

SPRINGFIELD LOCAL SCHOOL DISTRICT

LUCAS COUNTY

GENERAL PURPOSE FINANCIAL STATEMENTS

For The Year Ended June 30, 2001

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

Board of Education
Springfield Local School District

We have reviewed the Independent Auditor's Report of the Springfield Local School District, Lucas County, prepared by LaVallee & Company for the audit period July 1, 2000 through June 30, 2001. 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 Springfield Local School District is responsible for compliance with these laws and regulations.

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JIM PETRO
Auditor of State

May 28, 2002

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SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY

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SPRINGFIELD LOCAL SCHOOL DISTRICT

ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL

As of June 30, 2001

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE/ CONTRACT PERIOD</u>
<u>Board of Education</u>		
Kenneth Musch	President	1/1/00 - 12/31/03
Kieran Menacher	Member	1/1/00 - 12/31/03
Michael Doyle	Member	1/1/98 - 12/31/02
Nancy Decker	Member	1/1/00 - 12/31/03
Everett Harris	Member	1/1/98 - 12/31/02

Legal Counsel

Spengler Nathanson
Attorneys at Law
608 Madison Avenue
Suite 1000
Toledo, OH 43604-1169

Administrative Personnel

Dr. Cynthia Beekley	Superintendent	3/1/99 - 07/31/03
Robert W. Moellenberg	Treasurer	Organizational Meeting 1998 - Organizational Meeting 2002

LaVallee & Company

Certified Public Accountants
The CPA. Never under estimate The Value.SM

969 W. North Street
Lima, Ohio 45805
(419)222-1120
FAX(419)222-2968

Alan L. LaVallee, CPA
Neil J. Reichenbach, CPA

January 11, 2002

Board of Education
Springfield Local School District
6900 Hall Street
Holland, Ohio 43528

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general purpose financial statements of the Springfield Local School District, Holland, Ohio, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Springfield Local School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain an accurate listing of the School District's equipment associated with the General Fixed Asset Account Group nor were we able to satisfy ourselves as to the accuracy by other auditing procedures. The equipment is included in the General Fixed Asset Account Group and represents 14% of the General Fixed Asset Account Group. See footnote 9.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain an accurate equipment listing or had we been able to satisfy ourselves as to those financial activities by other auditing procedures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Springfield Local School District, Holland, Ohio, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types and non expendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Education
Springfield Local School District
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In accordance with *Government Auditing Standards*, we have also issued a report dated January 11, 2002 on our consideration of the Springfield Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. 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 general purpose financial statements of Springfield Local School District, Holland, Ohio. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

LaVallee & Company CPAs

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Equity in Pooled Cash and Cash Equivalents	\$ 759,036	\$ 671,930	\$ 2,245,749	\$ 213,960
Receivables:				
Taxes	18,958,348	-	2,420,101	1,140,295
Accounts	17,029	-	-	-
Intergovernmental	-	42,560	-	-
Inventory Held for Resale	-	-	-	-
Prepaid Items	46,657	-	-	-
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	341,319	-	-	-
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	-	-	-	-
Amount Available in Debt Service Fund	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-
Total Assets and Other Debits	<u>\$ 20,122,389</u>	<u>\$ 714,490</u>	<u>\$ 4,665,850</u>	<u>\$ 1,354,255</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$ 359,427	\$ 63,254	\$ -	\$ -
Accrued Salaries and Benefits	3,222,869	136,933	-	-
Intergovernmental Payable	354,398	17,298	-	-
Due to Students	-	-	-	-
Compensated Absences Payable	45,405	1,559	-	-
Deferred Revenue	18,162,590	-	2,344,278	1,084,358
Notes Payable	-	-	-	-
Capital Lease Payable	-	-	-	-
Total Liabilities	<u>22,144,689</u>	<u>219,044</u>	<u>2,344,278</u>	<u>1,084,358</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	-	-	-	-
Retained Earnings	-	-	-	-
Fund Balance:				
Reserved for Encumbrances	347,169	38,260	-	136,757
Reserve for Debt Service	-	-	2,245,749	-
Reserved for Prepays	46,657	-	-	-
Reserved for Property Taxes	795,758	-	75,823	55,937
Reserved for Textbook & Instructional Material	213,418	-	-	-
Reserved for Budget Stabilization	127,901	-	-	-
Unreserved	(3,553,203)	457,186	-	77,203
Total Fund Equity and Other Credits	<u>(2,022,300)</u>	<u>495,446</u>	<u>2,321,572</u>	<u>269,897</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 20,122,389</u>	<u>\$ 714,490</u>	<u>\$ 4,665,850</u>	<u>\$ 1,354,255</u>

The accompanying notes are an integral part of the financial statements.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$ 52,290	\$ 173,251	\$ -	\$ -	\$ 4,116,216
-	-	-	-	22,518,744
8	-	-	-	17,037
37,489	-	-	-	80,049
12,746	-	-	-	12,746
-	-	-	-	46,657
-	-	-	-	341,319
135,674	-	32,203,563	-	32,339,237
-	-	-	2,321,572	2,321,572
-	-	-	13,303,014	13,303,014
<u>\$ 238,207</u>	<u>\$ 173,251</u>	<u>\$ 32,203,563</u>	<u>\$ 15,624,586</u>	<u>\$ 75,096,591</u>

\$ 2,581	\$ 3,961	\$ -	\$ -	\$ 429,223
63,868	29	-	-	3,423,699
76,729	-	-	152,657	601,082
-	81,771	-	-	81,771
48,962	-	-	2,154,975	2,250,901
7,313	-	-	-	21,598,539
-	-	-	13,285,000	13,285,000
-	-	-	31,954	31,954
<u>199,453</u>	<u>85,761</u>	<u>-</u>	<u>15,624,586</u>	<u>41,702,169</u>

