



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Balance Sheet - All Fund Types and Account Groups .....	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types .....	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis)- All Governmental Fund Types .....	6
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types .....	7
Combined Statement of Cash Flows - All Proprietary Fund Types .....	8
Notes to General-Purpose Financial Statements .....	9
Schedule of Federal Awards Expenditures .....	46
Notes to the Schedule of Federal Awards Expenditures .....	47
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	49
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133 .....	51
Schedule of Findings .....	53

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## REPORT OF INDEPENDENT ACCOUNTANTS

Springfield Local School District  
Mahoning County  
11335 Youngstown-Pittsburgh Road  
New Middletown, Ohio 44442

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Springfield Local School District, Mahoning County, (the District) 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 District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Springfield Local School District, Mahoning County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for 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. We subjected this information 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.

**Jim Petro**  
Auditor of State

December 31, 2001

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**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**MAHONING COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
<b>ASSETS AND OTHER DEBITS</b>										
ASSETS:										
Equity in pooled cash and cash equivalents . . . . .	\$1,094,717	\$131,299	\$561,557	\$325,171	\$95,427	\$2,388	\$18,339			\$2,228,898
Receivables (net of allowances of uncollectibles):										
Taxes - current & delinquent . . . . .	2,857,487		355,904							3,213,391
Accounts . . . . .	3,355				484					3,839
Accrued interest . . . . .	1,055									1,055
Due from other governments . . . . .		68,031			19,911					87,942
Prepayments . . . . .	10,104									10,104
Materials and supplies inventory . . . . .					25,675					25,675
Restricted assets:										
Equity in pooled cash and cash equivalents . . . . .	57,162									57,162
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .					69,395			\$10,552,669		10,622,064
OTHER DEBITS:										
Amount available in debt service fund . . . . .									\$561,557	561,557
Amount to be provided for retirement of general long-term obligations . . . . .									3,152,401	3,152,401
Total assets and other debits . . . . .	<u>\$4,023,880</u>	<u>\$199,330</u>	<u>\$917,461</u>	<u>\$325,171</u>	<u>\$210,892</u>	<u>\$2,388</u>	<u>\$18,339</u>	<u>\$10,552,669</u>	<u>\$3,713,958</u>	<u>\$19,964,088</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

