

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY**

AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Field Local School District, Portage County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 23, 2009

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**FIELD LOCAL SCHOOL DISTRICT
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

Certified Public Accountants

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Field Local School District
Mogadore, Ohio

The Honorable Mary Taylor
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Field Local School District, Portage County, Ohio, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Field Local School District, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

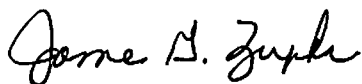
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Field Local School District, Ohio, as of June 30, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, on our consideration of the Field Local School District, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Field Local School District, Ohio's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and also is not a required part of the basic financial statements of the Field Local School District, Ohio. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



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

December 22, 2008

Field Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

This discussion and analysis of the Field Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to better their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2008 are as follows:

- Net assets of governmental activities increased \$721,001 while net assets of business-type activities also increased by \$94,659.
- General revenues accounted for \$19,213,660 in revenue or 86.5% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,995,854 or 13.5% of total revenues of \$22,209,514.
- The District had \$20,811,725 in expenses related to governmental activities; only \$2,320,338 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$19,212,388 were adequate to provide for these programs.
- The District had \$582,129 in expenses related to business-type activities, food service. Program revenues of \$675,516 were adequate to provide for this service.

Using this Annual Financial Report

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities answer the question, "How did we do financially during fiscal year 2008?" These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of

Field Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Field Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

The District as a Whole

The table below provides a summary of the District's net assets for fiscal year 2008 and 2007:

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>Restated 2007</u>	<u>2008</u>	<u>Restated 2007</u>	<u>2008</u>	<u>Restated 2007</u>
<u>Assets:</u>						
Current assets	\$ 12,332,400	\$ 17,532,032	\$ 66,274	\$ 35,284	\$ 12,398,674	\$ 17,567,316
Capital assets, net of depreciation	<u>29,545,412</u>	<u>26,194,174</u>	<u>124,127</u>	<u>108,849</u>	<u>29,669,539</u>	<u>26,303,023</u>
Total assets	<u>41,877,812</u>	<u>43,726,206</u>	<u>190,401</u>	<u>144,133</u>	<u>42,068,213</u>	<u>43,870,339</u>
<u>Liabilities:</u>						
Current liabilities	11,762,506	14,274,834	51,243	122,495	11,813,749	14,397,329
Long-term liabilities	<u>25,877,587</u>	<u>25,934,654</u>	<u>34,473</u>	<u>11,612</u>	<u>25,912,060</u>	<u>25,946,266</u>
Total liabilities	<u>37,640,093</u>	<u>40,209,488</u>	<u>85,716</u>	<u>134,107</u>	<u>37,725,809</u>	<u>40,343,595</u>
<u>Net Assets:</u>						
Invested in capital assets, net of related debt	4,827,789	4,786,377	102,251	108,849	4,930,040	4,895,226
Restricted	1,712,533	1,571,392	-	-	1,712,533	1,571,392
Unrestricted	<u>(2,302,603)</u>	<u>(2,841,051)</u>	<u>2,434</u>	<u>(98,823)</u>	<u>(2,300,169)</u>	<u>(2,939,874)</u>
Total net assets	<u>\$ 4,237,719</u>	<u>\$ 3,516,718</u>	<u>\$ 104,685</u>	<u>\$ 10,026</u>	<u>\$ 4,342,404</u>	<u>\$ 3,526,744</u>

Governmental Activities

Net assets of the School District's governmental activities increased by \$721,001. Program revenue of \$2,320,338 and general revenues of \$19,212,388 offset total governmental expenses of \$20,811,725. Program revenues supported 11.2% of the total governmental expenses.

Field Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Several revenue sources fund the District's governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated \$9,926,020 in Fiscal Year 2008. General revenues from grants and entitlements, such as the school foundation program, generated approximately \$8,263,550. These two revenue sources represent 84.5% of total governmental revenue.

Real estate property is reappraised every six years. Portage County had its triennial update in calendar year 2003. Although historical growth has had a positive effect on the District's tax base, the full tax revenue impact has not been realized due to H.B. 920. This state law, enacted in 1976, does not allow for revenue increases caused by inflationary growth of real property values. Increases in valuation prompt corresponding annual reductions in the "effective millage", the tax rates applied to real property. Thus, although the District tax valuation continues to grow, this built-in revenue limitation requires the District to request additional school operating revenue by placing a levy on the ballot every three to five years, on average. The District has renewed or replaced operating levies in the past (in 1986, 1991, 1994, 1995, 1998, 2000, and 2004) with the last operating levy being passed two years ago at 7.3 mills. This levy is limited with the levy that is expiring in December 2008 with tax collections through 2009. The District successfully passed a 6.0 continuing replacement operating levy August 2006.

Instructional expenses of the School District include activities directly related to the teaching of pupils as well as the interaction between teacher and pupil and the purchase of textbooks and instructional supplies and materials. These expenses totaled \$11,796,246, or 56.7% of the total program expenses of the School District.

Support services expenses for the pupils and instruction staff programs totaled \$1,714,196, or 8.2% of the total program expenses of the School District. These expenses include library, guidance, speech and hearing, and psychological services.

Board of education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. Current year expenses were \$2,577,296, which represents 12.4% of the total program expenses. Expenses of these School District programs increased \$88,307 over the prior year mainly due to increases in staff and student enrollment.

Costs associated with the operation and maintenance of plant represent those expenses necessary for the care and upkeep of School District's buildings, grounds and equipment. Current year expenses of \$1,840,642 made up 8.8% of all governmental expenses.

Business-Type Activities

Business-type activities consist of the food service operation. This program had revenue of \$676,788 and expenses of \$582,129.

