

FIELD LOCAL SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006



Mary Taylor, CPA
Auditor of State

Board of Education
Field Local School District
1473 Saxe Rd.
Mogadore, OH 44260-9719

We have reviewed the *Independent Auditor's Report* of the Field Local School District, Portage County, prepared by Varney, Fink & Associates, Inc., for the audit period July 1, 2005 to June 30, 2006. 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

April 4, 2007

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**FIELD LOCAL SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Field Local School District
1473 Saxe Road
Mogadore, OH 44260

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 (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District'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 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 District, as of June 30, 2006, 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 15, 2006 on our consideration of the District'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 should be considered in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

The 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 District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements of the District's. Such information 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.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

December 15, 2006

**Field Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006**

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, 2006. 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, 2006 are as follows:

- Net assets of governmental activities decreased \$807,027 while net assets of business-type activities increased \$155,804.
- General revenues (not including transfers) accounted for \$18,686,036 in revenue or 91% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,932,425 or 9% of total revenues of \$20,618,461.
- The District had \$21,251,150 in expenses related to government activities; only \$1,932,425 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$18,686,036 were not adequate to provide for these programs.
- The District had \$577,369 in expenses related to business-type activities, food service. Program revenues of \$557,340 were not adequate to provide for this service.
- Capital outlay additions of \$4,954,263 were for construction of buildings and purchases of land, building improvements, furniture, equipment, and vehicles.

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.

**Field Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006**

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 2006?" These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the 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 of non-instructional services 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 seven. 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

**Field Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006**

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.

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 21. 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 2006 and 2005:

Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
ASSETS						
Current Assets	\$33,299,221	\$36,805,838	\$33,256	\$33,272	\$33,332,477	\$36,839,110
Capital Assets	7,511,026	2,836,503	15,079	18,196	7,526,105	2,854,699
<i>Total Assets</i>	<u>40,810,247</u>	<u>39,642,341</u>	<u>48,335</u>	<u>51,468</u>	<u>40,858,582</u>	<u>39,693,809</u>
LIABILITIES:						
Current Liabilities	13,825,654	11,682,279	86,591	260,448	13,912,245	11,942,727
Long-Term Liabilities	27,106,198	27,274,640	39,241	24,321	27,145,439	27,298,961
<i>Total Liabilities</i>	<u>40,931,852</u>	<u>38,956,919</u>	<u>125,832</u>	<u>284,769</u>	<u>41,057,684</u>	<u>39,241,688</u>
NET ASSETS:						
Invested in Capital Assets, Net of Related Debt	4,174,382	2,769,583	15,079	18,196	4,189,461	2,787,779
Restricted	1,059,484	1,109,088	0	0	1,059,484	1,109,088
Unrestricted	(5,355,471)	(3,193,249)	(92,576)	(251,497)	(5,448,047)	(3,444,746)
<i>Total Net Assets</i>	<u>(\$121,605)</u>	<u>\$685,422</u>	<u>(\$77,497)</u>	<u>(\$233,301)</u>	<u>(\$199,102)</u>	<u>\$452,121</u>

**Field Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006**

The table below shows the changes in net assets for fiscal year 2006 and 2005:
Changes in Net Assets:

	Governmental Activities:		Business-Type Activities:		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues:						
Charges for Services and Sales	\$980,701	\$972,433	\$364,478	\$318,173	\$1,345,179	\$1,290,606
Operating Grants and Contributions	951,724	1,105,876	192,862	164,121	1,144,586	1,269,997
General Revenues:						
Property Taxes	9,875,796	9,317,952	0	0	9,875,796	9,317,952
Grants and Entitlements not Restricted to Specific Programs	7,610,186	7,424,727	0	0	7,610,186	7,424,727
Investment Earnings	995,741	509,784	0	0	995,741	509,784
Miscellaneous	204,313	162,093	1,495	0	205,808	162,093
Total Revenue	20,618,461	19,492,865	558,835	482,294	21,177,296	19,975,159
Expenses						
Program Expenses:						
Instruction:						
Regular	8,921,071	8,660,086	0	0	8,921,071	8,660,086
Special	1,824,911	1,782,986	0	0	1,824,911	1,782,986
Vocational	185,618	147,253	0	0	185,618	147,253
Adult/Continuing	24,520	0	0	0	24,520	0
Other	91,751	188,981	0	0	91,751	188,981
Support Services:						
Pupils	992,494	907,028	0	0	992,494	907,028
Instructional Staff	1,265,750	900,341	0	0	1,265,750	900,341
Board of Education	15,989	14,077	0	0	15,989	14,077
Administration	2,180,233	2,141,344	0	0	2,180,233	2,141,344
Fiscal	503,512	503,668	0	0	503,512	503,668
Business	52,756	18,420	0	0	52,756	18,420
Operation and Maintenance of Plant	1,910,506	1,665,051	0	0	1,910,506	1,665,051
Pupil Transportation	1,571,241	1,123,557	0	0	1,571,241	1,123,557
Central	44,633	34,146	0	0	44,633	34,146
Operation of Non-Instructional Services	19,562	7,253	0	0	19,562	7,253
Extracurricular Activities	418,805	372,968	0	0	418,805	372,968
Interest and Fiscal Charges	1,227,798	602,937	0	0	1,227,798	602,937
Food Service	0	0	577,369	570,674	577,369	570,674
Total Expenses	21,251,150	19,070,096	577,369	570,674	21,828,519	19,640,770
(Decrease) in Net Assets Before Transfers	(632,689)	422,769	(18,534)	(88,380)	(651,223)	334,389
Transfers	(174,338)	0	174,338	0	0	0
Increase (Decrease) in Net Assets	(807,027)	422,769	155,804	(88,380)	(651,223)	334,389
Net Assets (Deficit) Beginning of Year - Restated	685,422	262,653	(233,301)	(144,921)	452,121	117,732
Net Assets (Deficit) End of Year	(\$121,605)	\$685,422	(\$77,497)	(\$233,301)	(\$199,102)	\$452,121

**Field Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006**

Governmental Activities

Net assets of the District's governmental activities decreased by \$807,027. Program revenue of \$1,932,425 and general revenues of \$18,686,036 did not offset total governmental expenses of \$21,251,150. Program revenues supported 9% of the total governmental expenses.

Several revenue sources fund the District's governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated over \$9,800,000 in Fiscal Year 2006. General revenues from grants and entitlements, such as the school foundation program, generated approximately \$7,600,000. These two revenue sources represent 84% 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.

The DeRolph III court case decisions have not eliminated the local dependence on property taxes. This factor continues to be a situation the District has to deal with in providing funding for the program offering of the District.

Instruction costs comprise 52% of governmental program expenses.

The statement of activities shows the cost of program services and the charges for services and grants attributable to those services.

Business-Type Activities

Business-type activities consist of the food service operation. This program had revenue of \$733,173 and expenses of \$577,369.

The District's Funds

The District's major funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$20,726,230 and total expenditures were \$26,077,845. The District expenditures exceed the revenues by \$5,351,615.

The District's general fund balance decreased by \$684,890. The decrease in fund balance can be attributed to the increasing expenditures still being more than increasing revenues.

**Field Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006**

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 2006, 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 \$17,009,324, which was higher than the original revenue estimate of \$16,837,726.