--Continued

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**MAHONING COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)  
 JUNE 30, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>										
<b>LIABILITIES:</b>										
Accounts payable . . . . .		\$3,712								\$3,712
Accrued wages and benefits . . . . .	\$651,777	15,458			\$22,460					689,695
Compensated absences payable . . . . .	19,940				10,455			\$604,486		634,881
Pension obligation payable. . . . .	112,562				12,374			54,476		179,412
Deferred revenue . . . . .	2,336,154	68,031	\$355,904		6,597					2,766,686
Due to students . . . . .							\$18,339			18,339
Early retirement incentive payable. . . . .								60,000		60,000
General obligation bonds payable . . . . .								2,994,996		2,994,996
<b>4 Total liabilities . . . . .</b>	<b>3,120,433</b>	<b>87,201</b>	<b>355,904</b>		<b>51,886</b>		<b>18,339</b>		<b>3,713,958</b>	<b>7,347,721</b>
<b>EQUITY AND OTHER CREDITS:</b>										
Investment in general fixed assets. . . . .								\$10,552,669		10,552,669
Retained earnings: unreserved. . . . .					159,006	\$2,388				161,394
Fund balances:										
Reserved for encumbrances . . . . .	144,654	6,450		\$3,080						154,184
Reserved for prepayments . . . . .	10,104									10,104
Reserved for debt service. . . . .			561,557							561,557
Reserved for BWC refund. . . . .	57,162									57,162
Unreserved-undesignated. . . . .	691,527	105,679		322,091						1,119,297
<b>Total equity and other credits . . . . .</b>	<b>903,447</b>	<b>112,129</b>	<b>561,557</b>	<b>325,171</b>	<b>159,006</b>	<b>2,388</b>		<b>10,552,669</b>		<b>12,616,367</b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b>\$4,023,880</b>	<b>\$199,330</b>	<b>\$917,461</b>	<b>\$325,171</b>	<b>\$210,892</b>	<b>\$2,388</b>	<b>\$18,339</b>	<b>\$10,552,669</b>	<b>\$3,713,958</b>	<b>\$19,964,088</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**MAHONING COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$3,407,124		\$348,042		\$3,755,166
Tuition . . . . .	1,160				1,160
Earnings on investments . . . . .	119,262				119,262
Extracurricular . . . . .		\$199,819			199,819
Other local revenues . . . . .	35,619	40,252			75,871
Other revenue . . . . .		5,768			5,768
Intergovernmental - State . . . . .	4,444,244	78,808	39,795	\$91,610	4,654,457
Intergovernmental - Federal . . . . .		155,691			155,691
<b>Total revenue . . . . .</b>	<b>8,007,409</b>	<b>480,338</b>	<b>387,837</b>	<b>91,610</b>	<b>8,967,194</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	3,868,410	33,316		52,777	3,954,503
Special . . . . .	280,791	91,366			372,157
Vocational . . . . .	163,956				163,956
Other . . . . .	752	5,540			6,292
Support services:					
Pupil . . . . .	183,520	46,847			230,367
Instructional staff . . . . .	260,897	37,454			298,351
Board of Education . . . . .	11,619				11,619
Administration . . . . .	1,052,676	2,049			1,054,725
Fiscal . . . . .	186,975		6,935		193,910
Business . . . . .	4,650				4,650
Operations and maintenance . . . . .	714,893	2,121			717,014
Pupil transportation . . . . .	395,871	4,668			400,539
Central . . . . .	20,253	13,738			33,991
Community services . . . . .		21,037			21,037
Extracurricular activities . . . . .	160,489	214,536			375,025
Facilities, acquisition and construction . . . . .	58,479			65,921	124,400
Debt service:					
Principal retirement . . . . .			215,000		215,000
Interest and fiscal charges . . . . .			122,993		122,993
<b>Total expenditures . . . . .</b>	<b>7,364,231</b>	<b>472,672</b>	<b>344,928</b>	<b>118,698</b>	<b>8,300,529</b>
Excess of revenues over (under) expenditures . . . . .	643,178	7,666	42,909	(27,088)	666,665
Other financing sources:					
Proceeds from sale of fixed assets . . . . .	3,880				3,880
<b>Total other financing sources . . . . .</b>	<b>3,880</b>				<b>3,880</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	647,058	7,666	42,909	(27,088)	670,545
Fund balances, July 1 . . . . .	256,389	104,463	518,648	352,259	1,231,759
Fund balances, June 30 . . . . .	<u>\$903,447</u>	<u>\$112,129</u>	<u>\$561,557</u>	<u>\$325,171</u>	<u>\$1,902,304</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**MAHONING COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2001