Field Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The table below shows the changes in net assets for fiscal year 2008 and 2007:

Table 2
Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Revenues:</u>						
Program revenues:						
Charges for services and sales	\$ 1,432,750	\$ 1,155,443	\$ 447,568	\$ 401,258	\$ 1,880,318	\$ 1,556,701
Operating grants and contributions	876,041	800,063	227,948	186,231	1,103,989	986,294
Capital grants and contributions	11,547	146,167	-	-	11,547	146,167
General revenues:						
Property taxes	9,926,020	10,043,765	-	-	9,926,020	10,043,765
Grants and entitlements not						
Restricted to Specific Programs	8,263,550	7,819,937	-	-	8,263,550	7,819,937
Investment earnings	176,150	795,624	1,272	-	177,422	795,624
Miscellaneous	846,668	165,407		485		
Earnest Proceeds from sale of capital assets	-	350,000	-	-	-	350,000
Total revenues	<u>21,532,726</u>	<u>21,276,406</u>	<u>676,788</u>	<u>587,974</u>	<u>21,362,846</u>	<u>21,698,488</u>
<u>Program Expenses:</u>						
Instruction:						
Regular	9,535,586	9,583,526	-	-	9,535,586	9,583,526
Special	1,973,613	1,625,454	-	-	1,973,613	1,625,454
Vocational	157,230	220,797	-	-	157,230	220,797
Adult/continuing	16,872	35,602	-	-	16,872	35,602
Other	112,945	111,275	-	-	112,945	111,275
Support services:						
Pupils	933,452	1,098,599	-	-	933,452	1,098,599
Instructional staff	780,744	855,487	-	-	780,744	855,487
Board of education	20,757	25,976	-	-	20,757	25,976
Administration	1,991,266	1,972,791	-	-	1,991,266	1,972,791
Fiscal	522,959	457,870	-	-	522,959	457,870
Business	42,314	32,352	-	-	42,314	32,352
Operation and maintenance of plant	1,840,642	1,474,450	-	-	1,840,642	1,474,450
Pupil transportation	1,191,125	1,218,968	-	-	1,191,125	1,218,968
Central	42,788	34,473	-	-	42,788	34,473
Operation non-instructional services	46,696	53,831	-	-	46,696	53,831
Extracurricular activities	389,505	394,651	-	-	389,505	394,651
Interest and fiscal charges	1,213,231	1,191,603	-	-	1,213,231	1,191,603
Food service operations	-	-	582,129	610,580	582,129	610,580
Total expenses	<u>20,811,725</u>	<u>20,387,705</u>	<u>582,129</u>	<u>610,580</u>	<u>21,393,854</u>	<u>20,998,285</u>
Increase (decrease) in net assets	721,001	888,701	94,659	(22,606)	815,660	866,095
Net assets (deficit) beginning of year, as restated	<u>3,516,718</u>	<u>2,628,017</u>	<u>10,026</u>	<u>32,632</u>	<u>3,526,744</u>	<u>2,660,649</u>
Net assets (deficit) end of year	<u>\$ 4,237,719</u>	<u>\$ 3,516,718</u>	<u>\$ 104,685</u>	<u>\$ 10,026</u>	<u>\$ 4,342,404</u>	<u>\$ 3,526,744</u>

Field Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2008
 Unaudited

The District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$21,648,389, and total expenditures were \$24,131,479. The total net change in fund balance across all governmental funds was a decrease of \$2,473,711 although there was a decrease in fund balance the School District continues to be financially stable. The net decrease in fund balance for the year was most significant in the building fund, amounting to \$3,142,451, or 99.6 percent. This change in the building fund is due largely to an increase in expenditures as a result of the completion of the construction project. Table 3 shows fiscal year 2008 balances compared to fiscal year 2007.

Table 3
 Governmental Fund Balances

<u>Fund</u>	<u>Fund Balance June 30, 2008</u>	<u>Restated Fund Balance June 30, 2007</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
General	(809,394)	(1,321,769)	512,375	38.8%
Bond	594,884	604,736	(9,852)	-1.6%
Building	12,383	3,154,834	(3,142,451)	-99.6%
Other governmental	<u>596,750</u>	<u>430,533</u>	<u>166,217</u>	<u>38.6%</u>
Total	<u>394,623</u>	<u>2,868,334</u>	<u>(2,473,711)</u>	<u>-23.9%</u>

General Fund Budgeting Highlights

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

During Fiscal Year 2008, the District amended its general fund balance. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue estimate was \$18,632,855, which was higher than the original revenue estimate of \$18,066,555. This \$566,300 difference is due to conservative original budget estimates. The actual revenues received were \$18,636,105 which was only \$3,250 higher than anticipated.

The original expenditures estimate of \$18,086,963 was revised over the fiscal year. The final budgeted expenditures were \$18,263,052, which is an increase of \$176,089 or 0.97 percent from the original budget. Actual expenditures were \$18,077,840. The largest part of this positive variance is due to expenditures budgeted for operation and maintenance of plant and pupil transportation were not needed for 2008 operations.

Field Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of Fiscal Year 2008, the District had \$29,669,539 invested in land, construction in progress, land improvements, buildings, furniture, fixtures and equipment and vehicles. This is accounting for both Governmental Activities and Business-Type Activities assets. The table below shows a comparison of Fiscal Year 2008 to 2007. See Note 6 for additional information regarding Capital Assets.

Table 4
Capital Assets as of June 30, 2008
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	Restated		Restated		Restated	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 597,678	\$ 597,678	\$ -	\$ -	\$ 597,678	\$ 597,678
Construction in progress	-	15,524,604	-	-	-	15,524,604
Land improvements	205,492	211,193	-	-	205,492	211,193
Buildings	28,050,259	9,208,251	-	-	28,050,259	9,208,251
Furniture, fixtures and equipment	340,367	212,968	124,127	108,849	464,494	321,817
Vehicles	351,616	439,480	-	-	351,616	439,480
Total capital assets	<u>\$ 29,545,412</u>	<u>\$ 26,194,174</u>	<u>\$ 124,127</u>	<u>\$ 108,849</u>	<u>\$ 29,669,539</u>	<u>\$ 26,303,023</u>

Debt

As of June 30, 2008 the District had \$51,483 in an outstanding loan from an agreement with the Portage County Commissioners. The District entered into an agreement in June 1994 with the Portage County Commissioners to pay for the construction costs of a water main. The Ohio Water Development Authority (OWDA) funded the project. The loan will be repaid from general operating monies of the District.

The School District received \$25,000,000 in bonds in March 2005 as a result of successfully passing the bond levy in November 2004. The bond will be repaid over a 28 year period. The bond will finance the District's new construction and renovation capital project. The School District had two capital leases outstanding totaling \$96,479. The capital leases are for buses and cafeteria point of sale equipment. In addition the School District had an intergovernmental payable outstanding in the amount of \$189,578. The table below shows a Long-Term Debt comparison of Fiscal Year 2008 to 2007. See Note 12 for additional information regarding debt.