The original expenditures estimate of \$16,509,781 was revised over the fiscal year. The actual expenditures were \$16,932,881. The District's year-end balance was \$12,627.

Capital Assets and Debt Administration

Capital Assets

At the end of Fiscal Year 2006, the District had \$7,526,105 invested in land, buildings, equipment and vehicles. This is accounting for both Governmental Activities and Business-Type Activities assets. The table below shows a comparison of Fiscal Year 2006 to 2005.

Capital Assets as of June 30, 2006
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2006	2005	2006	2005	2006	2005
Land	\$159,027	\$115,042	\$0	\$0	\$159,027	\$115,042
Construction in Progress	4,435,746	713,116	0	0	4,435,746	713,116
Buildings and Improvements	1,986,116	1,140,692	0	0	1,986,116	1,140,692
Furniture and Equipment	574,242	665,429	15,079	18,196	589,321	683,625
Vehicles	355,895	202,224	0	0	355,895	202,224
Total Capital Assets	<u>\$7,511,026</u>	<u>\$2,836,503</u>	<u>\$15,079</u>	<u>\$18,196</u>	<u>\$7,526,105</u>	<u>\$2,854,699</u>

Debt

As of June 30, 2006 the District had \$61,979 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.

**Field Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006**

The 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. See Note 12 for additional information regarding debt.

Long-Term Debt as of June 30, 2006

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$24,590,000	\$25,000,000	\$0	\$0	\$24,590,000	\$25,000,000
OWDA Loans	61,979	66,920	0	0	61,979	66,920
Capital Lease	185,420	0	0	0	185,420	0
Total Long-Term Debt	<u>\$24,837,399</u>	<u>\$25,066,920</u>	<u>\$0</u>	<u>\$0</u>	<u>\$24,837,399</u>	<u>\$25,066,920</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 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, Mr. Thomas Baker, Treasurer of the Field Local School District, 1473 Saxe Road, Mogadore, Ohio, 44260.

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**Field Local School District
Portage County, Ohio**

**Statement of Net Assets
June 30, 2006**

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$22,225,533	\$0	\$22,225,533
Accounts Receivable	434	0	434
Intergovernmental Receivable	49,586	24,836	74,422
Taxes Receivable	11,019,750	0	11,019,750
Inventory Held for Resale	0	4,989	4,989
Materials and Supplies Inventory	3,918	3,431	7,349
Non-Depreciable Capital Assets	4,594,773	0	4,594,773
Depreciable Capital Assets, Net	2,916,253	15,079	2,931,332
<i>Total Assets</i>	<u>40,810,247</u>	<u>48,335</u>	<u>40,858,582</u>
Liabilities			
Contracts Payable	1,117,081	0	1,117,081
Accrued Wages and Benefits	1,390,993	30,563	1,421,556
Intergovernmental Payable	1,184,397	56,028	1,240,425
Deferred Revenue	10,070,840	0	10,070,840
Unearned Revenue	585	0	585
Matured Compensated Absences Payable	61,758	0	61,758
Due Within One Year	703,503	17,606	721,109
Due In More Than One Year	26,402,695	21,635	26,424,330
<i>Total Liabilities</i>	<u>40,931,852</u>	<u>125,832</u>	<u>41,057,684</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,174,382	15,079	4,189,461
Restricted for:			
Debt Service	882,028	0	882,028
Other Purposes	177,456	0	177,456
Unrestricted (Deficit)	(5,355,471)	(92,576)	(5,448,047)
<i>Total Net Assets</i>	<u><u>(\$121,605)</u></u>	<u><u>(\$77,497)</u></u>	<u><u>(\$199,102)</u></u>

The notes to the financial statements are an integral part of this statement.

Field Local School District
Portage County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction:						
Regular	\$8,921,071	\$487,792	\$109,442	(\$8,323,837)	\$0	(\$8,323,837)
Special	1,824,911	56,099	513,236	(1,255,576)	0	(1,255,576)
Vocational	185,618	14,570	0	(171,048)	0	(171,048)
Adult/Continuing	24,520	1,132	0	(23,388)	0	(23,388)
Other	91,751	4,238	0	(87,513)	0	(87,513)
Support Services:						
Pupils	992,494	43,920	21,932	(926,642)	0	(926,642)
Instructional Staff	1,265,750	31,882	284,025	(949,843)	0	(949,843)
Board of Education	15,989	738	0	(15,251)	0	(15,251)
Administration	2,180,233	90,412	12,014	(2,077,807)	0	(2,077,807)
Fiscal	503,512	22,781	0	(480,731)	0	(480,731)
Business	52,756	0	0	(52,756)	0	(52,756)
Operation and Maintenance of Plant	1,910,506	76,797	0	(1,833,709)	0	(1,833,709)
Pupil Transportation	1,571,241	57,918	0	(1,513,323)	0	(1,513,323)
Central	44,633	1,321	7,917	(35,395)	0	(35,395)
Operation of Non-Instructional Services	19,562	0	1,000	(18,562)	0	(18,562)
Extracurricular Activities	418,805	91,101	2,158	(325,546)	0	(325,546)
Interest and Fiscal Charges	1,227,798	0	0	(1,227,798)	0	(1,227,798)
<i>Total Governmental Activities</i>	<u>21,251,150</u>	<u>980,701</u>	<u>951,724</u>	<u>(19,318,725)</u>	<u>0</u>	<u>(19,318,725)</u>
Business-Type Activities:						
Food Service	<u>577,369</u>	<u>364,478</u>	<u>192,862</u>	<u>0</u>	<u>(20,029)</u>	<u>(20,029)</u>
<i>Total Business-Type Activities</i>	<u>577,369</u>	<u>364,478</u>	<u>192,862</u>	<u>0</u>	<u>(20,029)</u>	<u>(20,029)</u>
<i>Totals</i>	<u>\$21,828,519</u>	<u>\$1,345,179</u>	<u>\$1,144,586</u>	<u>(19,318,725)</u>	<u>(20,029)</u>	<u>(19,338,754)</u>
General Revenues:						
Property Taxes Levied for:						
General Purposes				8,426,342	0	8,426,342
Debt Service				1,449,454	0	1,449,454
Grants and Entitlements not Restricted to Specific Programs				7,610,186	0	7,610,186
Investment Earnings				995,741	0	995,741
Miscellaneous				204,313	1,495	205,808
Transfers				(174,338)	174,338	0
<i>Total General Revenues and Transfers</i>				<u>18,511,698</u>	<u>175,833</u>	<u>18,687,531</u>
Change in Net Assets				(807,027)	155,804	(651,223)
<i>Net Assets Beginning of Year - Restated</i>				<u>685,422</u>	<u>(233,301)</u>	<u>452,121</u>
<i>Net Assets End of Year</i>				<u>(\$121,605)</u>	<u>(\$77,497)</u>	<u>(\$199,102)</u>

The notes to the financial statements are an integral part of this statement.

