Assets				<u>\$167,143</u>

Although the District had qualifying textbook disbursements during the year that reduced the set-aside amount below zero, this extra amount may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

Amounts remaining at year-end have been set-aside to satisfy statutory requirements are represented by cash and are presented as restricted assets on the balance sheet. Corresponding amounts are reported as reserves of fund balance.

NOTE 15 - CONTINGENCIES

Grants

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

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 15 - CONTINGENCIES (Continued)

effect on the overall financial position of the District at June 30, 1999.

Litigation

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

NOTE 16 - SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$5,630,362 of school foundation support in total, with the entire amount reported in the general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

NOTE 17 - YEAR 2000 ISSUE

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the governments operations.

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll, employee benefits and educational statistics reporting [through the State's Education Management and Information System (EMIS)].

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform Payroll System Software for its payroll and employee benefits and the State Education Management and Information System for its educational statistics reporting. The State is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. The State is responsible for remediating these systems.

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999 (Continued)**

NOTE 17 - YEAR 2000 ISSUE

Portage County collects property taxes for distribution to the District. Portage County is responsible for remediating its tax collection system.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 1999**

FEDERAL GRANTOR <i>Pass Through Grantor Program Title</i>	Federal CFDA Number	Pass-Through Entity's Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	10.550	-		\$33,399		\$33,399
National School Lunch Program	10.555	03-PU 98 03-PU 99 04-PU 98 04-PU 99	10,533 17,210 31,741 55,087 <u>114,571</u>	0	10,533 17,210 31,741 55,087 <u>114,571</u>	0
Total Department of Agriculture - Nutrition Cluster			<u>114,571</u>	<u>33,399</u>	<u>114,571</u>	<u>33,399</u>
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Educational Agencies (ESEA Title 1)	84.010	C1-S1 98 C1-S1 99	54,741 156,808 <u>211,549</u>	0	45,088 133,959 <u>179,047</u>	0
Total						
Special Education Grants to States	84.027	6B-SF 98 P 6B-SF 98	120,796 <u>120,796</u>	0	114,581 13,573 <u>128,154</u>	0
Total						
Vocational Education Basic Grants to States	84.048		1,710 <u>1,710</u>		1,710	
Safe and Drug-Free Schools and Communities	84.186	DR-S1 99 DR-S1 98	12,652 <u>12,652</u>	0	9,020 2,712 <u>11,732</u>	0
Total						
Goals 2000 State and Local Education Systemic Improvement	84.276	G2-S2 99	10,000 <u>10,000</u>		2,956	
Innovative Education Program Strategies	84.298	C2-S1 99	9,126 <u>9,126</u>		9,126	
<i>Direct from U.S. Department of Education</i>						
Telcom (E-rate)	84.XXX		1,871 <u>1,871</u>		1,871	
Total Department of Education			<u>367,704</u>	<u>0</u>	<u>334,596</u>	<u>0</u>
Totals			<u>\$ 482,275</u>	<u>\$ 33,399</u>	<u>\$ 449,167</u>	<u>\$ 33,399</u>

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

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
June 30, 1999

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department Of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.



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JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the financial statements of Field Local School District, Portage County, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 15, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Field Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

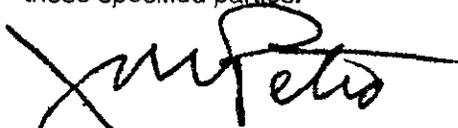
In planning and performing our audit, we considered Field Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of Field Local School District in a separate letter dated December 15, 1999.

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

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



Jim Petro
Auditor of State

December 15, 1999



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

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

To the Board of Education:

Compliance

We have audited the compliance of Field Local School District, Portage County, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. Field Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Field Local School District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Field Local School District, Portage County, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

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



Jim Patro
Auditor of State

December 15, 1999

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	84.027 Special Education Grants to States
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 1999
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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<i>Finding Number</i>	None
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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<i>Finding Number</i>	None
<i>CFDA Title and Number</i>	
<i>Federal Award Number / Year</i>	
<i>Federal Agency</i>	
<i>Pass-Through Agency</i>	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JANUARY 27, 2000