Field Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2008
 Unaudited

Table 5
 Long-Term Debt as of June 30, 2008

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 24,145,000	\$ 24,175,000	\$ -	\$ -	\$ 24,145,000	\$ 24,175,000
OWDA loans	51,483	56,836	-	-	51,483	56,836
Capital lease	96,479	141,852	21,876	-	118,355	141,852
Intergovernmental payable	189,578	-	-	-	189,578	-
Total long-term debt	<u>\$ 24,482,540</u>	<u>\$ 24,373,688</u>	<u>\$ 21,876</u>	<u>\$ -</u>	<u>\$ 24,504,416</u>	<u>\$ 24,373,688</u>

For the Future

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

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

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

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

Contacting the District's Financial Management

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

Field Local School District
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 1,883,805	\$ 60,478	\$ 1,944,283
Cash and cash equivalents:			
In segregated accounts	26,285	-	26,285
Receivables:			
Accounts	4,674	58	4,732
Intergovernmental	43,718	-	43,718
Taxes	10,368,093	-	10,368,093
Accrued interest	176	-	176
Inventory held for resale	-	3,738	3,738
Materials and supplies inventory	5,649	2,000	7,649
Land	597,678	-	597,678
Depreciable capital assets, net	28,947,734	124,127	29,071,861
Total assets	41,877,812	190,401	42,068,213
<u>Liabilities:</u>			
Accounts payable	99,606	852	100,458
Contracts payable	35,307	-	35,307
Accrued wages	1,359,417	32,564	1,391,981
Retainage payable	26,655	-	26,655
Intergovernmental payable	487,451	17,827	505,278
Matured compensated absences payable	14,885	-	14,885
Deferred revenue	9,641,255	-	9,641,255
Accrued interest payable	97,930	-	97,930
Long-term liabilities:			
Due within one year	395,896	11,154	407,050
Due in more than one year	25,481,691	23,319	25,505,010
Total liabilities	37,640,093	85,716	37,725,809
<u>Net assets:</u>			
Invested in capital assets, net of related debt	4,827,789	102,251	4,930,040
Restricted for:			
Capital projects	251,393	-	251,393
Debt service	523,707	-	523,707
Other purposes	354,413	-	354,413
Set asides	583,020	-	583,020
Unrestricted	(2,302,603)	2,434	(2,300,169)
Total net assets	\$ 4,237,719	\$ 104,685	\$ 4,342,404

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 9,535,586	\$ 1,250,757	\$ 87,769	\$ -
Special	1,973,613	51,066	526,277	-
Vocational	157,230	-	-	-
Adult/continuing	16,872	-	-	-
Other	112,945	-	-	-
Support services:				
Pupils	933,452	-	15,000	-
Instructional staff	780,744	-	223,350	-
Board of education	20,757	-	-	-
Administration	1,991,266	34,849	11,560	-
Fiscal	522,959	-	-	-
Business	42,314	-	-	-
Operation and maintenance of plant	1,840,642	800	-	-
Pupil transportation	1,191,125	-	-	11,547
Central	42,788	-	-	-
Operation of non-instructional services	46,696	8,000	10,281	-
Extracurricular activities	389,505	87,278	1,804	-
Interest and fiscal charges	1,213,231	-	-	-
Total governmental activities	<u>\$ 20,811,725</u>	<u>\$ 1,432,750</u>	<u>\$ 876,041</u>	<u>\$ 11,547</u>
<u>Business-Type Activities</u>				
Lunchroom/Cafeteria	\$ 582,129	\$ 447,568	\$ 227,948	\$ -
Total Business-Type Activities	<u>582,129</u>	<u>447,568</u>	<u>227,948</u>	<u>-</u>
Totals	<u>\$ 21,393,854</u>	<u>\$ 1,880,318</u>	<u>\$ 1,103,989</u>	<u>\$ 11,547</u>

General Revenues:

Property taxes levied for:

General purposes

Debt service

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year, as restated

Net assets end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets	
Governmental Activities	Business-Type Activities	Total
\$ (8,197,060)	\$ -	\$ (8,197,060)
(1,396,270)	-	(1,396,270)
(157,230)	-	(157,230)
(16,872)	-	(16,872)
(112,945)	-	(112,945)
(918,452)	-	(918,452)
(557,394)	-	(557,394)
(20,757)	-	(20,757)
(1,944,857)	-	(1,944,857)
(522,959)	-	(522,959)
(42,314)	-	(42,314)
(1,839,842)	-	(1,839,842)
(1,179,578)	-	(1,179,578)
(42,788)	-	(42,788)
(28,415)	-	(28,415)
(300,423)	-	(300,423)
(1,213,231)	-	(1,213,231)
(18,491,387)	-	(18,491,387)
-	93,387	93,387
-	93,387	93,387
(18,491,387)	93,387	(18,398,000)
8,848,111	-	8,848,111
1,077,909	-	1,077,909
8,263,550	-	8,263,550
176,150	1,272	177,422
846,668	-	846,668
19,212,388	1,272	19,213,660
721,001	94,659	815,660
3,516,718	10,026	3,526,744
\$ 4,237,719	\$ 104,685	\$ 4,342,404

Field Local School District
Balance Sheet
Governmental Funds
June 30, 2008

	General	Bond	Building	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ -	\$ 543,015	\$ 123,838	\$ 644,317	\$ 1,311,170
Cash and cash equivalents:					
In segregated accounts	-	-	-	26,285	26,285
Receivables:					
Taxes	9,237,071	1,131,022	-	-	10,368,093
Accounts	4,674	-	-	-	4,674
Intergovernmental	-	-	-	43,718	43,718
Interfund	2,987	-	-	-	2,987
Accrued interest	168	-	-	8	176
Materials and supplies inventory	5,649	-	-	-	5,649
Equity in pooled cash and cash equivalents (restricted)	572,635	-	-	-	572,635
Total assets	\$ 9,823,184	\$ 1,674,037	\$ 123,838	\$ 714,328	\$ 12,335,387
<u>Liabilities:</u>					
Accounts payable	\$ 36,059	\$ -	\$ 49,493	\$ 14,054	\$ 99,606
Contracts payable	-	-	35,307	-	35,307
Accrued wages	1,281,541	-	-	77,876	1,359,417
Retainage payable	-	-	26,655	-	26,655
Interfund payable	-	-	-	2,987	2,987
Intergovernmental payable	464,790	-	-	22,661	487,451
Matured compensated absences payable	14,885	-	-	-	14,885
Deferred revenue	8,835,303	1,079,153	-	-	9,914,456
Total liabilities	10,632,578	1,079,153	111,455	117,578	11,940,764
<u>Fund balances:</u>					
Reserved:					
Reserved for encumbrances	25,754	-	82,597	219,957	328,308
Reserved for property tax	401,768	51,869	-	-	453,637
Reserved for textbooks and instructional materials	583,020	-	-	-	583,020
Unreserved, undesignated, reported in:					
General fund	(1,819,936)	-	-	-	(1,819,936)
Special revenue funds	-	-	-	283,085	283,085
Debt service fund	-	543,015	-	-	543,015
Capital projects funds	-	-	(70,214)	93,708	23,494
Total fund balances	(809,394)	594,884	12,383	596,750	394,623
Total liabilities and fund balances	\$ 9,823,184	\$ 1,674,037	\$ 123,838	\$ 714,328	\$ 12,335,387

See accompanying notes to the basic financial statements.