-	-	32,203,563	-	32,203,563
38,754	38,264	-	-	77,018
-	3,075	-	-	525,261
-	-	-	-	2,245,749
-	-	-	-	46,657
-	-	-	-	927,518
-	-	-	-	213,418
-	-	-	-	127,901
-	46,151	-	-	(2,972,663)
<u>38,754</u>	<u>87,490</u>	<u>32,203,563</u>	<u>-</u>	<u>33,394,422</u>
<u>\$ 238,207</u>	<u>\$ 173,251</u>	<u>\$ 32,203,563</u>	<u>\$ 15,624,586</u>	<u>\$ 75,096,591</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Similar Fiduciary Funds
For the Fiscal Year Ended June 30, 2001**

	Governmental Fund Types	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$ 16,714,951	\$ -
Tuition and Fees	278,105	25,211
Intergovernmental	6,914,730	2,129,569
Interest	372,966	8,511
Extracurricular Activities	-	271,778
Customer Services	19,424	-
Gifts and Donations	124,663	-
Rent	40,636	-
Miscellaneous	198,464	-
	<hr/>	<hr/>
Total Revenues	24,663,939	2,435,069
	<hr/>	<hr/>
Expenditures:		
Current:		
Instruction:		
Regular	12,268,306	256,032
Special	2,268,852	386,082
Vocational	335,394	-
Other	823,696	-
Support Services:		
Pupils	1,124,011	207,206
Instruction	585,130	119,477
Board of Education	43,796	-
Administration	2,156,429	64,332
Fiscal	468,248	-
Operation and Maintenance	2,701,687	4,649
Transportation	1,393,594	5,808
Central Services	48,136	26,515
Non-Instructional Services	-	854,581
Extracurricular Activities	579,426	315,917
Debt Service:		
Principal	20,529	-
Interest	3,785	-
	<hr/>	<hr/>
Total Expenditures	24,821,019	2,240,599
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(157,080)	194,470
	<hr/>	<hr/>
Other Financing Sources (Uses):		
Operating Transfers In	946,750	17,897
Proceeds from Sale of Fixed Assets	43,431	-
Other Financing Sources	10,331	-
Operating Transfers Out	(999,647)	-
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	865	17,897
	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(156,215)	212,367
	<hr/>	<hr/>
Fund Balances (Deficits) at Beginning of Year	(1,866,085)	283,079
	<hr/>	<hr/>
Fund Balances (Deficits) at End of Year	\$ (2,022,300)	\$ 495,446
	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

Governmental Fund Types		Fiduciary	Totals (Memorandum Only)
<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
\$ 1,894,832	\$ 916,210	\$ -	\$ 19,525,993
-	-	-	303,316
217,103	274,567	-	9,535,969
-	-	2,515	383,992
-	-	5,962	277,740
-	-	-	19,424
-	-	21,059	145,722
-	-	-	40,636
-	-	-	198,464
<u>2,111,935</u>	<u>1,190,777</u>	<u>29,536</u>	<u>30,431,256</u>
-	285,325	-	12,809,663
-	-	-	2,654,934
-	-	-	335,394
-	-	-	823,696
-	-	13,949	1,345,166
-	-	-	704,607
-	-	-	43,796
25,790	4,568	-	2,251,119
-	11,984	-	480,232
-	360,614	-	3,066,950
-	284,662	-	1,684,064
-	-	-	74,651
-	-	12,013	866,594
-	-	-	895,343
1,075,000	-	-	1,095,529
832,111	-	-	835,896
<u>1,932,901</u>	<u>947,153</u>	<u>25,962</u>	<u>29,967,634</u>
<u>179,034</u>	<u>243,624</u>	<u>3,574</u>	<u>463,622</u>
-	-	-	964,647
-	-	-	43,431
735	333	-	11,399
-	-	-	(999,647)
<u>735</u>	<u>333</u>	<u>-</u>	<u>19,830</u>
179,769	243,957	3,574	483,452
2,141,803	25,940	45,652	630,389
<u>\$ 2,321,572</u>	<u>\$ 269,897</u>	<u>\$ 49,226</u>	<u>\$ 1,113,841</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental Fund Types and Similar Fiduciary Funds
For the Fiscal Year Ended June 30, 2001**

	Governmental Fund Types		
	General Fund		Variance
	Revised Budget	Actual	Favorable (Unfavorable)
Revenues:			
Taxes	\$ 16,610,000	\$ 16,761,568	\$ 151,568
Intergovernmental	7,248,000	6,914,730	(333,270)
Interest	310,000	372,966	62,966
Extracurricular revenue	-	-	-
Tuition	243,500	269,851	26,351
Rent	50,000	39,465	(10,535)
Gifts and Donations	20,000	117,437	97,437
Customer Services	21,000	19,424	(1,576)
Miscellaneous	40,350	37,691	(2,659)
Total Revenues	24,542,850	24,533,132	(9,718)
Expenditures:			
Current:			
Instruction:			
Regular	11,877,877	11,843,526	34,351
Special	2,254,264	2,210,796	43,468
Vocational	322,680	318,964	3,716
Other	1,119,256	885,460	233,796
Support Services:			
Pupils	1,060,548	1,049,644	10,904
Instruction staff	609,148	562,524	46,624
Board of education	43,910	43,658	252
School administration	2,151,552	2,124,727	26,825
Fiscal	509,809	498,740	11,069
Operation and maintenance	2,768,522	2,734,052	34,470
Pupil transportation	1,378,516	1,377,765	751
Central	46,895	44,690	2,205
Non-Instructional Services	-	-	-
Extracurricular activities	595,950	567,920	28,030
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	24,738,927	24,262,466	476,461
Excess (Deficiency) of Revenues Over (Under) Expenditures	(196,077)	270,666	466,743
Other Financing Sources (Uses):			
Operating transfers in	882,535	946,750	64,215
Proceeds from sale of fixed assets	-	43,431	43,431
Refund of prior year expenditures	-	163,831	163,831
Other Financing Sources	-	10,331	10,331
Operating transfers out	(999,650)	(999,647)	3
Total Other Financing Sources (Uses)	(117,115)	164,696	281,811
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(313,192)	435,362	748,554
Fund Balances (Deficit) at Beginning of Year	66,008	66,008	-
Unexpended Prior Year Encumbrances	290,123	290,123	-
Fund Balances (Deficit) at End of Year	\$ 42,939	\$ 791,493	\$ 748,554