**Field Local School District
Portage County, Ohio
Balance Sheet
Governmental Funds
June 30, 2006**

	General	Bond	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$168,526	\$737,202	\$21,065,265	\$254,540	\$22,225,533
Materials and Supplies Inventory	3,918	0	0	0	3,918
Accounts Receivable	434	0	0	0	434
Due From Other Funds	3,505	0	0	0	3,505
Intergovernmental Receivable	0	0	0	49,586	49,586
Taxes Receivable	9,352,618	1,667,132	0	0	11,019,750
<i>Total Assets</i>	<u>\$9,529,001</u>	<u>\$2,404,334</u>	<u>\$21,065,265</u>	<u>\$304,126</u>	<u>\$33,302,726</u>
Liabilities					
Contracts Payable	\$0	\$0	\$1,117,081	\$0	\$1,117,081
Accrued Wages and Benefits	1,314,778	0	0	76,215	1,390,993
Due to Other Funds	0	0	0	3,505	3,505
Intergovernmental Payable	1,105,412	0	0	78,985	1,184,397
Deferred Revenue	8,828,155	1,565,204	0	0	10,393,359
Unearned Revenue	0	0	0	2,507	2,507
Matured Compensated Absences Payable	61,758	0	0	0	61,758
<i>Total Liabilities</i>	<u>11,310,103</u>	<u>1,565,204</u>	<u>1,117,081</u>	<u>161,212</u>	<u>14,153,600</u>
Fund Balances					
Reserved for Encumbrances	80,567	0	16,086,108	12,468	16,179,143
Reserved for Debt Service Principal	0	737,202	0	0	737,202
Reserved for Property Taxes	524,463	101,928	0	0	626,391
Unreserved, Undesignated, Reported in:					
General Fund	(2,386,132)	0	0	0	(2,386,132)
Special Revenue Funds	0	0	0	130,446	130,446
Capital Projects Funds	0	0	3,862,076	0	3,862,076
<i>Total Fund Balances (Deficits)</i>	<u>(1,781,102)</u>	<u>839,130</u>	<u>19,948,184</u>	<u>142,914</u>	<u>19,149,126</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$9,529,001</u>	<u>\$2,404,334</u>	<u>\$21,065,265</u>	<u>\$304,126</u>	<u>\$33,302,726</u>

The notes to the financial statements are an integral part of this statement.

**Field Local School District
Portage County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2006**

Total Governmental Funds Balances \$19,149,126

*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

Land and Construction in Progress	159,027	
Construction in Progress	4,435,746	
Buildings/Improvements (Net of Depreciation)	1,986,116	
Furniture and Fixtures (Net of Depreciation)	574,242	
Vehicles (Net of Depreciation)	355,895	
Total	7,511,026	7,511,026

Other long-term assets not available to pay for current-
period expenditures and therefore are deferred in the funds:

Property Taxes	322,519	
Grants	1,922	
Total	324,441	324,441

Long-term liabilities, including bonds payable and accrued
interest payable, are not due and payable in the current
period and therefore are not reported in the funds:

General Obligation Bonds	(24,590,000)	
OWDA Loans	(61,979)	
Capital Lease	(185,420)	
Compensated Absences Payable	(1,756,930)	
Unamortized Premium	(511,869)	
Total	(27,106,198)	(27,106,198)

Net Assets of Governmental Activities (\$121,605)

The notes to the financial statements are an integral part of this statement.

Field Local School District
Portage County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	General	Bond	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Local Taxes	\$8,412,236	\$1,448,898	\$0	\$0	\$9,861,134
Intergovernmental	7,451,648	158,538	0	1,092,882	8,703,068
Interest	146,888	0	826,893	3,002	976,783
Tuition and Fees	806,335	0	0	98,045	904,380
Rent	75	0	0	0	75
Extracurricular Activities	239	0	0	76,007	76,246
Gifts and Donations	30	0	0	1,000	1,030
Miscellaneous	91,139	0	5,462	106,913	203,514
<i>Total Revenues</i>	<u>16,908,590</u>	<u>1,607,436</u>	<u>832,355</u>	<u>1,377,849</u>	<u>20,726,230</u>
Expenditures:					
Current:					
Instruction:					
Regular	8,495,952	4,087	0	259,054	8,759,093
Special	1,229,956	0	0	592,188	1,822,144
Vocational	172,788	0	0	5,048	177,836
Adult/Continuing	24,520	0	0	0	24,520
Other	91,751	0	0	0	91,751
Support Services:					
Pupils	940,962	0	0	24,259	965,221
Instructional Staff	675,642	0	0	321,625	997,267
Board of Education	15,989	0	0	0	15,989
Administration	1,976,600	0	3,142	74,533	2,054,275
Fiscal	490,344	0	0	0	490,344
Business	0	0	52,756	0	52,756
Operation and Maintenance of Plant	1,658,430	0	0	1,437	1,659,867
Pupil Transportation	1,244,908	0	0	0	1,244,908
Central	28,601	0	8,115	7,917	44,633
Operation of Non-Instructional Services	0	0	18,562	1,000	19,562
Extracurricular Activities	323,806	0	0	82,640	406,446
Capital Outlay	3,375	0	5,570,607	0	5,573,982
Debt Service:					
Principal	42,108	410,000	0	0	452,108
Interest and Fiscal Charges	9,154	1,215,989	0	0	1,225,143
<i>Total Expenditures</i>	<u>17,424,886</u>	<u>1,630,076</u>	<u>5,653,182</u>	<u>1,369,701</u>	<u>26,077,845</u>
<i>Excess (Deficiency) of Revenues Over(Under) Expenditures</i>	<u>(516,296)</u>	<u>(22,640)</u>	<u>(4,820,827)</u>	<u>8,148</u>	<u>(5,351,615)</u>
Other Financing Sources (Uses):					
Transfers In	2,244	0	0	0	2,244
Proceeds From Sale of Fixed Assets	3,500	0	0	0	3,500
Transfers Out	(174,338)	0	0	(2,244)	(176,582)
<i>Total Other Financing Sources (Uses)</i>	<u>(168,594)</u>	<u>0</u>	<u>0</u>	<u>(2,244)</u>	<u>(170,838)</u>
<i>Net Change in Fund Balances</i>	(684,890)	(22,640)	(4,820,827)	5,904	(5,522,453)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(1,096,212)</u>	<u>861,770</u>	<u>24,769,011</u>	<u>137,010</u>	<u>24,671,579</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$1,781,102)</u>	<u>\$839,130</u>	<u>\$19,948,184</u>	<u>\$142,914</u>	<u>\$19,149,126</u>

Field Local School District
Portage County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2006

Net Change in Fund Balances - Total Governmental Funds (\$5,522,453)

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 those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense is exceeded by capital outlay in the current period.

Capital Outlay	4,954,263	
Depreciation Expense	(267,181)	
Total		4,687,082

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and deletions) is to decrease net assets.

Loss on Sale of Capital Assets		(12,559)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	14,662	
Grants	(142,201)	
Total		(127,539)

The issuance of debt is a revenue in the governmental funds, but the proceeds increases liabilities in the Statement of Net Assets.

Capital Lease		(227,528)
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Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the Statement of Net Assets.

General Obligation Bonds	410,000	
OWDA Loan	7,596	
Capital Lease	42,108	
Total		459,704

Some expenses reported in the Statement of Activities, such as compensated absences and intergovernmental payable which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(80,037)	
Interest	(2,655)	
Unamortized Premium on Bonds	18,958	
Total		(63,734)

Change in Net Assets of Governmental Activities (\$807,027)

The notes to the financial statements are an integral part of this statement.