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>															
From local sources:															
Taxes.....	\$3,022,428	\$3,022,428	\$0				\$348,142	\$348,042	(\$100)				\$3,370,570	\$3,370,470	(\$100)
Tuition.....	1,160	1,160	0										1,160	1,160	0
Earnings on investments.....	100,000	118,207	18,207										100,000	118,207	18,207
Extracurricular.....				\$232,353	\$199,819	(\$32,534)							232,353	199,819	(\$32,534)
Other local revenues.....	31,018	36,462	5,444	450	40,334	39,884							31,468	76,796	45,328
Other revenue.....				5,768	5,768	0							5,768	5,768	0
Intergovernmental - State.....	4,390,209	4,390,259	50	78,808	78,808	0	39,806	39,795	(11)	\$91,610	\$91,610	\$0	4,600,433	4,600,472	39
Intergovernmental - Federal.....				155,692	155,692	0							155,692	155,692	0
Total revenues.....	<u>7,544,815</u>	<u>7,568,516</u>	<u>23,701</u>	<u>473,071</u>	<u>480,421</u>	<u>7,350</u>	<u>387,948</u>	<u>387,837</u>	<u>(111)</u>	<u>91,610</u>	<u>91,610</u>	<u>0</u>	<u>8,497,444</u>	<u>8,528,384</u>	<u>30,940</u>
<b>Expenditures:</b>															
Current:															
Instruction:															
Regular.....	4,406,111	3,846,186	559,925	161,574	35,674	125,900				60,822	55,857	4,965	4,628,507	3,937,717	690,790
Special.....	396,477	293,012	103,465	111,195	90,844	20,351							507,672	383,856	123,816
Vocational.....	205,955	166,969	38,986	46	0	46				4,100	0	4,100	210,101	166,969	43,132
Other.....	7,940	759	7,181	9,028	5,540	3,488							16,968	6,299	10,669
Support services:															
Pupil.....	213,363	194,957	18,406	53,245	46,847	6,398							266,608	241,804	24,804
Instructional staff.....	262,592	257,474	5,118	33,070	37,728	(4,658)				12,000	0	12,000	307,662	295,202	12,460
Board of Education.....	12,064	11,619	445										12,064	11,619	445
Administration.....	1,047,633	1,060,176	(12,543)	4,049	2,050	1,999							1,051,682	1,062,226	(10,544)
Fiscal.....	199,484	185,302	14,182				17,500	6,935	10,565				216,984	192,237	24,747
Business.....	688	4,650	(3,962)										688	4,650	(3,962)
Operations and maintenance.....	728,605	774,886	(46,281)	0	2,121	(2,121)							728,605	777,007	(48,402)
Pupil transportation.....	418,645	451,575	(32,930)	0	4,668	(4,668)							418,645	456,243	(37,598)
Central.....	33,829	20,253	13,576	15,616	14,000	1,616							49,445	34,253	15,192
Community services.....				17,014	22,183	(5,169)							17,014	22,183	(5,169)
Extracurricular activities.....	156,023	160,199	(4,176)	161,024	225,535	(64,511)							317,047	385,734	(68,687)
Facilities acquisition and construction.....	100,000	58,479	41,521							404,468	67,832	336,636	504,468	126,311	378,157
Debt service:															
Principal retirement.....							215,000	215,000	0				215,000	215,000	0
Interest and fiscal charges.....							122,993	122,993	0				122,993	122,993	0
Total expenditures.....	<u>8,189,409</u>	<u>7,486,496</u>	<u>702,913</u>	<u>565,861</u>	<u>487,190</u>	<u>78,671</u>	<u>355,493</u>	<u>344,928</u>	<u>10,565</u>	<u>481,390</u>	<u>123,689</u>	<u>357,701</u>	<u>9,592,153</u>	<u>8,442,303</u>	<u>1,149,850</u>
Excess (deficiency) of revenues over (under) expenditures.....	(644,594)	82,020	726,614	(92,790)	(6,769)	86,021	32,455	42,909	10,454	(389,780)	(32,079)	357,701	(1,094,709)	86,081	1,180,790
Other financing sources (uses):															
Refund of prior year's expenditures.....	50,629	50,629	0										50,629	50,629	0
Refund of prior year's receipts.....	0	(22)	(22)										0	(22)	(22)
Advances in.....	0	35,540	35,540										0	35,540	35,540
Advances out.....										0	(35,610)	(35,610)	0	(35,610)	(35,610)
Transfer in.....	0	30,842	30,842										0	30,842	30,842
Transfer out.....	(30,842)	(30,842)	0										(30,842)	(30,842)	0
Proceeds of sale of fixed assets.....	0	3,880	3,880										0	3,880	3,880
Total other financing sources (uses).....	<u>19,787</u>	<u>90,027</u>	<u>70,240</u>							<u>0</u>	<u>(35,610)</u>	<u>(35,610)</u>	<u>19,787</u>	<u>54,417</u>	<u>34,630</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.....	(624,807)	172,047	796,854	(92,790)	(6,769)	86,021	32,455	42,909	10,454	(389,780)	(67,689)	322,091	(1,074,922)	140,498	1,215,420