The accompanying notes are an integral part of the financial statement.

Governmental Fund Types

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,725,000	\$ 1,928,810	\$ 203,810
2,244,154	2,087,009	(157,145)	200,000	217,103	17,103
6,900	8,511	1,611	-	-	-
397,250	273,920	(123,330)	-	-	-
28,600	25,212	(3,388)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,676,904</u>	<u>2,394,652</u>	<u>(282,252)</u>	<u>1,925,000</u>	<u>2,145,913</u>	<u>220,913</u>
558,345	275,712	282,633	-	-	-
502,836	370,840	131,996	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
354,843	212,764	142,079	-	-	-
122,264	113,993	8,271	-	-	-
-	-	-	-	-	-
71,381	61,499	9,882	32,500	25,790	6,710
-	-	-	-	-	-
4,400	4,649	(249)	-	-	-
7,850	5,808	2,042	-	-	-
26,544	26,541	3	-	-	-
966,971	862,685	104,286	-	-	-
409,621	336,161	73,460	-	-	-
-	-	-	1,075,000	1,075,000	-
-	-	-	832,120	832,111	9
<u>3,025,055</u>	<u>2,270,652</u>	<u>754,403</u>	<u>1,939,620</u>	<u>1,932,901</u>	<u>6,719</u>
<u>(348,151)</u>	<u>124,000</u>	<u>472,151</u>	<u>(14,620)</u>	<u>213,012</u>	<u>227,632</u>
15,960	17,897	1,937	-	-	-
-	-	-	-	-	-
-	5,058	5,058	-	-	-
-	-	-	-	735	735
-	-	-	-	-	-
<u>15,960</u>	<u>22,955</u>	<u>6,995</u>	<u>-</u>	<u>735</u>	<u>735</u>
(332,191)	146,955	479,146	(14,620)	213,747	228,367
336,644	336,644	-	2,032,002	2,032,002	-
107,812	107,812	-	-	-	-
<u>\$ 112,265</u>	<u>\$ 591,411</u>	<u>\$ 479,146</u>	<u>\$ 2,017,382</u>	<u>\$ 2,245,749</u>	<u>\$ 228,367</u>

SPRINGFIELD LOCAL SCHOOL DISTRICT

LUCAS COUNTY

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual Comparison (Non-GAAP Budgetary Basis)

All Governmental Fund Types and Similar Fiduciary Funds

For the Fiscal Year Ended June 30, 2001

Continued

	Governmental Fund Types		
	Capital Projects Funds		
	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 910,000	\$ 920,543	\$ 10,543
Intergovernmental	314,000	274,567	(39,433)
Interest	-	-	-
Extracurricular revenue	-	-	-
Tuition	-	-	-
Rent	-	-	-
Gifts and Donations	-	-	-
Customer Services	-	-	-
Miscellaneous	-	-	-
Total Revenues	1,224,000	1,195,110	(28,890)
Expenditures:			
Current:			
Instruction:			
Regular	350,243	379,164	(28,921)
Special	-	-	-
Vocational	-	-	-
Other	-	-	-
Support Services:			
Pupils	-	-	-
Instruction staff	-	-	-
Board of education	-	-	-
School administration	5,588	5,156	432
Fiscal	10,000	11,984	(1,984)
Operation and maintenance	641,049	495,297	145,752
Pupil transportation	275,000	284,662	(9,662)
Central	-	-	-
Non-Instructional Services	-	-	-
Extracurricular activities	-	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	1,281,880	1,176,263	105,617
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,880)	18,847	76,727
Other Financing Sources (Uses):			
Operating transfers in	-	-	-
Proceeds from sale of fixed assets	-	-	-
Refund of prior year expenditures	-	-	-
Other Financing Sources	-	333	333
Operating transfers out	-	-	-
Total Other Financing Sources (Uses)	-	333	333
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(57,880)	19,180	77,060
Fund Balances (Deficit) at Beginning of Year	(424,856)	(424,856)	-
Unexpended Prior Year Encumbrances	482,880	482,880	-
Fund Balances (Deficit) at End of Year	\$ 144	\$ 77,204	\$ 77,060

The accompanying notes are an integral part of the financial statement.