Field Local School District
Portage County, Ohio
Statement in Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues:				
Property and Other Local Taxes	\$9,072,997	\$8,580,481	\$8,580,481	\$0
Intergovernmental	6,910,129	7,451,648	7,451,648	0
Interest	18,000	70,000	71,325	1,325
Tuition and Fees	798,300	808,232	806,335	(1,897)
Rent	0	75	75	0
Gifts and Donations	0	30	30	0
Miscellaneous	38,300	98,858	90,944	(7,914)
Total Revenues	<u>16,837,726</u>	<u>17,009,324</u>	<u>17,000,838</u>	<u>(8,486)</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,462,502	8,477,367	8,462,532	14,835
Special	1,155,042	1,213,831	1,213,831	0
Vocational	160,038	163,295	163,295	0
Adult/Continuing	40,000	24,520	24,520	0
Other	0	88,558	88,558	0
Support Services:				
Pupils	829,420	867,838	867,838	0
Instructional Staff	558,079	597,076	597,076	0
Board of Education	16,654	15,724	15,724	0
Administration	1,924,622	1,927,577	1,927,578	(1)
Fiscal	482,210	474,197	474,197	0
Operation and Maintenance of Plant	1,473,923	1,612,283	1,611,207	1,076
Pupil Transportation	1,098,159	1,114,550	1,113,550	1,000
Central	16,059	22,328	28,601	(6,273)
Extracurricular Activities:				
Academic Oriented Activities	25,440	26,700	26,700	0
Sports Oriented Activities	203,326	250,135	250,136	(1)
School and Public Service Co-Curricular Ac	13,045	12,901	12,901	0
Capital Outlay	0	3,375	3,375	0
Debt Service:				
Principal	42,108	42,108	42,108	0
Interest	9,154	9,154	9,154	0
Total Expenditures	<u>16,509,781</u>	<u>16,943,517</u>	<u>16,932,881</u>	<u>10,636</u>
Excess of Revenues Over Expenditures	<u>327,945</u>	<u>65,807</u>	<u>67,957</u>	<u>2,150</u>
Other Financing Sources (Uses):				
Transfers In	0	2,244	2,244	0
Proceeds from Sale of Capital Assets	0	3,500	3,500	0
Refund of Prior Year Expenditures	2,443	3,065	3,065	0
Advances In	39,623	39,623	39,623	0
Transfers Out	0	(174,322)	(174,338)	(16)
Advances Out	0	(3,505)	(3,505)	0
Total Other Financing Sources (Uses)	<u>42,066</u>	<u>(129,395)</u>	<u>(129,411)</u>	<u>(16)</u>
Net Change in Fund Balance	370,011	(63,588)	(61,454)	2,134
Fund Balance at Beginning of Fiscal Year	33,130	33,130	33,130	0
Prior Fiscal Year Encumbrances Appropriated	40,951	40,951	40,951	0
Fund Balance (Deficit) at End of Fiscal Year	<u>\$444,092</u>	<u>\$10,493</u>	<u>\$12,627</u>	<u>\$2,134</u>

The notes to the financial statements are an integral part of this statement.

Field Local School District
Portage County, Ohio
Statement of Fund Net Assets
Proprietary Fund
June 30, 2006

	Business-Type Activities Enterprise Fund
Assets	
Current Assets:	
Inventory Held for Resale	\$4,989
Intergovernmental Receivable	24,836
Materials and Supplies Inventory	3,431
Noncurrent Assets:	
Depreciable Capital Assets, Net	15,079
<i>Total Assets</i>	<u>48,335</u>
Liabilities	
Current Liabilities:	
Accrued Wages and Benefits	30,563
Intergovernmental Payable	56,028
Compensated Absences Payable	17,606
Noncurrent Liabilities:	
Long-Term Liabilities:	
Compensated Absences Payable-Net of Current Portion	21,635
<i>Total Liabilities</i>	<u>125,832</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	15,079
Unrestricted (Deficit)	(92,576)
<i>Total Net Assets</i>	<u><u>(\$77,497)</u></u>

The notes to the financial statements are an integral part of this statement.

Field Local School District
Portage County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2006

	Business-Type Activities Enterprise Fund
Operating Revenues:	
Sales	\$364,478
<i>Total Revenues</i>	<u>364,478</u>
Operating Expenses:	
Salaries	217,089
Fringe Benefits	138,569
Purchased Services	5,725
Materials and Supplies	210,078
Cost of Sales	994
Depreciation	3,117
Other	1,797
<i>Total Operating Expenses</i>	<u>577,369</u>
<i>Operating (Loss)</i>	<u>(212,891)</u>
Non-Operating Revenues:	
Federal and State Subsidies	192,862
Other	1,495
<i>Total Non-Operating Revenues</i>	<u>194,357</u>
<i>(Loss) Before Transfers</i>	(18,534)
Transfers in	<u>174,338</u>
<i>Net Change in Net Assets</i>	155,804
<i>Net (Deficit) at Beginning of Year</i>	<u>(233,301)</u>
<i>Net (Deficit) at End of Year</i>	<u><u>(\$77,497)</u></u>

The notes to the financial statements are an integral part of this statement.

**Field Local School District
Portage County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2006**

	Business-Type Activities <u>Enterprise Fund</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$364,479
Cash Payments to Employees for Services	(202,665)
Cash Payments for Employee Benefits	(120,283)
Cash Payments for Goods and Services	(215,804)
Other Operating Expenses	<u>(1,797)</u>
<i>Net Cash (Used for) Operating Activities</i>	<u>(176,070)</u>
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	191,884
Operating Transfers In	174,338
Repayment of Short-Term Loans from Other Funds	(191,647)
Other Non-Operating Revenues	<u>1,495</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>176,070</u>
<i>Net (Decrease) in Cash and Cash Equivalents</i>	0
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>0</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$0</u></u>
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating (Loss)	(\$212,891)
Adjustments:	
Depreciation	3,117
Increase (Decrease) in Liabilities:	
Inventory Held for Resale	994
Accrued Wages	2,290
Compensated Absences Payable	14,920
Intergovernmental Payable	<u>15,500</u>
<i>Net Cash (Used in) Operating Activities</i>	<u><u>(\$176,070)</u></u>

The notes to the financial statements are an integral part of this statement.

Field Local School District
Portage County, Ohio
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2006

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$70,211	\$42,197
Accounts Receivable	6,000	0
	<u> </u>	<u> </u>
Total Assets	<u>76,211</u>	<u>42,197</u>
Liabilities		
Undistributed Monies	0	2,765
Due to Students	0	39,432
	<u> </u>	<u> </u>
<i>Total Liabilities</i>	<u>0</u>	<u><u>\$42,197</u></u>
Net Assets		
Restricted - Nonexpendable	75,469	
Unrestricted	742	
	<u> </u>	
<i>Total Net Assets</i>	<u><u>\$76,211</u></u>	

The notes to the financial statements are an integral part of this statement.