Fund balances, July 1.....	827,297	827,297	0	104,284	104,284	0	518,648	518,648	0	375,397	375,397	0	1,825,626	1,825,626	0
Prior year encumbrances appropriated.....	7,881	7,881	0	24,415	24,415	0	0	0	0	14,383	14,383	0	46,679	46,679	0
Fund balances, June 30.....	<u>\$210,371</u>	<u>\$1,007,225</u>	<u>\$796,854</u>	<u>\$35,909</u>	<u>\$121,930</u>	<u>\$86,021</u>	<u>\$551,103</u>	<u>\$561,557</u>	<u>\$10,454</u>	<u>\$0</u>	<u>\$322,091</u>	<u>\$322,091</u>	<u>\$797,383</u>	<u>\$2,012,803</u>	<u>\$1,215,420</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**MAHONING COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Operating revenues:			
Tuition and fees . . . . .	\$3,505		\$3,505
Sales/charges for services . . . . .	226,935		226,935
Total operating revenues . . . . .	<u>230,440</u>		<u>230,440</u>
Operating expenses:			
Personal services . . . . .	168,022		168,022
Contract services . . . . .	10,516		10,516
Materials and supplies . . . . .	252,680		252,680
Depreciation . . . . .	8,093		8,093
Total operating expenses . . . . .	<u>439,311</u>		<u>439,311</u>
Operating loss . . . . .	<u>(208,871)</u>		<u>(208,871)</u>
Nonoperating revenues:			
Operating grants . . . . .	137,813		137,813
Federal commodities . . . . .	33,415		33,415
Interest revenue . . . . .	6,167		6,167
Total nonoperating revenues . . . . .	<u>177,395</u>		<u>177,395</u>
Net loss . . . . .	(31,476)		(31,476)
Retained earnings, July 1 . . . . .	190,482	\$2,388	192,870
Retained earnings, June 30 . . . . .	<u>\$159,006</u>	<u>\$2,388</u>	<u>\$161,394</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**MAHONING COUNTY, OHIO**  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from operating activities:			
Cash received from tuition and fees . . . . .	\$3,505		\$3,505
Cash received from sales/service charges . . . . .	227,266		227,266
Cash payments for personal services. . . . .	(157,821)		(157,821)
Cash payments for contract services . . . . .	(10,744)		(10,744)
Cash payments for supplies and materials . . . . .	(220,757)		(220,757)
Net cash used in operating activities . . . . .	(158,551)		(158,551)
Cash flows from noncapital financing activities:			
Cash received from operating grants. . . . .	136,937		136,937
Net cash provided by noncapital financing activities . . . . .	136,937		136,937
Cash flows from capital and related financing activities:			
Acquisition of capital assets . . . . .	(1,184)		(1,184)
Net cash used in capital and related financing activities . . . . .	(1,184)		(1,184)
Cash flows from investing activities:			
Interest received . . . . .	6,167		6,167
Net cash provided by investing activities. . . . .	6,167		6,167
Net decrease in cash and cash equivalents . . . . .	(16,631)		(16,631)
Cash and cash equivalents at beginning of year . . .	112,058	\$2,388	114,446
Cash and cash equivalents at end of year . . . . .	\$95,427	\$2,388	\$97,815
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss . . . . .	(\$208,871)		(\$208,871)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation . . . . .	8,093		8,093
Federal donated commodities. . . . .	33,415		33,415
Changes in assets and liabilities:			
Increase in materials and supplies inventory . . .	(1,311)		(1,311)
Decrease in accounts receivable. . . . .	331		331
Decrease in accounts payable . . . . .	(228)		(228)
Increase in accrued wages and benefits . . . . .	9,063		9,063
Decrease in compensated absences payable. . . .	(375)		(375)
Increase in pension obligation payable . . . . .	1,513		1,513
Decrease in deferred revenue . . . . .	(181)		(181)
Net cash used in operating activities. . . . .	(\$158,551)	\$0	(\$158,551)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Springfield Local School District (the "District") is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio to provide educational services to the students and other community members of the District. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the citizens of the District.