Fiduciary Fund Types			Totals		
Expendable Trust Funds			(Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 19,245,000	\$ 19,610,921	\$ 365,921
2,600	2,515	(85)	10,008,754	9,495,924	(512,830)
-	-	-	316,900	381,477	64,577
5,000	5,972	972	402,250	279,892	(122,358)
-	-	-	272,100	295,063	22,963
-	-	-	50,000	39,465	(10,535)
17,000	21,059	4,059	37,000	138,496	101,496
2,500	-	(2,500)	23,500	19,424	(4,076)
-	-	-	40,350	37,691	(2,659)
27,100	29,546	2,446	30,395,854	30,298,353	(97,501)
-	-	-	12,786,465	12,498,402	288,063
-	-	-	2,757,100	2,581,636	175,464
-	-	-	322,680	318,964	3,716
-	-	-	1,119,256	885,460	233,796
12,600	13,949	(1,349)	1,427,991	1,276,357	151,634
-	-	-	731,412	676,517	54,895
-	-	-	43,910	43,658	252
-	-	-	2,261,021	2,217,172	43,849
-	-	-	519,809	510,724	9,085
-	-	-	3,413,971	3,233,998	179,973
-	-	-	1,661,366	1,668,235	(6,869)
-	-	-	73,439	71,231	2,208
18,221	15,187	3,034	985,192	877,872	107,320
-	-	-	1,005,571	904,081	101,490
-	-	-	1,075,000	1,075,000	-
-	-	-	832,120	832,111	9
30,821	29,136	1,685	31,016,303	29,671,418	1,344,885
(3,721)	410	4,131	(620,449)	626,935	1,247,384
-	-	-	898,495	964,647	66,152
-	-	-	-	43,431	43,431
-	-	-	-	168,889	168,889
-	-	-	-	11,399	11,399
-	-	-	(999,650)	(999,647)	3
-	-	-	(101,155)	188,719	289,874
(3,721)	410	4,131	(721,604)	815,654	1,537,258
41,519	41,519	-	2,051,317	2,051,317	-
4,221	4,221	-	885,036	885,036	-
\$ 42,019	\$ 46,150	\$ 4,131	\$ 2,214,749	\$ 3,752,007	\$ 1,537,258

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY
Combined Statement of Revenues,
Expenses and Changes Fund Equity
All Proprietary Fund Types and Similar Fiduciary Funds
For the Fiscal Year Ended June 30, 2001**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	<u>Enterprise</u>	Non-Expendable <u>Trust</u>	
Operating Revenues:			
Sales	\$ 667,473	\$ -	\$ 667,473
Other Revenue	22,856	-	22,856
Contributions and Donations	-	1,103	1,103
	<hr/>	<hr/>	<hr/>
Total Operating Revenue	690,329	1,103	691,432
Operating Expenses:			
Salaries	361,309	2,500	363,809
Fringe Benefits	177,537	29	177,566
Purchased Services	73,531	-	73,531
Materials and Supplies	433,721	-	433,721
Other	92	3,000	3,092
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	1,046,190	5,529	1,051,719
Operating Income (Loss)	<hr/> (355,861)	<hr/> (4,426)	<hr/> (360,287)
Non-Operating Revenues (Expenses):			
Operating Grants	274,157	-	274,157
Federal Donated Commodities	46,118	-	46,118
Interest	-	2,787	2,787
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues and (Expenses)	320,275	2,787	323,062
Net Income (Loss) Before Transfers	(35,586)	(1,639)	(37,225)
Operating Transfers	35,000	-	35,000
	<hr/>	<hr/>	<hr/>
Net Income (Loss)	(586)	(1,639)	(2,225)
Retained Earnings/Fund Balance (Deficit) at Beginning of Year	39,340	39,903	79,243
	<hr/>	<hr/>	<hr/>
Retained Earnings/Fund Balance (Deficit) at End of Year	<u>\$ 38,754</u>	<u>\$ 38,264</u>	<u>\$ 77,018</u>

The accompanying notes are an integral part of the financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Combined Statement of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual Comparison(Non-GAAP Budgetary Basis)
All Proprietary Fund Types and Similar Fiduciary Funds
For the Fiscal Year Ended June 30, 2001**

	Proprietary Fund Types		
	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$ 666,200	\$ 667,472	\$ 1,272
Intergovernmental	302,000	278,711	(23,289)
Interest	-	-	-
Miscellaneous	12,000	22,848	10,848
Total Revenues	<u>980,200</u>	<u>969,031</u>	<u>(11,169)</u>
Expenses:			
Salaries	374,650	359,026	15,624
Fringe Benefits	162,350	166,397	(4,047)
Purchased Services	19,350	32,954	(13,604)
Materials and Supplies	442,800	431,776	11,024
Other	100	92	8
Total Expenses	<u>999,250</u>	<u>990,245</u>	<u>9,005</u>
Excess of Revenues Over (under) Expenses	<u>(19,050)</u>	<u>(21,214)</u>	<u>(2,164)</u>
Other Financing Sources (Uses):			
Operating Transfers In	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total Other Financing Sources (Uses):	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total Revenues and Other Financing Sources (Uses) Over/(Under) Expenses	15,950	13,786	(2,164)
Fund Equity (Deficit) at Beginning of Year	37,395	37,395	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity (Deficit) at End of Year	<u>\$ 53,345</u>	<u>\$ 51,181</u>	<u>\$ (2,164)</u>

The accompanying notes are an integral part of the financial statements.

Fiduciary Fund Types

Non-Expendable Trust Funds

<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
2,720	2,787	67
400	1,102	702
<u>3,120</u>	<u>3,889</u>	<u>769</u>
4,500	4,500	-
-	-	-
-	-	-
250	-	250
3,000	3,000	-
<u>7,750</u>	<u>7,500</u>	<u>250</u>
<u>(4,630)</u>	<u>(3,611)</u>	<u>1,019</u>
-	-	-
-	-	-
(4,630)	(3,611)	1,019
37,404	37,404	-
2,500	2,500	-
<u>\$ 35,274</u>	<u>\$ 36,293</u>	<u>\$ 1,019</u>

Totals (Memorandum Only)