Field Local School District
Portage County, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2006

	Private Purpose Trust
Additions	
Gifts and Contributions	\$20,032
Interest	<u>5,074</u>
<i>Total Additions</i>	<u>25,106</u>
Deductions	
Payments in Accordance with Trust Agreements	<u>4,000</u>
<i>Total Deductions</i>	<u>4,000</u>
<i>Change in Net Assets</i>	21,106
<i>Net Assets Beginning of Year</i>	<u>55,105</u>
<i>Net Assets at End of Year</i>	<u><u>\$76,211</u></u>

The notes to the financial statements are an integral part of this statement.

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 - DESCRIPTION OF THE ENTITY

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

The District operates under a locally-elected five-member board of education and provides educational services as mandated by State and/or Federal agencies. This Board controls the District's nine instructional/support facilities staffed by 103 non-certificated employees, 160 certificated full-time teaching personnel and 10 administrators who provide services to 2,365 students and other community members.

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

The financial statements include all the organizations, activities, functions and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. Based upon the application of this criteria, the District has no component units. The financial statements of the District include only those of the District.

On this basis, the combined basic financial statements include all the funds and account groups of the District over which the Board of Education exercises operating controls.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the 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 body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its governmental and business-type activity and to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Basis of Presentation

The 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 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 District that are governmental and those that are considered business-type activities.

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities and for the single business-type activity of the District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include 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 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 District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed.

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 District's major governmental fund:

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

Bond Fund - The Bond Fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds principal, interest and related costs.

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The other governmental funds of the District account for grants and other resources, debt service and capital projects of the District whose uses are restricted to a particular purpose.

Proprietary Fund

The proprietary fund focuses on the determination of the operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The District has no internal service funds. The following is the District's proprietary fund:

Enterprise Fund

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

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

Fiduciary Funds

Fiduciary fund 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 District under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private purpose trust which accounts for a college scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities.

C. Measurement Focus

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

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. 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 District finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. The proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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 collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the income is 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2005, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as inventory held for resale.

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

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds other than agency funds are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure.

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On or about July 1, the certificate is amended to include any unencumbered balances from the preceding fiscal year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts set forth in the final amended certificate issued for fiscal 2006. Prior to year-end, the District requested and received an amended certificate of estimated resources that reflects actual revenue for the fiscal year.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or certificate stating no new certificate is necessary, by October 1, the annual Appropriation Resolution must be legally enacted by the Board of Education at the fund, function and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter total object appropriations within functions must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

The amounts reported as the original budgeted amounts on the budgetary statements 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 amounts on the statements of budgetary comparisons represent the final appropriation amounts passed by the Board during the year. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the fund financial statements, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

Lapsing of Appropriations

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records.

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. During fiscal year 2006, investments were limited to STAR Ohio, US Bank Agency Notes and US Bank Agency Discount Notes.

Investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consisted with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share prices, which is the price the investment could be sold for on June 30, 2006.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$146,888 which includes \$143,447 assigned from other District funds.

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

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of the Food Service enterprise fund are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when used. Inventories of proprietary funds consist of donated food, purchased food and school supplies held for resale and are expenses when used.

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 either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside to create a reserve for budget stabilization.

I. Capital Assets

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

**FIELD LOCAL SCHOOL DISTRICT
 PORTAGE COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized.

All reported capital assets, other than land, 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 Buildings Improvements	15 - 62 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

J. Interfund Balances

On 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 and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences".

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met.

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

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

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In the Food Service enterprise fund, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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 terminating 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.

M. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, debt service principal, budget stabilization and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Net Assets

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

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Food Service enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Food Service enterprise fund. All revenues not meeting this definition are reported as nonoperating revenues.

P. Contributions of Capital

Contributions of capital in Food Service enterprise fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The District had no contributions of capital.

Q. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

R. 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.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence.

**FIELD LOCAL SCHOOL DISTRICT
 PORTAGE COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2006.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2006, the District has implemented GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation” which establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation. The implementation of GASB 46 had no material effect on the financial statements as they were previously reported as of June 30, 2006. In addition, the District implemented GASB Statement No. 47, “Accounting for Termination Benefits” which establishes standards of accounting and financial reporting for termination benefits. The implementation of GASB 46 had no material effect on the financial statements as they were previously reported as of June 30, 2006.

NOTE 4 – RESTATEMENT OF PRIOR PERIOD BALANCES

At June 30, 2005, not all of the construction-in-progress activity was recorded. The result of this change, and the effect on Net Assets, are summarized below:

	Governmental Activities
Net Assets at June 30, 2005	(\$27,694)
Adjustment of Capital Assets	713,116
Restated Net Assets at July 1, 2005	<u>\$685,422</u>

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the District’s reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

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 (budget basis) rather than as a reservation of fund balance (GAAP basis).

**FIELD LOCAL SCHOOL DISTRICT
 PORTAGE COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

	Net Change in Fund Balance General Fund
GAAP Basis	(\$684,890)
Net Adjustment for Revenue Accruals	134,936
Net Adjustment for Expenditure Accruals	408,165
Encumbrances Outstanding at Year End (Budget Basis)	80,335
Budget Basis	(\$61,454)

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any Federal government agency or instrumentality. Including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

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

Cash on Hand

At fiscal year end, the District had \$100 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

At June 30, 2006, the carrying amount of all District's deposits was \$129,836. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$84,355 of the District's bank balance of \$209,382 was exposed to custodial risk as discussed below, while \$125,027 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investment

As of June 30, 2006, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than One Year	1-5
STAR Ohio	\$896,659	\$896,659	\$0
Federal Home Loan Mortgage Corporation Discount Notes	8,568,410	8,568,410	0
Federal National Mortgage Association Discount Notes	7,797,060	7,797,060	0
Federal Home Loan Bank Discount Note	2,428,669	2,428,669	0
Federal Home Loan Bank Note	2,491,563	0	2,491,563
Treasury Money Market Fund	25,644	25,644	0
Total	<u>\$22,208,005</u>	<u>\$19,716,442</u>	<u>\$2,491,563</u>

Interest Rate Risk. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Accordingly to the District's policy, investments made by the Treasurer must mature within five (5) years.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments had the following ratings by Standard & Poors and their percentage of total investments.

STAR Ohio	AAA
Federal Home Loan Mortgage Corporation Discount Notes	AAA
Federal National Mortgage Association Discount Notes	AAA
Federal Home Loan Bank Note	AAA
Federal Home Loan Bank Discount Notes	AAA

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Corporation Discount Notes, Federal National Mortgage Association Discount Notes, Federal Home Loan Bank Discount Notes and Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. Thirty-nine percent of the District's investments are in Federal Home Loan Mortgage Corporation Discount Notes.

STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price that is the price the investment could be sold for on June 30, 2006.

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes.

Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. Tangible personal property is currently assessed at eighteen and three-quarters percent of true value for capital assets and inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives taxes from Portage County. The Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006 was \$524,463 in the general fund and \$101,928 in the Bond Fund.