The District serves an area of approximately 36 square miles in Mahoning County, including all of the village of New Middletown and portions of surrounding townships.

The District is the 433 largest in the State of Ohio (among 682 public and community school districts) in terms of enrollment. It currently operates 1 elementary school, 1 middle school, and 1 comprehensive high school. The District is staffed by 39 non-certificated and 88 certificated personnel to provide services to approximately 1,262 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity." When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the District's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with the District:

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

*JOINTLY GOVERNED ORGANIZATIONS*

Area Cooperative Computerized Educational Service System (ACCESS)

ACCESS is a jointly governed organization among 22 school districts and 2 county educational service centers. ACCESS was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge dependent upon the software package utilized. ACCESS is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in ACCESS. Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507-1693.

Mahoning County Career & Technical Center

The Mahoning County Career & Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Career & Technical Center, at 7300 North Palmyra Road, Canfield, Ohio 44406.

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

The Plan'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 Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**B. Fund Accounting**

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

*GOVERNMENTAL FUNDS*

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

*General Fund* - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* - The 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 expenditures for specified purposes.



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

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

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

*PROPRIETARY FUNDS*

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

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

*Internal Service Fund* - The internal service fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

*FIDUCIARY FUNDS*

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. At June 30, 2001, there were no accruals for the agency fund which, in another fund type, would be recognized in the combined balance sheet.

*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 general nature, the following account groups are used.

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

*General Long-Term Obligations Account Group* - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

**C. Measurement Focus/Basis of Accounting**

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Property taxes measurable as of June 30, 2001, and delinquent property taxes, whose availability is indeterminate and are intended to finance fiscal 2002 operations, have been recorded as deferred revenues, except for that portion which is available from the County Auditor as advanced at June 30. This amount is recognized as revenue.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In proprietary funds, unused donated commodities are reported as deferred revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

**D. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2001 is as follows:

1. Prior to January 15 of the preceding year, 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Mahoning County Budget Commission for tax rate determination.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. Supplemental appropriations were legally enacted by the Board of Education in fiscal year 2001, however, none of these amendments were significant.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 13 provides a reconciliation of the budgetary and GAAP basis of accounting for governmental fund types and Note 10 provides disclosure of the encumbrances outstanding for enterprise funds at fiscal year-end.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal 2001. Investments in STAR Ohio are reported at fair value which is based on quoted market prices. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

Under existing Ohio Statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The District also allocates investment earnings to the Food Service enterprise fund based upon federal mandate. Interest revenue credited to the general fund during fiscal year 2001, amounted to \$119,262, which includes \$58,054 assigned from other District funds.

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

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

**F. Fixed Assets and Depreciation**

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture, fixtures and equipment	5 - 20

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

**G. Intergovernmental Revenues**

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for proprietary fund operations are recognized as non-operating revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program  
School Bus Purchase Program

Non-Reimbursable Grants

Special Revenue Funds

Title VI  
Educational Management Information Systems  
Title I  
Disadvantaged Pupil Impact Aid  
Teacher Development  
Network Connectivity Subsidy  
Title VI-R  
Eisenhower Grant  
Title VI-B  
Ohio Reads  
Drug Free Grant  
Summer Intervention

Capital Projects Funds

Permanent Improvement  
Technology Equity



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

Reimbursable Grants

General Fund

Driver Education Reimbursement

Enterprise Fund

National School Lunch Program

National School Breakfast Program

Government Donated Commodities

Grants and entitlements amounted to approximately 53% of the District's operating revenue during the 2001 fiscal year.

**H. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service and all employees with at least 20 years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**I. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**J. Fund Equity**

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, prepayments, Bureau of Worker's Compensation (BWC) refunds, and debt service. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

**K. Interfund Transactions**

During the course of normal operations, the District may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers. The District made no interfund operating transfers during fiscal year 2001.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had no short-term interfund loan receivable and payable at June 30, 2001.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable and payable at June 30, 2001.

**L. Inventory**

Inventories of proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. A fund balance reserve has also been established. See Note 15 For details.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

**N. Estimates**

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the GPFS and accompanying notes. Actual results may differ from those estimates.

**O. Memorandum Only - Total Columns**

Total columns on the GPFS 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 changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principle**

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

**B. Deficit Fund Balances**

Fund balance at June 30, 2001 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Teacher Development	\$ 1
Disadvantaged Pupil Impact Aid	189

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

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

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

The deficit fund balance in the Teacher Development and Disadvantaged Pupil Impact Aid special revenue funds are caused by accruing wage, benefit and compensated absence obligations in accordance with GAAP. These deficits will be eliminated by intergovernmental revenues and other subsidies not recognized at June 30.