<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 666,200	\$ 667,472	\$ 1,272
302,000	278,711	(23,289)
2,720	2,787	67
12,400	23,950	11,550
<u>983,320</u>	<u>972,920</u>	<u>(10,400)</u>
379,150	363,526	15,624
162,350	166,397	(4,047)
19,350	32,954	(13,604)
443,050	431,776	11,274
3,100	3,092	8
<u>1,007,000</u>	<u>997,745</u>	<u>9,255</u>
<u>(23,680)</u>	<u>(24,825)</u>	<u>(1,145)</u>
35,000	35,000	-
35,000	35,000	-
11,320	10,175	(1,145)
74,799	74,799	-
2,500	2,500	-
<u>\$ 88,619</u>	<u>\$ 87,474</u>	<u>\$ (1,145)</u>

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Fiduciary Funds
For the Fiscal Year Ended June 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>(Memorandum Only)</u>
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash received from Customers	\$ 690,320	\$ 1,103	\$ 691,423
Cash payments to suppliers for goods and services	(463,713)	(3,000)	(466,713)
Cash payments to employees for services	(359,026)	(2,500)	(361,526)
Cash payments for employee benefits	(166,397)	-	(166,397)
Net Cash Provided by (Used for) Operating Activities	<u>(298,816)</u>	<u>(4,397)</u>	<u>(303,213)</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from grants (State)	16,848	-	16,848
Cash received from grants (Federal)	261,863	-	261,863
Transfers in (out) from (to) other funds	35,000	-	35,000
Interest	-	2,787	2,787
Net Cash Provided by (Used for) Financing Activities	<u>313,711</u>	<u>2,787</u>	<u>316,498</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,895	(1,610)	13,285
Cash and Cash Equivalents at Beginning of Year	37,395	39,903	77,298
Cash and Cash Equivalents at End of Year	<u>\$ 52,290</u>	<u>\$ 38,293</u>	<u>\$ 90,583</u>

**Reconciliation of Operating Income (Loss) to Net
Cash Provided by (Used for) Operating Activities:**

Operating Income (Loss)	\$ (355,861)	\$ (4,426)	\$ (360,287)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation		-	
Federal Donated Commodities	46,118	-	46,118
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(8)	-	(8)
(Increase)/Decrease in Commodities Inventory	1,854	-	1,854
Increase/(Decrease) in Accrued Salaries and Benefits	7,196	29	7,225
Increase/(Decrease) in Compensated Absences Payable	7,024	-	7,024
Increase/(Decrease) in Accounts Payable	517	-	517
Increase/(Decrease) in Intergovernmental Payable	(3,030)	-	(3,030)
Increase/(Decrease) in Deferred Revenue	(2,626)	-	(2,626)
Total Adjustments	<u>57,045</u>	<u>29</u>	<u>57,074</u>
Net Cash Provided by Operating Activities	<u>\$ (298,816)</u>	<u>\$ (4,397)</u>	<u>\$ (303,213)</u>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Springfield Local School District is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1881 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 25 square miles. It is located in Lucas County, and includes all of the Village of Holland and portions of the cities of Toledo and Maumee, and Monclova, Spencer, and Springfield Townships. The School District is the 117th largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by 134 non-certificated employees and 244 certificated full-time teaching personnel who provide services to 3,401 students and other community members. The School District currently operates 7 instructional buildings, one administrative building, and one garage.

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

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

The following activities are included within the reporting entity:

Parochial Schools - Within the School District boundaries, St. Joan of Arc Elementary, St. Johns High School are operated through the Toledo Catholic Diocese; Westside Montessori is operated as a private school. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. The activity of these State monies by the School District are reflected in a special revenue fund for financial reporting purposes.

The School District is associated with three organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations include the Maumee Valley Computer Association, Penta County Joint Vocational School, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Springfield Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

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

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

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories known as governmental, proprietary, and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Governmental Fund Types (Continued)

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

Proprietary Fund Types

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent 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 where it has been 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.

Internal Service Funds - Internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

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

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

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

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and 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. The available period for the School District is sixty days after fiscal year end.

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

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

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

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and 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 deferred revenue.

C. 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 appropriations 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 primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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 Lucas 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 County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, 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 School District. The appropriation resolution, 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 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. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. 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. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

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 appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments

To improve cash management, cash received by the Springfield Local District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2001, investments were limited to STAROhio, treasury notes, and non-negotiable certificates of deposit.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The Springfield Local School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

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 2001 amounted to \$372,966.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of one year or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than one year are reported as investments.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve and textbook and instructional materials reserve. These reserves are required by State statute. The budget stabilization reserve and textbook and instructional materials reserve can be used only after receiving approval from the State Superintendent of Public Instruction. The School District is required by State Statute to have a budget stabilization reserve of \$127,901 and a textbook and instructional materials reserve of \$213,418. The fund balance reserves have been established.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Inventory

Inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Intergovernmental Revenues (Continued)

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund
State Foundation Program
State Property Tax Relief

Debt Service Fund
State Property Tax Relief

Capital Project Fund
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds
Auxiliary Services
Teacher Development
Education Management Information Systems
Disadvantaged Pupil Impact Aid
Data Communications
School Net Professional Development
Ohio Reads
Summer Intervention
Alternative Schools
Extended Learning Program
Eisenhower Grant
Title VI-B
Chapter 1
Chapter 2
Drug Free School
Continuous Improvement
Class Size Reduction Subsidy
Tech Literacy Challenge

Reimbursable Grants

General Fund
Driver Education
Proprietary Funds
National School Lunch Program
National School Breakfast Program
Government Donated Commodities

J. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for employees after 20 years of current service with the School District, or after 15 years of service and at least 45 years of age, or after 5 years of service and at least 50 years of age. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds and capital leases are reported as a liability of the general long-term obligations account group until due.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for 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, long-term advances to other funds, and contributions to the nonexpendable trust fund that must be kept intact. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

O. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY

At June 30, 2001, the following funds had a deficit fund balance:

General Fund	\$2,022,300
Special Revenue Funds	
Education Management Information Systems	638
Disadvantaged Pupil Impact Aid	19,185
Eisenhower Grant	1,053
Chapter 1	17,194

These deficits were created by the application of generally accepted accounting principles.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Similar Fiduciary Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Similar Fiduciary Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expend- able Trust</u>
GAAP basis-fund balance	\$ (2,022,300)	\$495,446	\$2,321,572	\$ 269,897	\$49,226
Adjustment for GAAP basis:					
Accrued revenues/prepaid expenses	(19,022,034)	(42,560)	(2,420,101)	(1,140,295)	-
Accrued expenditures/deferred revenue	22,144,689	219,044	2,344,278	1,084,358	-
Encumbrances outstanding (budget basis)	<u>(308,862)</u>	<u>(80,519)</u>	<u>-</u>	<u>(136,756)</u>	<u>(3,076)</u>
Budget basis-fund balance	<u>\$ 791,493</u>	<u>\$591,411</u>	<u>\$2,245,749</u>	<u>\$ 77,204</u>	<u>\$46,150</u>

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

	<u>Enterprise</u>	Non- Expendable <u>Trust</u>
GAAP basis - retained earnings	\$ 38,754	\$38,264
Adjustment for GAAP basis:		
Accrued revenues/prepaid expenses	(173,171)	-
Accrued expenses/deferred revenue	199,453	29
Inventory held for resale	(12,746)	-
Prior year encumbrances appropriated	<u>(1,109)</u>	<u>(2,000)</u>
Budget basis - fund balance	<u>\$ 51,181</u>	<u>\$36,293</u>

NOTE 5 - CASH AND INVESTMENTS

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

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

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

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

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

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 5 - CASH AND INVESTMENTS (Continued)

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

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

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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand - At fiscal year end, the School District had \$5,140 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 5 - CASH AND INVESTMENTS (Continued)

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits - At fiscal year end, the carrying amount of the School District's deposits was \$91,264 and the bank balance was \$395,857. Of the bank balance, \$131,273 was covered by federal depository insurance and \$264,584 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments - The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

The following shows the school's deposits in each category:

	Original Cost	Market Value
STAROhio	\$4,361,131	\$4,361,131

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$4,457,535	\$ -
Cash on Hand	(5,140)	-
Investments:		
STAROhio	<u>(4,361,131)</u>	<u>4,361,131</u>
GASB Statement 3	<u>\$ 91,264</u>	<u>\$4,361,131</u>

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true 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.

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

The School District receives property taxes from Lucas County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$795,758 in the General Fund and \$ 75,823 in the Bond Retirement Debt Service Fund and \$55,937 in the Capital Projects Fund.

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second-Half Collections		2001 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$451,001,220	86%	\$555,691,360	88%
Public Utility	45,366,886	9	53,346,326	8
Tangible Personal Property	<u>23,684,110</u>	<u>5</u>	<u>23,204,240</u>	<u>4</u>
 Total Assessed Value	 <u>\$520,052,216</u>	 <u>100%</u>	 <u>\$632,241,926</u>	 <u>100%</u>
 Tax rate per \$1,000 of assessed valuation	 \$66.40		 \$66.30	

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental 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 fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund	
Taxes	<u>\$18,958,348</u>
Special Revenue	
Intergovernmental	<u>42,560</u>
Debt Service Fund	
Taxes	<u>2,420,101</u>
Capital Projects	
Taxes	<u>1,140,295</u>
Enterprise Funds	
Intergovernmental	<u>37,489</u>
Total Receivables	<u><u>\$22,598,793</u></u>

NOTE 8 - FIXED ASSETS

A summary of the Enterprise Funds' fixed assets at June 30, 2001, follows:

	<u>Balance June 30, 2001</u>
Furniture and Equipment	\$381,214
Less: Accumulated Depreciation	<u>245,540</u>
Net Fixed Assets	<u><u>\$135,674</u></u>

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	<u>Balance at 6/30/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/01</u>
Land and Improvements	\$ 290,864	\$ -	\$ -	\$ 290,864
Buildings and Improvements	25,131,748	-	-	25,131,748
Furniture and Equipment	4,351,839	-	-	4,351,839
Vehicles	<u>2,429,112</u>	<u>-</u>	<u>-</u>	<u>2,429,112</u>
Total	<u><u>\$32,203,563</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$32,203,563</u></u>

Information was not available as to the detailed listing of Furniture and Equipment. Because a complete listing of Furniture and Equipment has not been updated this information was not audited.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees and natural disasters. During fiscal year 2001, the School District's insurance coverage was as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents - replacement cost	\$1,000	\$17,333,100
Inland Marine Coverage	100	200,000
Crime Insurance	-	15,000
Automobile Liability	-	2,000,000
Uninsured Motorists	-	2,000,000
General Liability		
Per Occurrence	-	1,000,000
Per Year	-	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pay 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 percentage 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 school districts that can meet the GRP's selection criteria. The firm Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

A. State Teachers Retirement System (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 10.5 percent was the portion to fund pension obligations. Prior to July 1, 1997, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$1,861,456, \$1,845,772, and \$1,767,900, respectively.

B. School Employees Retirement System

The School 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, 45 N. Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1998, 9.79 percent was the portion used to fund pension obligations. 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 School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$482,025, \$452,688, and \$424,910, respectively.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. The Board's liability is 6.2 percent of wages paid.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 11 - POSTEMPLOYMENT BENEFITS

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium.