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

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 7 - PROPERTY TAXES (continued)

The assessed values upon which the fiscal year 2006 taxes were collected are:

Category	<u>2005 Second Half Collections</u>		<u>2006 First Half Collections</u>	
	Amount	%	Amount	%
Real Property Valuation:				
Commercial/Industrial	\$43,124,820	13.04%	\$45,247,430	13.37%
Residential/Agriculture	250,974,070	75.88%	260,668,670	77.03%
Public Utilities	10,160	0.00%	10,470	0.00%
Mobile Home	176,573	0.05%	218,341	0.06%
Tangible Personal Property Valuation:				
Public Utilities	8,815,590	2.66%	9,125,320	2.70%
General	27,699,909	8.37%	23,156,680	6.84%
Total Valuation	<u>\$330,801,122</u>	<u>100.00%</u>	<u>\$338,426,911</u>	<u>100.00%</u>

Tax rate per \$1,000 of Assessed Valuation

\$55.51

\$55.37

NOTE 8 - RECEIVABLES

Receivables at June 30, 2006 consisted of taxes, accounts and intergovernmental entitlements and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. A summary of the principal items of receivables follows:

	<u>Amount</u>
Governmental Activities	
Taxes-Current and Delinquent	\$11,019,750
Accounts	434
Intergovernmental	49,586
Total Receivables	<u>\$11,069,770</u>
Business-Type Activities	
Intergovernmental	<u>\$24,836</u>
Total Receivables	<u>\$24,836</u>

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Restated Balance 07/01/2005	Additions	Deductions	Balance 06/30/2006
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$115,042	\$43,985	\$0	\$159,027
Construction in Progress	713,116	4,605,740	(883,110)	4,435,746
Total Capital Assets, Not Being Depreciated	<u>828,158</u>	<u>4,649,725</u>	<u>(883,110)</u>	<u>4,594,773</u>
Capital Assets, Being Depreciated				
Buildings/Improvements	5,383,987	893,896	0	6,277,883
Furniture and Equipment	2,209,595	66,224	(64,814)	2,211,005
Vehicles	973,374	227,528	(111,284)	1,089,618
Total Capital Assets, Being Depreciated	<u>8,566,956</u>	<u>1,187,648</u>	<u>(176,098)</u>	<u>9,578,506</u>
Less: Accumulated Depreciation				
Buildings/Improvements	(4,243,295)	(48,472)	0	(4,291,767)
Furniture and Equipment	(1,544,166)	(147,810)	55,213	(1,636,763)
Vehicles	(771,150)	(70,899)	108,326	(733,723)
Total Accumulated Depreciation	<u>(6,558,611)</u>	<u>(267,181)</u>	<u>163,539</u>	<u>(6,662,253)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,008,345</u>	<u>920,467</u>	<u>(12,559)</u>	<u>2,916,253</u>
Governmental Activities Capital Assets, Net	<u>\$2,836,503</u>	<u>\$5,570,192</u>	<u>(\$895,669)</u>	<u>\$7,511,026</u>
	Balance 06/30/2005	Additions/ Deductions	Balance 06/30/2006	
Business-Type Activities				
Furniture and Equipment	\$179,578	(\$6,546)	\$173,032	
Less: Accumulated Depreciation	(161,382)	3,429	(157,953)	
Total	<u>\$18,196</u>	<u>(\$3,117)</u>	<u>\$15,079</u>	

**FIELD LOCAL SCHOOL DISTRICT
 PORTAGE COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006**

NOTE 9 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$72,520
Special	15,111
Vocational	5,339
Support Services:	
Pupils	17,525
Instructional Staff	9,539
Administration	18,106
Fiscal	10,391
Operation and Maintenance of Plant	34,067
Pupil Transportation	75,160
Extracurricular Activities	9,423
Total Depreciation Expense	\$267,181

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The District maintains comprehensive insurance coverage with a private carrier for liability coverage. Real property, building contents and vehicles are through Stark County Schools Council of Government.

B. Fidelity Bond

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

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**FIELD LOCAL SCHOOL DISTRICT
 PORTAGE COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006**

NOTE 10 - RISK MANAGEMENT (continued)

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The Workers' Compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the GRP. Each participant pays its Workers' Compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

D. Employee Medical Benefits

The District is a participant in the Stark County Schools Council of Government (the "COG"), for the purpose of obtaining health, dental and vision insurance. Payments are made to the COG for monthly attachment point, monthly stop-loss premiums, and administrative charges. The fiscal agent of the COG is the Stark County

NOTE 11 – CAPITAL LEASES-LESSEE DISCLOSURE

The District 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 consisting 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 2006 fiscal year totaled \$42,108 and \$9,154 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, 2006:

Fiscal Year Ending	Capital Lease			
	June 30,	Principal	Interest	Total
2007		\$43,567	\$7,695	\$51,262
2008		45,375	5,887	51,262
2009		47,258	4,004	51,262
2010		49,220	2,042	51,262
Total		<u>\$185,420</u>	<u>\$19,628</u>	<u>\$205,048</u>

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 12 – DEBT OBLIGATIONS

Long-Term Obligations

Changes in long-term obligations of the District from July 1, 2005 through June 30, 2006, were as follows:

	Balance 07/01/05	Additions	(Reductions)	Balance 06/30/2006	Due in One Year
<u>Governmental Activities:</u>					
OWDA Loan Payable					
Issued 12/1996, 4.04%, Due 6/2016	\$66,920	\$0	(\$4,941)	\$61,979	\$5,143
General Obligation Bonds:					
Construction and Improvement Bonds					
Issued 12/01/2004, 4.73%, Due 12/01/2032	25,000,000	0	(410,000)	24,590,000	415,000
Original Issue Amount: \$25,000,000					
Unamortized Premium	530,827	0	(18,958)	511,869	0
Capital Lease	0	227,528	(42,108)	185,420	43,567
Compensated Absences	1,676,893	113,710	(33,673)	1,756,930	239,793
Total Governmental Activities	<u>\$27,274,640</u>	<u>\$341,238</u>	<u>(\$509,680)</u>	<u>\$27,106,198</u>	<u>\$703,503</u>
<u>Business-Type Activities:</u>					
Compensated Absences	\$24,321	\$16,549	(\$1,629)	\$39,241	\$17,606
Total Business-Type Activities	<u>\$24,321</u>	<u>\$16,549</u>	<u>(\$1,629)</u>	<u>\$39,241</u>	<u>\$17,606</u>

Compensated Absences will be paid from the fund from which the employee is paid.

In 2005, the District issued a 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 Retirement 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
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 12 – DEBT OBLIGATIONS (continued)

Principal and interest requirements to retire the OWDA Loan and the General Obligation Bonds outstanding at June 30, 2006, are as follows:

Fiscal Year Ending June 30,	OWDA Loan			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$5,143	\$2,453	\$7,596	\$415,000	\$1,181,455	\$1,596,455
2008	5,353	2,243	7,596	30,000	1,175,610	1,205,610
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
2012-2016	34,078	3,900	37,978	1,825,000	5,671,498	7,496,498
2017-2021	0	0	0	4,300,000	4,972,125	9,272,125
2022-2026	0	0	0	6,155,000	3,642,750	9,797,750
2027-2031	0	0	0	7,830,000	1,921,438	9,751,438
2032-2033	0	0	0	3,700,000	187,250	3,887,250
Total	<u>\$61,979</u>	<u>\$13,977</u>	<u>\$75,956</u>	<u>\$24,590,000</u>	<u>\$22,266,401</u>	<u>\$46,856,401</u>

NOTE 13 - RETIREMENT PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of the annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS’ Retirement Board. The District’s required contributions to SERS Ohio for the fiscal years ended June 30, 2006, 2005 and 2004 were \$606,910, \$507,039, and \$444,392, respectively; 69.38 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. The unpaid contribution for fiscal year 2006 is \$185,857.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof.