**C. Agency Fund**

The following is an accrual for the agency fund, which, in another fund type, would be recognized in the combined balance sheet:

ASSETS

Accounts receivable	\$153
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**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

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

Inactive deposits are public deposits 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.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% 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;

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating 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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

*Deposits:* At year-end, the carrying amount of the District's deposits was \$(39,482) and the bank balance was \$254,584. A liability was not recorded due to the zero-nature of the account. Of the bank balance:

1. \$100,000 was covered by federal depository insurance.
2. \$154,584 was covered by collateral held by a qualified third party trustee in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

*Investments:* GASB Statement No. 3 requires the District investments to be categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes insured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

At June 30, 2001, the District had an investment of \$2,325,542 in STAR Ohio. STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of pooled cash and cash equivalents on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 2,286,060	\$ 0
Investments of the cash management pool:		
Investment in STAR Ohio	(2,325,542)	2,325,542
GASB Statement No. 3	\$ (39,482)	\$2,325,542



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 5 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads, which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2000 taxes were collected was \$106,668,120. Agricultural/residential and public utility/minerals real estate represented \$83,190,940 or 77.99% of this total, commercial and industrial real estate represented \$9,311,770 or 8.73% of this total, public utility tangible represented \$8,147,900 or 7.64% of this total and general tangible property represented \$6,017,510 or 5.64% of this total. The voted general tax rate at the fiscal year ended June 30, 2001 was \$33.5 per \$1,000.00 of assessed valuation for operations and \$3.50 per \$1,000.00 of assessed valuation for debt retirement.

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.

The Mahoning County Treasurer collects real estate property taxes on behalf of all taxing districts within the County. The Mahoning County Auditor periodically remits to the District its portion of the taxes collected with final settlement in March and September. Such collections are available to pay current period liabilities.

The Mahoning County Treasurer collects personal property taxes on behalf of all taxing districts within the County. The Mahoning County Auditor periodically remits to the District its portion of the taxes collected with final settlement in February and August. Such collections are available to pay current period liabilities.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 5 - PROPERTY TAXES - (Continued)**

Accrued property taxes receivable represent delinquent taxes outstanding and real property, 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, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. There were no tax advances available at June 30, 2001.

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2001 consisted of taxes, accounts, interfund loans and intergovernmental state and federal grants and entitlements (to the extent eligibility requirements have been met by year-end). Intergovernmental grants receivable have been presented as "Due from other governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current & delinquent	\$2,857,487
Accounts	3,355
Accrued interest	1,055
 <u>Special Revenue Funds</u>	
Due from other governments	68,031
 <u>Debt Service Fund</u>	
Taxes - current & delinquent	355,904
 <u>Enterprise Funds</u>	
Accounts	484
Due from other governments	19,911

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 7 - FIXED ASSETS**

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

	<u>Balance</u> <u>July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2001</u>
Land/improvements	\$ 528,776	\$ 14,580	\$ ---	\$ 543,356
Buildings/improvements	6,935,074	90,961	---	7,026,035
Furniture/equipment	2,050,825	273,140	(68,372)	2,255,593
Vehicles	<u>645,682</u>	<u>115,543</u>	<u>(33,540)</u>	<u>727,685</u>
Total	<u>\$10,160,357</u>	<u>\$494,224</u>	<u>\$(101,912)</u>	<u>\$10,552,669</u>

A summary of the proprietary fixed assets at June 30, 2001 follows:

Furniture and equipment	\$ 208,855
Less: accumulated depreciation	<u>(139,460)</u>
Net fixed assets	<u>\$ 69,395</u>

**NOTE 8 - LONG-TERM OBLIGATIONS**

A. On June 24, 1999, the District issued \$3,364,996 general obligation various purpose refunding bonds. The bonds bear interest at rates ranging from 3.25% to 5.20% per annum and mature in various installments through December 1, 2012. The proceeds of the bonds were used to advance refund the District's 1990 general obligation school improvement bonds by purchasing U.S. Government State and Local Government Series securities (SLGS) that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds are not included in the District's outstanding debt since the District has satisfied its obligations through the advance refunding. The principal balance of the general obligation various purpose refunding bonds at June 30, 2001 was \$2,994,996.