Field Local School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2008

Total governmental funds balances		\$ 394,623
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		29,545,412
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes		273,201
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (24,145,000)	
Premium on bonds	(424,662)	
OWDA loan	(51,483)	
Intergovernmental liability	(189,578)	
Compensated absences	(970,385)	
Capital leases	(96,479)	
Accrued interest payable	(97,930)	
Total	<u>(25,975,517)</u>	<u>(25,975,517)</u>
Net assets of governmental activities		<u>\$ 4,237,719</u>

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Bond	Building	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Taxes	\$ 8,952,115	\$ 1,089,567	\$ -	\$ -	\$ 10,041,682
Intergovernmental	8,148,608	126,489	-	858,483	9,133,580
Interest	60,507	-	-	3,087	63,594
Tuition and fees	1,151,828	-	115,643	108,441	1,375,912
Extracurricular activities	-	-	-	87,279	87,279
Gifts and donations	545	-	-	29,970	30,515
Charges for services	-	-	-	18,164	18,164
Rent	800	-	-	-	800
Miscellaneous	232,240	-	33,935	630,688	896,863
Total revenues	<u>18,546,643</u>	<u>1,216,056</u>	<u>149,578</u>	<u>1,736,112</u>	<u>21,648,389</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	9,116,113	-	-	226,366	9,342,479
Special	1,263,852	-	-	529,668	1,793,520
Vocational	155,747	-	-	5,423	161,170
Adult/continuing	16,872	-	-	-	16,872
Other	112,945	-	-	-	112,945
Support services:					
Pupils	906,358	-	-	19,305	925,663
Instructional staff	529,696	-	-	264,367	794,063
Board of education	20,757	-	-	-	20,757
Administration	2,003,991	-	-	53,979	2,057,970
Fiscal	492,365	20,488	-	-	512,853
Business	34,515	-	7,799	-	42,314
Operation and maintenance of plant	1,548,979	-	185,005	32,751	1,766,735
Pupil transportation	1,107,510	-	-	-	1,107,510
Central	41,349	-	1,439	-	42,788
Operation of non-instructional services	14,703	-	1,251	24,644	40,598
Extracurricular activities	232,954	-	-	110,380	343,334
Capital outlay	29,728	-	3,096,535	659,367	3,785,630
Debt service:					
Principal retirement	50,728	30,000	-	-	80,728
Interest and fiscal charges	8,130	1,175,420	-	-	1,183,550
Total expenditures	<u>17,687,292</u>	<u>1,225,908</u>	<u>3,292,029</u>	<u>1,926,250</u>	<u>24,131,479</u>
Excess of revenues over (under) expenditures	<u>859,351</u>	<u>(9,852)</u>	<u>(3,142,451)</u>	<u>(190,138)</u>	<u>(2,483,090)</u>
<u>Other financing sources (uses):</u>					
Proceeds from sale of capital assets	9,379	-	-	-	9,379
Transfers in	4,444	-	-	360,799	365,243
Transfers out	(360,799)	-	-	(4,444)	(365,243)
Total other financing sources (uses)	<u>(346,976)</u>	<u>-</u>	<u>-</u>	<u>356,355</u>	<u>9,379</u>
Net change in fund balances	512,375	(9,852)	(3,142,451)	166,217	(2,473,711)
Fund balances beginning of year	<u>(1,321,769)</u>	<u>604,736</u>	<u>3,154,834</u>	<u>430,533</u>	<u>2,868,334</u>
Fund balances end of year	<u>\$ (809,394)</u>	<u>\$ 594,884</u>	<u>\$ 12,383</u>	<u>\$ 596,750</u>	<u>\$ 394,623</u>

See accompanying notes to the basic financial statements.

Field Local School District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net change in fund balances - total governmental funds \$ (2,473,711)

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

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

In the current period, these amounts are:

Capital asset additions, net	\$ 3,785,630	
Depreciation expense	(416,756)	
Excess of depreciation expense over net capital asset additions		3,368,874

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (17,636)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of: (115,663)

Property taxes

Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 80,728

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

Decrease in compensated absences	97,668	
Increase in intergovernmental payable	(189,578)	
Increase in accrued interest	(97,930)	
Total reduced expenditures		(189,840)

The amortization of bond premium is reflected as an expense in the statement of activities. 68,249

Change in net assets of governmental activities \$ 721,001

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 9,008,771	\$ 8,952,315	\$ 8,952,315	\$ -
Intergovernmental	8,025,316	8,148,608	8,148,608	-
Interest	110	107,835	111,085	3,250
Tuition and fees	933,058	1,151,828	1,151,828	-
Gifts and donations	-	545	545	-
Rent	-	800	800	-
Miscellaneous	99,300	270,924	270,924	-
Total revenues	<u>18,066,555</u>	<u>18,632,855</u>	<u>18,636,105</u>	<u>3,250</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	9,166,852	9,204,694	9,187,716	16,978
Special	1,265,158	1,266,808	1,262,601	4,207
Vocational	169,437	181,896	179,118	2,778
Adult/continuing	16,872	16,872	16,872	-
Other	113,023	113,023	113,023	-
Support services:				
Pupils	960,997	977,006	955,279	21,727
Instructional staff	591,125	591,125	580,411	10,714
Board of education	19,017	21,371	21,284	87
Administration	2,100,168	2,101,168	2,049,394	51,774
Fiscal	520,220	535,220	526,599	8,621
Business	35,515	34,515	34,515	-
Operation and maintenance of plant	1,591,428	1,637,328	1,601,416	35,912
Pupil transportation	1,256,338	1,259,893	1,236,925	22,968
Central	41,072	41,602	41,349	253
Operation of non-instructional services	15,000	15,000	14,703	297
Extracurricular activities	224,741	265,531	256,635	8,896
Total expenditures	<u>18,086,963</u>	<u>18,263,052</u>	<u>18,077,840</u>	<u>185,212</u>
Excess of revenues over (under) expenditures	<u>(20,408)</u>	<u>369,803</u>	<u>558,265</u>	<u>188,462</u>
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	5,500	9,379	9,379	-
Refund of prior year expenditures	1,500	6,954	6,954	-
Refund of prior year receipts	-	(37,916)	(37,916)	-
Advances in	-	14,852	14,852	-
Advances out	(3,713)	(4,370)	(2,987)	1,383
Transfers in	-	4,444	4,444	-
Transfers out	(513)	(360,799)	(360,799)	-
Total other financing sources (uses)	<u>2,774</u>	<u>(367,456)</u>	<u>(366,073)</u>	<u>1,383</u>
Net change in fund balance	<u>(17,634)</u>	<u>2,347</u>	<u>192,192</u>	<u>189,845</u>
Fund balances at beginning of year	329,166	329,166	329,166	-
Prior year encumbrances appropriated	19,383	19,383	19,383	-
Fund balances at end of year	<u>\$ 330,915</u>	<u>\$ 350,896</u>	<u>\$ 540,741</u>	<u>\$ 189,845</u>