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 13 - RETIREMENT PLANS (continued)

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among nine investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying one percent of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio’s public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 13 - RETIREMENT PLANS (continued)

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by three percent of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit 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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. 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.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2006, were 10 percent of covered payroll for members and 14 percent for employers. The District's required contributions to STRS Ohio for the fiscal years ended June 30, 2006, 2005 and 2004 were \$1,160,128, \$1,141,003 and \$1,121,817, respectively. 39.7 percent has been contributed for fiscal year 2006 and 100 percent for the fiscal years 2005 and 2004. Member and employer contributions actually made for Defined Contribution and Combined Plan participants will be provided upon written request.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2005 *Comprehensive Annual Financial Report* will be available after January 1, 2006.

Additional information or copies of STRS Ohio's 2005 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS or STRS Ohio. As of June 30, 2006, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS

A. School Employees Retirement Systems

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to provided health care benefits. At June 30, 2005, the healthcare allocation is 3.43 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2005, the minimum pay was established as \$27,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund.

The District's actual contributions which were used to fund postemployment benefits, including surcharge, equaled \$356,718 during the 2006 fiscal year.

The Health care benefits are financed on a pay as you go basis. Net health care costs for the year ending June 30, 2005 were \$178,221,113. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. At June 30, 2005 (the latest information available) the value of the health care fund was \$267.5 million, which is about 168 percent of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs.

The number of participants eligible to receive benefits is 58,123.

B. State Teachers Retirement Systems

STRS Ohio provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code (R.C.), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The District's actual contributions which were used to fund postemployment benefits equaled \$82,866 during the 2005 fiscal year.

The R.C. grants authority to STRS Ohio to provide health care coverage to benefit eligible recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

**FIELD LOCAL SCHOOL DISTRICT
 PORTAGE COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006**

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (continued)

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2005 (the latest information available) and June 30, 2004, the board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2005, 1.0 percent of covered payroll was allocated to the fund. The balance in the Health Care Stabilization Fund was \$3.3 billion on June 30, 2005 (the latest information available).

For the year ended June 30, 2005 (the latest information available), net health care costs paid by STRS Ohio were \$254,780,000. There were 115,395 eligible benefit recipients.

NOTE 15 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees working eleven or twelve months per year are entitled to an annual vacation, with pay, based on length of service in the District. Vacations must be taken within one year of the time earned with the exception that a portion may be carried over to the next year with prior approval. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators working fewer than ten months per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated for an unlimited number of days. For certified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the first 170 days and adding to that one day for every five days of the next 80 days accumulated, to a maximum of 13 days. For classified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the first 130 days and adding that to the total of ten percent of the next 170 days, to a maximum of 17 days. The amount of accumulated vacation and sick leave of employees paid from governmental funds that meets the eligibility requirements has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the general long-term obligation account group. Vacation and sick leave for employees paid from proprietary funds is recorded as an expense and liability of the fund when earned.

NOTE 16 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits

At June 30, 2006, the following funds reported deficits in fund balance:

	Major Funds	
General		(\$1,781,102)
	Nonmajor Funds	
Title VI-B		(22,355)
Disadvantaged Pupil Impact Aid		(726)
Ohio Reads		(421)
Title I		(8,321)
Title VI		(1,332)
Title II-A		(1,638)

**FIELD LOCAL SCHOOL DISTRICT
 PORTAGE COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006**

NOTE 16 - COMPLIANCE AND ACCOUNTABILITY (continued)

These funds complied with Ohio state law, which does not permit cash basis deficits. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities. These deficits should be eliminated by future intergovernmental revenues not recognized under GAAP at June 30.

Ohio Revised Code Section 5705.10 states the money that is paid into a fund must be used only for the purposes for which such fund has been established. The District had negative fund balances in the following funds at March 31, 2006:

Fund	Deficit
Food Service	\$173,245
Disadvantaged Pupil Impact Aid	9,218
Miscellaneous Federal Grants	2,182

NOTE 17 – JOINTLY GOVERNED ORGANIZATION

Stark/Portage Area Computer Consortium (SPARCC)

SPARCC is a jointly governed organization created as a regional council of governments pursuant to State statutes made up of public Districts and county boards of education from Stark, Portage and Carroll Counties. The primary function of SPARCC is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by SPARCC include student scheduling, registration, grade reporting and test scoring. Each member district pays an annual fee for the services provided by SPARCC.

SPARCC is governed by a board of directors comprised of each Superintendent within the Consortium. The Stark County Educational Service Center serves as the fiscal agent of the consortium and receives funding from the State Department of Education. Each district has one vote in all matters and each member district’s control over budgeting and financing of SPARCC is limited to its voting and any representation it may have on the board of directors. The continued existence of SPARCC is not dependent on the District’s continued participation and no equity interest exists. Financial information can be obtained by writing to the Stark/Portage Area Computer Consortium, 2100 38th Street, NW, Canton, Ohio 44709.

NOTE 18 – PUBLIC ENTITY RISK POOLS

A. Insurance Purchasing Pool

Ohio School Boards Association Workers’ Compensation Group Rating Program – The District participates in the Ohio School Boards Association Workers Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP’s business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**FIELD LOCAL SCHOOL DISTRICT
 PORTAGE COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006**

NOTE 19 - CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to an audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2006.

Litigation

The District is currently a party to legal proceedings although management cannot presently determine the outcome of these proceedings

NOTE 20 - SCHOOL FUNDING DECISION

On December 11, 2003, the Ohio Supreme Court issued its latest opinion regarding the State’s school funding plan. The decision reaffirmed earlier decisions that Ohio’s current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed “...the Ohio General Assembly to enact a school-funding scheme 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 on its financial operations.

NOTE 21 – INTERFUND TRANSACTIONS

Transfers

Transfers To	Transfers From		
	General Fund	Nonmajor Funds	Total
General Fund	\$0	\$2,244	\$2,244
Business Type Activities:			
Food Service	\$174,338	\$0	\$174,338

Transfers are due to Food Service Fund having insufficient funds. The transfers from the Nonmajor Funds to the General Fund were to transfer unexpended balances.

NOTE 22 - REQUIRED BUDGET SET ASIDES

The District is required by State statute to annually set aside, in the General Fund, an amount based on statutory formula for the purchase of textbooks and other instructional materials and an amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end are offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization.

**FIELD LOCAL SCHOOL DISTRICT
 PORTAGE COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006**

NOTE 22 - REQUIRED BUDGET SET ASIDES (continued)

The following cash basis information describes the change in the year-end set aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Textbooks	Capital Improvements
Set Aside Cash Balance as of June 30, 2005	\$213,727	\$0
Current Fiscal Year Set Aside Requirement	343,780	343,780
Qualifying Disbursements	(188,877)	(409,813)
Total	<u>\$368,630</u>	<u>(\$66,033)</u>
Balance Carried Forward to Fiscal Year 2007	<u>\$0</u>	<u>\$0</u>
Cash Balance at June 30, 2006	<u>\$0</u>	<u>\$0</u>

Since the qualifying disbursements and offsets for the capital improvements set aside exceeded the fiscal year 2006 requirement, no amount will be carried forward to the next fiscal year.