The assets held in trust as a result of the advance refundings described above are not included in the accompanying GPFS.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a description of the District's general obligation refunding bond activity for fiscal year 2001:

	<u>Outstanding July 1, 2000</u>	<u>Issued in 2001</u>	<u>Retired in 2001</u>	<u>Outstanding June 30, 2001</u>
General Obligation Bonds	\$3,209,996	\$ - - -	\$(215,000)	\$2,994,996

**B.** The following is a description of the District's future annual debt service requirements to maturity for the general obligation refunding bonds:

<u>Fiscal Year Ending June 30</u>	<u>Principal on General Obligation Bonds</u>	<u>Interest on General Obligation Bonds</u>	<u>Total</u>
2002	\$ 225,000	\$ 114,791	\$ 339,791
2003	235,000	105,760	340,760
2004	245,000	95,976	340,976
2005	260,000	85,368	345,368
2006	270,000	73,970	343,970
2007 - 2011	1,495,000	178,569	1,673,569
2012 - 2013	<u>264,996</u>	<u>415,004</u>	<u>680,000</u>
Total	<u>\$2,994,996</u>	<u>\$1,069,438</u>	<u>\$4,064,434</u>

**C.** During the year ended June 30, 2001, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences, pension obligations, and early retirement incentive payments will be paid from the fund in which the employee was paid.

	<u>Balance July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2001</u>
Compensated absences	\$ 620,885	\$ 60,260	\$ (76,659)	\$ 604,486
Pension obligation payable	43,350	54,476	(43,350)	54,476
Early retirement incentive payable	0	60,000	0	60,000
General obligation bonds payable	<u>3,209,996</u>	<u>- - -</u>	<u>(215,000)</u>	<u>2,994,996</u>
Total	<u>\$3,874,231</u>	<u>\$174,736</u>	<u>\$(335,009)</u>	<u>\$3,713,958</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

**D. Early Retirement Incentive**

The District has implemented an Early Retirement Incentive Program (ERIP) for its certified employees for fiscal years 2001 - 2003. The ERIP calls for a cash payment of \$20,000 payable to all eligible State Teachers Retirement System (STRS) employees who elect to retire in their first year of eligibility. Further detail of the ERIP by year is as follows:

ERIP for Fiscal 2001

To qualify for the ERIP, all eligible employees under STRS must have notified the District of their intent to retire by September 1, 2001, and, in fact, retire into STRS no later than November 1, 2001. This ERIP was effective for all employees who retired between June 9, 2001 and September 1, 2001. To be eligible for the ERIP, an employee must be eligible to retire under STRS and have at least ten years of full-time service with the District. The ERIP will be paid in two installments; one-half by December 15, 2001 and the remainder by January 31, 2002. Employees who are eligible to retire on November 1, 2001 who choose not to retire at that time will forfeit their right to the retirement incentive.

ERIP for Fiscal 2002 - 2003

To qualify for the ERIP, all eligible employees under STRS must have notified the District of their intent to retire by April of each year, and, in fact, retire into STRS by July 1 of each year. To be eligible for the ERIP, an employee must have at least thirty years of service with STRS and at least ten years of full-time service with the District. The ERIP will be paid in two installments; one-half by September 1 of each year and the remainder by January 31 of the following year. Employees who are eligible to retire on July 1 of each year who choose not to retire at that time will forfeit their right to the retirement incentive.

As of June 30, 2001, three employees have elected to take advantage of the ERIP. A liability for these payments has been reported in the general long-term obligations account group.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

**E. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001 are a voted debt margin of \$7,166,692 (including available funds of \$561,557) and an unvoted debt margin of \$106,668.

**NOTE 9 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, boilers, electronic data processing equipment and instruments.

The comprehensive commercial coverage limits are \$16,104,400 and a deductible of \$1,000 per occurrence. The inland marine policy has a liability limit of \$500,000 on musical instruments, \$134,500 on photographic equipment, \$500,000 on athletic equipment and office machines, and \$282,700 on electronic equipment and data. All of the above mentioned inland marine coverages have a \$250 deductible. The boiler and machinery policy has a liability limit of \$12,693,400 and a deductible of \$1,000 per occurrence.

The business auto coverage now has a combined liability single limit of \$1,000,000 per accident. There are no longer individual limits for bodily injury or property damage.

The District still has liability insurance coverage limits of \$2,000,000 per claim and \$5,000,000 annual aggregate. However, the employee benefits liability is now included in the basic policy with the policy limits. This coverage has a \$1,000 deductible. In addition, the liability policy has a fire damage limit of \$100,000 for any one fire, and a medical expense limit of \$5,000 for any one person.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 9 - RISK MANAGEMENT - (Continued)**

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**B. Mahoning County Employee Insurance Consortium**

The District has joined together with other school districts in Mahoning County to form the Mahoning County Employee Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 13 member school districts. The plan was organized to provide life insurance, health care and other benefits to its member organizations.