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Fund Net Assets
Proprietary Fund
June 30, 2008

	Business-Type Activities - Enterprise Fund - <u>Food Service</u>
<u>Assets:</u>	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 60,478
Inventory held for resale	3,738
Material and supplies inventory	2,000
Accounts receivable	58
Total current assets	<u>66,274</u>
Noncurrent assets:	
Depreciable capital assets, net	124,127
Total assets	<u>\$ 190,401</u>
<u>Liabilities:</u>	
Current liabilities:	
Accounts payable	\$ 852
Accrued wages	32,564
Intergovernmental payable	17,827
Compensated absences payable	2,755
Total current liabilities	<u>53,998</u>
Noncurrent liabilities:	
Long-term liabilities:	
Due within one year	8,399
Due in more than one year	13,477
Compensated absences	9,842
Total noncurrent liabilities	<u>31,718</u>
Total liabilities	<u>85,716</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	102,251
Unrestricted	2,434
Total net assets	<u>\$ 104,685</u>

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2008

	Business-Type Activities - Enterprise Fund - <u>Food Service</u>
<u>Operating revenues:</u>	
Sales	\$ 447,568
<u>Operating expenses:</u>	
Salaries	240,332
Fringe benefits	32,778
Purchased services	13,396
Materials and supply	282,309
Depreciation	10,747
Other	2,567
Total operating expenses	<u>582,129</u>
Operating loss	<u>(134,561)</u>
<u>Non-operating revenues:</u>	
Federal donated commodities	14,473
Intergovernmental	213,475
Interest	1,272
Total non-operating revenues	<u>229,220</u>
Change in net assets	94,659
Net assets beginning of year, as restated	<u>10,026</u>
Net assets end of year	<u>\$ 104,685</u>

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2008

	Business-Type Activities - Enterprise Fund - Food Service
<u>Cash flows from operating activities:</u>	
Cash received from customers	\$ 447,568
Cash payments to suppliers for goods and services	(281,956)
Cash payments to employees for services	(240,805)
Cash payments for employee benefits	(103,424)
Cash payments for claims	-
Net cash used for operating activities	<u>(178,617)</u>
<u>Cash flows from noncapital financing activities:</u>	
Operating grants	<u>237,948</u>
<u>Cash flows from capital and related financing activities:</u>	
Principal payment on capital lease	<u>(4,149)</u>
<u>Cash flows from investing activities:</u>	
Interest on investments	<u>1,272</u>
Net increase in cash and cash equivalents	56,454
Cash and cash equivalents at beginning of year	<u>4,024</u>
Cash and cash equivalents at end of year	<u>\$ 60,478</u>
<u>Reconciliation of operating loss to net cash used for operating activities:</u>	
Operating loss	\$ (134,561)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	10,747
Federal donated commodities	14,473
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(58)
Inventory held for resale	(382)
Material and supplies inventory	1,431
Increase (decrease) in liabilities:	
Accounts payable	852
Accrued wages	(1,458)
Compensated absences payable	985
Intergovernmental payable	<u>(70,646)</u>
Total adjustments	<u>(44,056)</u>
Net cash provided by (used for) operating activities	<u>\$ (178,617)</u>

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust	
	Scholarship	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 101,319	\$ 49,972
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 4,001
Undistributed monies	-	3,951
Due to students	-	42,020
Total liabilities	-	\$ 49,972
<u>Net assets:</u>		
Held in trust for scholarships	\$ 101,319	

See accompanying notes to the basic financial statements.

Field Local School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2008

	Private Purpose Trust <hr/> Scholarship
<u>Additions:</u>	
Interest	<hr/> \$ 1,797
<u>Deductions:</u>	
Payments in accordance with trust agreements	<hr/> 4,000
Change in net assets	(2,203)
Net assets beginning of year	<hr/> 103,522
Net assets end of year	<hr/> <hr/> \$ 101,319

See accompanying notes to the basic financial statements.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the School District

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

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's eight instructional/support facilities staffed by 130 non-certificated employees and 152 certificated teaching and support personnel who provide services to 2,441 students and other community members.

A Reporting Entity

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

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

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2008.

The School District is associated with the Stark/Portage Area Computer Consortium (SPARCC). Additional information concerning the jointly governed organization is presented in Note 14.

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

B. Fund Accounting

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

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

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

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

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

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

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

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

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

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

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

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

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

Unearned Revenue and Deferred Revenue

Deferred revenue and unearned revenue arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes (excluding delinquent taxes) for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue on the statement of net assets. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue on the statement of net assets.

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Expenditures/Expenses

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

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

D. Budgets and Budgetary Accounting

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

The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budgeted revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2008. The amounts reported as the original budgeted expenditures reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditures represent the final appropriation amounts passed by the Board during the year.

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

E. Cash and Investments

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

During the fiscal year, investments were limited to certificates of deposit, and interest in STAR Ohio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as explained in Note 3.

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

F. Interfund Balances

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

G. Inventory

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

H. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, laws of other governments, or enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. Restricted assets may also include amounts set aside as a reserve for budget stabilization, which is now optional as determined by the School District. The School District is reporting the full amount of cash in the general fund as restricted as this balance is a required set aside amount with specific restrictions. See Note 11 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

I. Capital Assets

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

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

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

J. Compensated Absences

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

L. Net Assets

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

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

M. Operating Revenues and Expenses

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

N. Interfund Transactions

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

O. 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.

P. Fund Balance Reserves

The School District records reservations for portions of fund balances, 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 the portion of fund balances that are available for appropriation in future periods. Fund balance reserves are established for encumbrances, property taxes and for the purchases of textbooks and instructional materials.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Net Change in Fund Balance	
	<u>General</u>
GAAP basis	\$ 512,375
Revenue accruals	96,416
Advances in	14,852
Expenditure accruals	(396,511)
Advances out	(2,987)
Encumbrances (Budget Basis) outstanding at year end	<u>(31,953)</u>
Budget basis	<u>\$ 192,192</u>

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

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

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

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

A. Cash on hand

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

B. Deposits

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

As of June 30, the carrying amount of the School District's deposits was \$988,959. The School District's bank balance of \$1,140,863 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department and not in the School District's name	\$	940,863
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C. Investments

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
STAR Ohio - Bond Standard and Poor's rating	\$ 1,132,800	N/A	AAAm

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

All interest is legally required to be placed in the general, permanent improvements, building, food service, special trust, and endowment funds. Interest revenue credited to the general fund during fiscal year 2008 amount to \$60,507, which includes \$31,992 assigned from other School District funds.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

NOTE 4 - PROPERTY TAX

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School 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 taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. In prior years, tangible personal property was assessed at 25 % of true value for capital assets and 23 % of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 %. This will be reduced to zero for 2009.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternative payment dates to be established.