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion on June 30, 2000. The Health Care Reserve Fund allocation for the year ended June 30, 2001 will be 4.5 percent of covered payroll.

For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000. There were 99,011 eligible benefit recipients.

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. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation of the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2000, the allocation rate is 8.45 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 year 2000, the minimum pay has been established as \$12,400. 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.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, the Retirement System's net assets available for payment of health care benefits were \$252.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .6036, then adding the surcharge due as of June 30, 2000, as certified to your district by SERS.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers 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 up to a maximum of 240 days for classified personnel, 260 days for administrators, and 240 days for certified personnel. Upon retirement, payment is made for up to 30% of accrued, but unused sick leave credit to a maximum of 72 days for classified employees, 75 days for certified employees, and 81.25 days for administrators. Upon retirement, payment is made for up to 31.25% of accrued, but unused sick leave credit to a maximum of 81.25 days for administrative employees.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of \$98,795. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 totaled \$18,814 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

<u>Fiscal Year Ending June 30,</u>	<u>Copiers</u>
2002	\$24,315
2003	8,725
2004	<u>1,176</u>
TOTAL	\$34,216
Less: Amount Representing Interest	<u>2,262</u>
Present Value of Net Minimum Lease Payments	<u><u>\$31,954</u></u>

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Balance at <u>6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>6/30/01</u>
School Improvement Bonds	\$ 4,730,000	\$ -	\$ 430,000	\$ 4,300,000
School Improvement Bonds	<u>9,630,000</u>	<u>-</u>	<u>645,000</u>	<u>8,985,000</u>
Long-Term Bonds	14,360,000	-	1,075,000	13,285,000
Capital Leases	52,483	-	20,529	31,954
Pension Obligation	149,764	2,893	-	152,657
Compensated Absences	<u>1,901,418</u>	<u>207,251</u>	<u>-</u>	<u>2,108,669</u>
Total Long-Term Obligations	<u>\$16,463,665</u>	<u>\$210,144</u>	<u>\$ 1,095,529</u>	<u>\$ 15,578,280</u>

General Obligation Bonds - In March 1987, the Springfield Local School District issued voted general obligation bonds for additions and improvements to the school buildings. The bonds were issued for a twenty-three year period with final maturity at December 2010. The bonds will be retired from the debt service fund.

General Obligation Bonds - In March 1992, the Springfield Local School District issued voted general obligation bonds for additions and improvements to the school buildings. The bonds were issued for a twenty-three year period with final maturity at December 2014. The bonds will be retired from the debt service fund.

Capital leases will be paid from the General Fund. Compensated absences and the pension obligation will be paid from the fund from which the employee's salaries are paid.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2001, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 1,075,000	\$ 760,059	\$ 1,835,059
2003	1,075,000	695,666	1,770,666
2004	1,075,000	630,305	1,705,305
2005	1,075,000	564,401	1,639,401
2006	1,075,000	497,812	1,572,812
2007	1,070,000	431,319	1,501,319
2008 - 2011	4,280,000	1,070,698	5,350,698
2012 - 2015	<u>2,560,000</u>	<u>281,600</u>	<u>2,841,600</u>
Total	<u>\$13,285,000</u>	<u>\$4,931,860</u>	<u>\$18,216,860</u>

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains one enterprise fund to account for the operations of food service. The table below reflects the more significant financial data relating to the enterprise fund of the Springfield Local School District as of and for the fiscal year ended June 30, 2001.

	<u>Food Service</u>
Operating Revenues	\$ 690,329
Operating Expenses	1,042,904
Operating Income (Loss)	(352,575)
Donated Commodities	46,118
Grants	274,157
Operating Transfers-In	35,000
Net Income (Loss)	2,700
Net Working Capital	(40,645)
Total Assets	238,207
Total Liabilities	196,167
Total Equity	42,040
Encumbrances	1,108

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

North West Ohio Computer Association

The School District is a participant with 40 other public education entities and 50 non-public education entities in a jointly governed organization to operate the North West Ohio Computer Association (NWOCA). NWOCA was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these districts supports NWOCA based upon a per pupil charge dependent upon the software package utilized. NWOCA is governed by a Board of Directors consisting of an appointed representative of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. In accordance with GASB Statement No. 14, the District does not have an equity interest in NWOCA as the residual interest in the net resources of the joint venture upon dissolution is not equivalent to an equity interest. Financial information can be obtained at 22-900 SR 34, Archbold, Ohio 43502.

Penta County Joint Vocational School District

The Penta County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the sixteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Penta County Joint Vocational School, Carrie Herringshaw, who serves as Treasurer, at 30095 Oregon Road, Perrysburg, Ohio 43551.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS June 30, 2001

NOTE 17 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School 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 school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 18 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. Litigation

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

NOTE 19 - STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of January 3, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school that are used as a basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 19 - STATE SCHOOL FUNDING DECISION (Continued)

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

NOTE 20 - STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, 7/1/2000	\$ 252,823	\$ -	\$304,862
Required Set-Aside	567,059	567,059	-
Offset Credits	-	-	-
Transfer to General Fund (per H.B. 345)	-	-	176,960
Qualifying Expenditures	<u>606,465</u>	<u>\$(567,059)</u>	<u>-</u>
Balance, 6/30/2001	<u>\$ 213,417</u>	<u>\$ -</u>	<u>\$127,902</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may be used to reduce the set-aside requirements of future years.

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended Ohio Revised Code § 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. S.B. 345 places special restrictions of the use of Bureau of Workers Compensation (BWC) rebate money remaining in the budget stabilization reserve as of April 10, 2001, which, after qualifying expenditures, is \$, at June 30, 2001. Other non-BWC monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the general fund. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve.