The District may use the negative amount in the textbooks/instructional materials set aside to reduce set aside requirements of future fiscal years.

**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
1473 Saxe Road
Mogadore, OH 44260

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Field Local School District (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2006. 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 District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as items 2006-01.

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* (continued)

We also noted certain matters that we reported to management of the District in a separate letter dated December 15, 2006.

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

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

December 15, 2006

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

Board of Education
Field Local School District
1473 Saxe Road
Mogadore, OH 44260

Compliance

We have audited the compliance of the Field Local School District (the District) 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, 2006. The District'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 District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Field Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2006-02 and 2006-03.

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

Internal Control Over Compliance

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

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

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

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

December 15, 2006

Field Local School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Receipts	Disbursements
<u>U.S. Department of Agriculture</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	049197-LLP4-2006	\$129,676	\$129,676
National School Lunch Program	10.555	049197-LLP4-2005	39,884	39,884
Total National School Lunch Program			169,560	169,560
Food Donation	10.550	----	41,000	41,000
School Breakfast Program	10.553	049197-05PU-2006	12,318	12,318
School Breakfast Program	10.553	049197-05PU-2005	3,318	3,318
Total School Breakfast Program			15,636	15,636
Total U.S. Department of Agriculture - Child Nutrition Cluster			226,196	226,196
<u>U.S. Department of Education</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	049197-C1S1-2006	296,425	261,619
Title I Grants to Local Educational Agencies	84.010	049197-C1S1-2005	0	39,388
Total Title I Grants to Local Educational Agencies			296,425	301,007
Special Education Cluster:				
Special Education-Grants to States	84.027	049197-6BSF-2006	519,423	490,908
Special Education-Grants to States	84.027	049197-6BSF-2005	23,200	75,303
Total Special Education Cluster			542,623	566,211
Safe and Drug-Free Schools and Communities - State Grants	84.186	049197-DRS1-2006	11,694	4,444
Safe and Drug-Free Schools and Communities - State Grants	84.186	049197-DRS1-2004	0	19
Total Safe and Drug-Free Schools and Communities			11,694	4,463
State Grants for Innovative Programs	84.298	049197-C2S1-2006	6,393	6,393
State Grants for Innovative Programs	84.298	049197-C2S1-2005	4,543	4,542
Total State Grants for Innovative Programs			10,936	10,935
Education Technology State Grants	84.318	049197-TJS1-2006	8,285	7,754
Education Technology State Grants	84.318	049197-TJS1-2005	7,393	10,698
Education Technology State Grants	84.318	049197-TJS1-2004	0	634
Total Technology Literacy Challenge Fund Grants			15,678	19,086
Improving Teacher Quality State Grants	84.367	049197-TRS1-2006	68,328	64,575
Improving Teacher Quality State Grants	84.367	049197-TRS1-2005	3,159	11,066
Total Improving Teacher Quality State Grants			71,487	75,641
Eisenhower Professional Development State Grants	84.281	---	21,036	21,036
Total U.S. Department of Education			969,879	998,379
<u>U.S. Department of Health and Human Services</u>				
<i>Passed Through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
Medical Assistance Program	93.778	----	27,746	27,746
State Children's Insurance Program	93.767	----	4,230	4,230
Total U.S. Department of Health & Human Services			31,976	31,976
Total Federal Assistance			\$1,228,051	\$1,256,551

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

FIELD LOCAL SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in the 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 the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – 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.

FIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of auditor's report issued on the basic financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the basic financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the basic financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the basic financial statement level?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	Yes

FIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505

FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

(d)(1)(vii)	Major Program:	Special Education - Grants to States, CFDA #84.027 and Title I Grants to Local Educational Agencies, CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

2006-01

Section 5705.10, Revised Code, states in part, money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

Negative Fund balances did not occur as of June 30, 2006, however as of March 31, 2006, the following funds had negative balances:

Fund	Deficit
Food Service	\$173,245
Disadvantaged Pupil Impact Aid	9,218
Miscellaneous Federal Grants	2,182

3. FINDINGS FOR FEDERAL AWARDS

Federal Program: CFDA#84.027 Special Education – Grants to States
 Project Number: 049197-6BSF-2006
 Federal Agency: U.S. Department of Education
 Pass Through Entity: Ohio Department of Education

FIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505

FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

2006-02

Criteria: A-102 common rule. Where a funding period is specified, a non-federal entity may charge to the award only costs resulting from obligations incurred during the funding period and pre-award costs authorized by the federal awarding agency. Obligations means the amount of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-federal entity during the same or a future period.

Condition Found: The substantially approved date for the fiscal year 2006 Special Education – Part B - IDEA grant was October 31, 2005. The District has charged expenditures for obligations made in June 2005 (fiscal year 2005) to the fiscal year 2006 program.

Questioned Costs:	<u>Description</u>	<u>Date Ordered</u>	<u>Amount</u>
	Impedance Screener Screening Tympanometer, Full Air Audiometer	6/16/2005	\$3,317.00
	Scanjet 8250	6/23/2005	3,600.00
	Total		<u>899.99</u>
			<u><u>\$7,816.99</u></u>

Effect: Costs incurred prior to the fiscal year 2006 substantially approved date were charged to the fiscal year 2006 grant.

Recommendations: Costs incurred prior to a grants substantially approved date shall not be charged to the grant program.

Corrective Action: Contact Person: Thomas P. Baker, Treasurer
330-673-2676

Costs incurred prior to FY2006 for this grant. Unspent funds from one fiscal year are carried-over into the next fiscal year with approval through the Ohio Department of Education. In the future, grant expenditures will be made on a more timely basis. This will provide for current expense charged to the current federal grant.

FIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505

FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

Federal Program: CFDA#84.367
Project Number: 049197-TRSI-2003
Federal Agency: U.S. Department of Education
Pass Through Entity: Ohio Department of Education

2006-03

Criteria: 34 CFR 80.50 states that the grantee must immediately refund to the Federal agency any balance of unobligated (unencumbered) cash advanced that is not authorized to be retained for use on other grants.

Condition Found: The District transferred \$2,230.43 out of its Title II-A grant program fund into the District General Fund.

Questioned Costs: Unspent balance in the program fund transferred to the District general fund \$2,230.43.

Effect: Unused federal grant funds not returned to Ohio Department of Education.

Recommendations: Any unused federal grant money shall be returned to the grantor if not used in the allowable period.

Corrective Action: Contact Person: Thomas P. Baker, Treasurer
330-673-2676

Fund balance from FY03 grant was transferred to general fund. Transaction will be reversed during current fiscal year. Unspent funds from one fiscal year are carried-over into the next fiscal year with approval through the Ohio Department of Education. In the future, grant expenditures will be made on a more timely basis.

FIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2006

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain</u>
2005-01	Negative Fund Balances	No	Partially Corrected



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
APRIL 17, 2007**