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

The School District receives property taxes from Portage County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by year-end are available to finance the current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent and on the collection of delinquent taxes. The Board has passed a resolution to accept advances of property taxes and make them available for appropriation.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property and public utility taxes, which became measurable as of year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end 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 amounts available as advances at year-end were \$401,768 in the general fund and \$51,869 in the bond retirement debt service fund, and are recognized as revenue on the fund financial statements.

On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

There were no new levies passed during the current fiscal year. The assessed values upon which the current fiscal year taxes were collected are:

<u>Property Category</u>	<u>2007 Assessed Value</u>
<u>Real Property</u>	
Residential and agricultural	\$ 300,791,289
Commercial, industrial and minerals	67,286,460
Public utilities	11,040
<u>Tangible Personal Property</u>	
General	8,458,609
Public utilities	<u>7,155,330</u>
Total	<u>\$ 383,702,728</u>

NOTE 5 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. Special revenue funds recorded intergovernmental receivables for state and federal grants and reimbursements totaling \$43,718.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

<u>Governmental Activities</u>	Restated Balance July 1, 2007	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	\$ 597,678	\$ -	\$ -	\$ 597,678
Construction in progress	<u>15,524,604</u>	<u>3,608,669</u>	<u>(19,133,273)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>16,122,282</u>	<u>3,608,669</u>	<u>(19,133,273)</u>	<u>597,678</u>
Capital assets, being depreciated:				
Land improvements	217,126	-	-	217,126
Buildings	11,713,303	19,133,273	-	30,846,576
Furniture, fixtures and equipment	770,698	176,961	-	947,659
Vehicles	<u>1,244,058</u>	<u>-</u>	<u>(97,890)</u>	<u>1,146,168</u>
Total capital assets, being depreciated	<u>13,945,185</u>	<u>19,310,234</u>	<u>(97,890)</u>	<u>33,157,529</u>
Less: Accumulated depreciation				
Land improvements	(5,933)	(5,701)	-	(11,634)
Buildings and improvements	(2,505,052)	(291,265)	-	(2,796,317)
Furniture, fixtures and equipment	(557,730)	(49,562)	-	(607,292)
Vehicles	<u>(804,578)</u>	<u>(70,228)</u>	<u>80,254</u>	<u>(794,552)</u>
Total accumulated depreciation	<u>(3,873,293)</u>	<u>(416,756)</u>	<u>80,254</u>	<u>(4,209,795)</u>
Total capital assets being depreciated, net	<u>10,071,892</u>	<u>18,893,478</u>	<u>(17,636)</u>	<u>28,947,734</u>
Governmental activities capital assets, net	<u>\$ 26,194,174</u>	<u>\$ 22,502,147</u>	<u>\$ (19,150,909)</u>	<u>\$ 29,545,412</u>

Field Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 208,152
Special	8,339
Support services:	
Pupils	3,246
Administration	9,021
Fiscal	3,326
Operation and Maintenance of plant services	72,435
Pupil Transportation	66,369
Extracurricular activities	<u>45,868</u>
Total depreciation expense	<u>\$ 416,756</u>

<u>Business-type Activities</u>	<u>Restated Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Capital assets, being depreciated:				
Furniture, fixtures and equipment	\$ 153,308	\$ 26,025	\$ (9,108)	\$ 170,225
Total capital assets, being depreciated	<u>153,308</u>	<u>26,025</u>	<u>(9,108)</u>	<u>170,225</u>
Less: Accumulated depreciation				
Furniture, fixtures and equipment	(44,459)	(10,747)	9,108	(46,098)
Total accumulated depreciation	<u>(44,459)</u>	<u>(10,747)</u>	<u>9,108</u>	<u>(46,098)</u>
Total capital assets being depreciated, net	<u>\$ 108,849</u>	<u>\$ 15,278</u>	<u>\$ -</u>	<u>\$ 124,127</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund balances at June 30, 2008 consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	\$ 2,987

Interfund receivables and payables result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2008, all interfund loans outstanding are anticipated to be repaid in fiscal year 2009.

B. Transfers at June 30, 2008 consisted of the following:

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Transfers to nonmajor governmental funds from:	
General fund	\$ 360,799
Transfers to general fund from:	
Nonmajor governmental funds	4,444

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 - RISK MANAGEMENT

A. Property and Liability Insurance

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

B. Fidelity Bond

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

C. Worker's Compensation

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008,

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$263,274, \$285,998 and \$278,677 respectively; 50.00 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

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

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,143,005, \$1,095,402, and \$1,040,253 respectively; 16.57 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Contributions to the DC and Combined Plans for fiscal year 2008 were \$8,423 made by the School District and \$16,425 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2008, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$39,534.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$140,704, \$110,766, and \$112,233 respectively; 45.01 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$18,970, \$17,674, and \$17,384 respectively; 50 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Field Local School District

Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2008

B. State Teachers Retirement System

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

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 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$87,923, \$84,262, and \$80,019 respectively; 83.43 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 11- STATUTORY RESERVES

The School District is required by State statute to annually set-aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had qualifying disbursements during the year that reduced the set-aside for capital maintenance 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 for this set-aside. In addition, the School District was granted a waiver from the Ohio Department of Education for 2008. This waiver, in addition to qualifying disbursements for 2008 were equal to this year’s set-aside requirement. The set-aside balance to be carried forward to future years for 2008 is the same as reported in 2007. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years. As a result of this significant set-aside amount for textbooks and instructional materials, the entire cash balance in the general fund is considered restricted.