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE 21 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. For the School District, the implementation of these statements had no effect on fund balances/retained earnings as previously reported for the fiscal year ended June 30, 2001.

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SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

Federal Grantor Pass-Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Receipts	Non-cash Receipts	Federal Disbursements	Non-cash Disbursements
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>						
Passed Through Ohio Department of Education						
Food Distribution Program	Not Available	10.550		43,493		46,009
School Breackfast Program	05-PU	10.553	22,224		22,224	
School Lunch Program	03-PU & 04-PU	10.555	172,795		172,795	
			<u>64,085</u>		<u>64,085</u>	
Total Department of Agriculture			<u>259,104</u>	<u>43,493</u>	<u>259,104</u>	<u>46,009</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>						
Passed Through Ohio Department of Education						
Title I Grants to Local Educational Agencies	C1-S1	84.010	440,461		440,439	
Special Education - Grants to States	6B-SF	84.027	259,533		153,068	
Drug Free Schools	DR-S1	84.186	18,796		9,953	
Goals 2000	G2-S2 & G2-S8	84.276	23,065		21,052	
Eisenhower Professional Development State Grants	MS-S1	84.281	12,156		15,834	
Innovative Education Program Strategy	C2-S1	84.298	38,598		39,471	
Technical Literacy Challenge Fund	TF-24 & TF-25	84.318			8,879	
Class Reduction Size	CR-S1	84.340	<u>67,623</u>		<u>54,447</u>	
Total Department of Education			<u>860,232</u>		<u>743,143</u>	
Total Federal Financial Assistance			<u>\$1,119,336</u>	<u>\$43,493</u>	<u>\$1,002,247</u>	<u>\$46,009</u>

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

SPRINGFIELD LOCAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

June 30, 2001

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are co-mingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had \$12,746 in food commodity inventory.

LaVallee & Company

Certified Public Accountants
The CPA. Never under estimate The Value.SM

969 W. North Street
Lima, Ohio 45805
(419)222-1120
FAX(419)222-2968

Alan L. LaVallee, CPA
Neil J. Reichenbach, CPA

January 11, 2002

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

Board of Education
Springfield Local Schools
Holland, Ohio 43528

We have audited the general purpose financial statements of the Springfield Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated January 11, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance to be reported under *Government Auditing Standards*. We noted certain immaterial instances of noncompliance that we have noted to the management of Springfield Local School District in a separate letter dated January 11, 2002.

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 opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Springfield Local School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2001-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, we believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of Springfield Local School District in a separate letter dated January 11, 2002.

This report is intended solely for the information and use of the audit committee, management, others within the organization, 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.

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Alan L. LaVallee, CPA
Neil J. Reichenbach, CPA

January 11, 2002

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
Springfield Local School District
Holland, Ohio 43528

Compliance

We have audited the compliance of Springfield Local School 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, 2001. 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.

As described in item 2001-02 in the accompanying schedule of findings and questioned costs, Springfield Local School District did not comply with requirements regarding eligibility that are applicable to its school lunch program. Compliance with such requirements is necessary, in our opinion, for Springfield Local School District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Springfield Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

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 internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Springfield Local School District's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2001-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is a material weakness.

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

LaVallee & Company CPAs

SPRINGFIELD LOCAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2001

1. SUMMARY OF AUDITORS' RESULTS

- | | |
|---|---|
| a. Type of Financial Statement Opinion | Qualified |
| b. Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | Yes |
| c. Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| d. Was there any reported material non-compliance at the financial statement level (GAGAS)? | No |
| e. Were there any material internal control weakness conditions reported for major federal programs? | Yes |
| f. Were there any other reportable internal control weakness conditions reported for major federal programs? | Yes |
| g. Type of Major Programs' Compliance Opinion | Qualified |
| h. Are there any reportable findings under .510? | Yes |
| i. Major Programs: | United States
Department
of Agriculture:
Nutrition Cluster

United States
Department
of Education: Title I
Grants to Local
Education Agencies
CFDA # 84.010 |
| j. Dollar Threshold: Type A\B Programs | Type A: > \$300,000
Type B: all others |
| k. Low Risk Auditee? | No |

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

2001-01 Internal control problem was noted in the review of the equipment listing of fixed assets. The District has not maintained an updated listing of equipment throughout the District. Additions have been verified but deletion of equipment was unable to be verified.

We recommend that physical inventories be taken and verified to a master listing on an annual basis.

SPRINGFIELD LOCAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
June 30, 2001

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

UNITED STATES DEPARTMENT OF AGRICULTURE
Pass through Ohio Department of Education

2001-02 School Lunch Program CFDA # 10.555
Grant Period - Year ended June 30, 2001

Criteria:	Eligibility for the program each family must submit an application to the school district. The applications must be approved and maintained on file.
Statement of Condition:	Documentation for the review of food service operation at the High School could not be located.
Effect of Condition:	The cost of the reimbursed cost may be disallowed. The High School reimbursement for free and reduced meals was \$23,980.
Cause of Condition:	Procedures are in place to maintain all records but documentation was apparently not filed correctly.
Recommendation:	Procedures should be followed for maintaining records for a reasonable period of time.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2001

Finding Number	Finding Summary	Fully Corrected	Not corrected; Partially Corrected; Significantly Different Corrective Action Plan Taken; or Finding No Longer Valid; Explain
2000 - 01	Ohio Rev. Code 3315.17 and 3315.171	Yes	
2000 - 02	Fixed Assets	No	Partially corrected, physical inventory being completed, not yet finalized. Listed as 2001-01 on current year schedule of findings and questioned costs



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

SPRINGFIELD LOCAL SCHOOL DISTRICT

LUCAS 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
JUNE 11, 2002**