During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve
Set-aside cash balance as of		
June 30, 2007	\$ 583,020	\$ -
Current year set-aside requirement	361,226	361,226
Current year offset/Waiver from ODE	(282,981)	-
Qualifying disbursements	<u>(78,245)</u>	<u>(451,587)</u>
Total	<u>\$ 583,020</u>	<u>\$ (90,361)</u>
Balance carried forward to future years	<u>\$ 583,020</u>	

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 12 – BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

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

	Restated Balance 6/30/2007	Additions	Deductions	Balance 6/30/2008	Amount Due in One Year
Governmental Activities					
OWDA loan payable					
Issued 12/1996. 4.04%, due 6/2016	\$ 56,836	\$ -	\$ (5,353)	\$ 51,483	\$ 5,571
General obligation bonds:					
Construction and improvement bonds					
Issued 12/01/2004, 4.73%, due 12/01/2032	24,175,000	-	(30,000)	24,145,000	55,000
Original issue amount					
\$25,000,000					
Unamortized premium	492,911	-	(68,249)	424,662	-
Intergovernmental payable	-	227,494	(37,916)	189,578	75,831
Capital lease	141,854	-	(45,375)	96,479	47,258
Compensated absences	1,068,054	196,454	(294,123)	970,385	212,236
Total governmental activities	<u>\$ 25,934,655</u>	<u>\$ 423,948</u>	<u>\$ (481,016)</u>	<u>\$ 25,877,587</u>	<u>\$ 395,896</u>
Business Activities					
Capital lease	\$ -	\$ 26,025	\$ (4,149)	\$ 21,876	\$ 8,399
Compensated absences	11,612	3,965	(2,980)	12,597	2,755
Total business activities	<u>\$ 11,612</u>	<u>\$ 29,990</u>	<u>\$ (7,129)</u>	<u>\$ 34,473</u>	<u>\$ 11,154</u>

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

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

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.

Field Local School District

Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2008

Other Obligations: Compensated absences will be paid from the fund from which the person is paid. In prior years, capital lease obligations were typically paid from the general fund. The intergovernmental payable is a liability of the general fund with \$75,831 due in 2009 and 2010 and the final payment of \$37,916 due in 2011.

Principal and interest requirements to amortize all bonds outstanding at June 30, 2008 are as follows:

Fiscal Year Ending June 30,	OWDA Loan			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 5,571	\$ 2,024	\$ 7,595	\$ 55,000	\$ 1,174,335	\$ 1,229,335
2010	5,799	1,797	7,596	80,000	1,172,250	1,252,250
2011	6,035	1,560	7,595	200,000	1,167,690	1,367,690
2012	6,282	1,314	7,596	225,000	1,160,453	1,385,453
2013	6,538	1,058	7,596	260,000	1,151,770	1,411,770
2014-2018	21,258	1,528	22,786	2,750,000	5,473,375	8,223,375
2019-2023	-	-	-	5,175,000	4,498,000	9,673,000
2024-2028	-	-	-	6,780,000	2,996,375	9,776,375
2029-2033	-	-	-	8,620,000	1,115,087	9,735,087
Total	<u>\$ 51,483</u>	<u>\$ 9,281</u>	<u>\$ 60,764</u>	<u>\$ 24,145,000</u>	<u>\$ 19,909,335</u>	<u>\$ 44,054,335</u>

NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE

Governmental Activities:

In 2006, the District had entered into a capital lease agreement for school buses. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Governmental activities capital assets consist of buses that have been capitalized in the amount of \$227,528. This amount represents the present value of the future minimum lease payments at the time of acquisition.

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the 2008 fiscal year totaled \$45,375 and \$5,887 respectively. These amounts are reported as debt service payments of the general fund on the fund financial statements.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2008:

Field Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Capital Lease

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$ 47,259	\$ 4,004	\$ 51,263
2010	49,220	2,043	51,263
Total	<u>\$ 96,479</u>	<u>\$ 6,047</u>	<u>\$ 102,526</u>

Business-type Activities:

During 2008 the School District entered into a capital lease for equipment used in business-type activities. The equipment is reported as an asset acquisition equal to the principal amount of the lease. Principal payments on this lease are reported as a reduction of the capital lease liability within the food service enterprise fund. The following is the payment schedule of this lease obligation.

Capital Lease

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$ 8,399	\$ 974	\$ 9,373
2010	8,863	510	9,373
2011	4,614	73	4,687
Total	<u>\$ 21,876</u>	<u>\$ 1,557</u>	<u>\$ 23,433</u>

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

Stark Portage Area Computer Consortium (SPARCC) is the computer service organization or Data Acquisition Site (DAS) used by the School District. SPARCC is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Stark County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All School Districts in the consortium are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating districts governs SPARCC. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to SPARCC are made from the general fund and the management information system special revenue fund. During the fiscal year, the School District contributed \$31,025 to SPARCC.

NOTE 16 - CONTINGENCIES

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

Field Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

NOTE 17 – ACCOUNTABILITY

As of June 30, 2008, the general fund was the only fund that had a deficit fund balance in the amount of \$809,394. These deficits were caused by the application of GAAP.

NOTE 18 – RESTATEMENT OF NET ASSETS

During the fiscal year the District increased the capitalization threshold for capital assets as well as the estimated useful lives for certain assets. This increase required a restatement of beginning net assets for the governmental activities and business type activities.

In addition, the School District adjusted the ratio used to calculate compensated absences. The new ratio was calculated from a more extensive history of terminated employees. This new ratio reduces the long-term liability balance significantly and requires a restatement net assets.

The amount of these restatements is summarized below:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Net assets as of June 30, 2007	\$ 1,228,726	\$ (100,103)
Restatement of:		
Capital assets	1,142,993	96,281
Compensated absences	<u>1,144,999</u>	<u>13,848</u>
Restated net assets as of July 1, 2007	<u>\$ 3,516,718</u>	<u>\$ 10,026</u>

**FIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor Number	Receipts	Non Cash Receipts	Expenditures	Non Cash Expenditures
U.S. Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
Child Nutrition Cluster						
National School Lunch Program	10.555	049197-LLP4-2008	\$ 231,599	\$ 0	\$ 231,599	\$ 0
Total Child Nutrition Cluster			<u>231,599</u>	<u>0</u>	<u>231,599</u>	<u>0</u>
Food Donation	10.550	Not available	0	45,993	0	45,993
Total Food Donation			<u>0</u>	<u>45,993</u>	<u>0</u>	<u>45,993</u>
Total U.S. Department of Agriculture			<u>231,599</u>	<u>45,993</u>	<u>231,599</u>	<u>45,993</u>
U.S. Department of Education						
<i>Passed through Ohio Department of Education</i>						
Title I - Grants to Local Educational Agencies	84.010	049197-CIS1-2007	10,633	0	36,734	0
Title I - Grants to Local Educational Agencies	84.010	049197-CIS1-2008	<u>228,388</u>	<u>0</u>	<u>262,133</u>	<u>0</u>
Total Title I - Grants to Local Educational Agencies			<u>239,021</u>	<u>0</u>	<u>298,867</u>	<u>0</u>
Special Education Cluster						
Special Education - Grants to States	84.027	049197-6BSF-2007	3,626	0	48,699	0
Special Education - Grants to States	84.027	049197-6BSF-2008	<u>385,172</u>	<u>0</u>	<u>454,337</u>	<u>0</u>
Total Special Education Cluster			<u>388,798</u>	<u>0</u>	<u>503,036</u>	<u>0</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	049197-DRS1-2008	<u>5,010</u>	<u>0</u>	<u>15,297</u>	<u>0</u>
			<u>5,010</u>	<u>0</u>	<u>15,297</u>	<u>0</u>
State Grants for Innovative Programs	84.298	049197-C2S1-2008	<u>3,103</u>	<u>0</u>	<u>2,478</u>	<u>0</u>
			<u>3,103</u>	<u>0</u>	<u>2,478</u>	<u>0</u>
Education Technology State Grants	84.318	049197-TJS1-2008	<u>293</u>	<u>0</u>	<u>391</u>	<u>0</u>
			<u>293</u>	<u>0</u>	<u>391</u>	<u>0</u>
Improving Teacher Quality - State Grants	84.367	049197-TRS1-2007	0	0	12,572	0
Improving Teacher Quality - State Grants	84.367	049197-TRS1-2008	<u>56,824</u>	<u>0</u>	<u>67,995</u>	<u>0</u>
			<u>56,824</u>	<u>0</u>	<u>80,567</u>	<u>0</u>
Eisenhower Professional Development - State Grants	84.281	Not available	<u>18,164</u>	<u>0</u>	<u>18,164</u>	<u>0</u>
			<u>18,164</u>	<u>0</u>	<u>18,164</u>	<u>0</u>
Total U.S. Department of Education			<u>711,213</u>	<u>0</u>	<u>918,800</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 942,812</u>	<u>\$ 45,993</u>	<u>\$1,150,399</u>	<u>\$ 45,993</u>

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

**FIELD LOCAL SCHOOL DISTRICT
NOTES TO THE SUPPLEMENTAL SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2008**

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Field Local School District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2: CHILD NUTRITION CLUSTER

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

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

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

Certified Public Accountants

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

Board of Education
Field Local School District
Mogadore, Ohio

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Field Local School District, Portage County, Ohio, as of and for the year ended June 30, 2008, which collectively comprise the Field Local School District, Ohio's basic financial statements and have issued our report thereon dated December 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Field Local School District, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Field Local School District, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Field Local School District, Ohio's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Field Local School District, Ohio's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Field Local School District, Ohio's financial statements that is more than inconsequential will not be prevented or detected by the Field Local School District, Ohio's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting as **Finding 2008-1**.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Field Local School District, Ohio's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

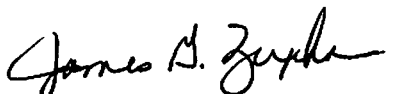
Compliance and Other Matters

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

We noted certain matters that we reported to the management of the Field Local School District, Ohio, in a separate letter dated December 22, 2008.

The Field Local School District, Ohio's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Field Local School District, Ohio's response and, accordingly, we express no opinion on it.

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


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

December 22, 2008

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

Certified Public Accountants

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

Board of Education
Field Local School District
Mogadore, Ohio

Compliance

We have audited the compliance of the Field Local School District, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Field Local School District, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Field Local School District, Ohio's management. Our responsibility is to express an opinion on the Field Local School District, Ohio's compliance based on our audit.

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

In our opinion, the Field Local School District, Ohio complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

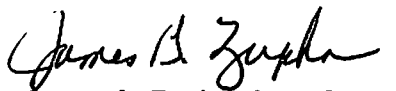
The management of the Field Local School District, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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


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

December 22, 2008

**FIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

2008(i)	Type of Financial Statement Opinion	Unqualified
2008(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2008(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
2008(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2008(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2008(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2008(v)	Type of Major Program's Compliance Opinion	Unqualified
2008(vi)	Are there any reportable findings under .510?	No
2007(vii)	Major Programs (list): Special Education Cluster - Grants to States - CFDA #84.027 Child Nutrition Cluster - National School Lunch Program - CFDA #10.555	
2008(viii)	Dollar Threshold: Type A\B Program	Type A: \$300,000 or more Type B: All others less than \$300,000
2008(ix)	Low Risk Auditee?	No

**FIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
JUNE 30, 2008
(CONTINUED)**

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

Finding 2008-1 - Capital Assets

Condition/Criteria

The District reported additions to the High School Building Renovation Fund that were not consistent with the District's Contract Expenditure Report, which was subsequently corrected by the District. The District's capital asset listing was missing a few buses and utility vehicles which were improperly classified as equipment rather than vehicles. The District did not include four buses purchased in 2005 totaling \$227,528 on the 2007 capital asset listing and was restated in 2008. The District reported \$217,126 in the Building Fund in 2007 that was restated in 2008 as Land Improvements. The District did not include property purchased in 2006 for \$46,545 on the 2007 capital asset listing. This was restated in 2008. The District reported \$427,287 twice on the additions listing, once in the Central Elementary Renovations Fund and a second time in the High School Building Renovation Fund.

Effect

The District's financial statements did not reflect accurate, current, and complete information of its capital assets.

Recommendation

The District should conduct a physical asset count/observation periodically and also conduct random counts/observation of its capital assets throughout the year.

Corrective Action Plan

The District reversed out the \$427,287 from the High School Building Renovation Fund total. The District added the asset tags totaling \$174,352 to the asset listing and reclassified the two tags totaling \$93,670. The District restated the June 30, 2007 capital asset balances as needed.

In addition to these corrections, during the past year, the District has improved the manner in which capital assets are being recorded to ensure accuracy in the financial statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**FIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2008**

Number	Finding Summary	Corrected
2007-1	Several adjustments and reclassifications were made to the June 30, 2007 financial statements for reporting accuracy.	Yes
2007-2	Food service and some Federal grants reflected negative fund balances during the year.	Yes
2007-3	The District reported \$34,247.86 more in cash disbursements than the amounts reflected on the District's ledgers for the period October 31, 2005 through August 17, 2006 for the Special Education Grant.	Yes
2007-4	The District charged \$6,972 of expenditures for obligations made prior to the approved grant date for the 2007 Special Education Grant.	Yes

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



Mary Taylor, CPA
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
MARCH 5, 2009