The District pays 90% of the medical insurance premiums and 100% of the dental and drug insurance premiums for all full-time employees. This percentage is pro-rated for part-time employees.

The health and dental coverage is administered by Professional Risk Management, a third party administrator. National Term Life Insurance Company provides the life insurance coverage.

**C. Worker's Compensation**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 2.A.). 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 Ohio School Boards Association. 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.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 9 - RISK MANAGEMENT - (Continued)**

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings 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 of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 10 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating revenue	\$226,935	\$3,505	\$230,440
Operating expenses before depreciation	430,120	1,098	431,218
Depreciation	8,093	---	8,093
Operating income (loss)	(211,278)	2,407	(208,871)
Operating grants	137,813	---	137,813
Federal donated commodities	33,415	---	33,415
Investment earnings	6,167	---	6,167
Net income (loss)	(33,883)	2,407	(31,476)
Fixed asset additions	1,184	---	1,184
Net working capital	95,681	4,385	100,066
Total assets	206,507	4,385	210,892
Total liabilities	51,886	---	51,886
Total equity	154,621	4,385	159,006
Encumbrances outstanding at June 30, 2001	1,885	---	1,885

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14% for 2001; 4.2% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$115,186, \$114,850, and \$104,622, respectively; 37.75% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$71,700, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The District contributes to the STRS, a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$522,355, \$525,722, and \$544,501, respectively; 82.54% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$91,184, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2001, three members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by State statute. Both STRS and SERS are funded on a pay-as-you-go basis.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)**

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$167,900 during fiscal 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000 (the latest information available), net health care costs paid by STRS were \$283.137 million and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 (the latest information available), SERS had net assets available for payment of health care benefits of \$252.3 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$95,261 during the 2001 fiscal year.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>
Budget basis	\$172,047	\$(6,769)	\$42,909	\$(67,689)
Net adjustment for revenue accruals	438,893	(83)	---	---
Net adjustment for expenditure accruals	(22,389)	5,149	---	1,911
Net adjustment for other financing sources (uses)	(86,147)	---	---	35,610
Encumbrances (budget basis)	<u>144,654</u>	<u>9,369</u>	<u>---</u>	<u>3,080</u>
GAAP basis	<u>\$647,058</u>	<u>\$ 7,666</u>	<u>\$42,909</u>	<u>\$(27,088)</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 14 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

**B. Litigation**

There is no current litigation pending which would have a material effect on the financial statements.

**C. 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.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 14 - CONTINGENCIES - (Continued)**

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 31, 2001, 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 districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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 District is unable to determine what effect, if any, this decision and reconsideration will have on its future State funding and on its financial operations.

**NOTE 15 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2000	\$ 30,842	\$ 0	\$ 57,162
Current year set-aside requirement	157,575	157,575	---
Elimination of budget stabilization reserve	---	---	(57,162)
Current year offsets	---	---	---
Qualifying disbursements	<u>(365,058)</u>	<u>(261,613)</u>	<u>---</u>
Total	<u>\$(176,641)</u>	<u>\$(104,038)</u>	<u>\$ 0</u>
Cash balance carried forward to FY 2002	<u>\$(176,641)</u>	<u>\$ 0</u>	<u>\$ 0</u>



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 15 - STATUTORY RESERVES - (Continued)**

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. As of June 30, 2001, the School Board has not taken action to designate these funds for a specific use. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. All remaining 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.

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for BWC refunds	<u>\$57,162</u>
Total restricted assets	<u>\$57,162</u>

**NOTE 16- SCHOOL DISTRICT INCOME TAX**

The voters of the District passed a 1% school district income tax at the November 2, 1999 election that became effective January 1, 2000. This tax is effective for 5 years. School district income tax revenue for the general fund during fiscal year 2001 was \$704,585.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
SCHEDULE OF FEDERAL AWARD EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$33,415		\$33,415
National School Breakfast Program		10.553	\$33,113		\$33,113	
National School Lunch Program		10.555	96,618		96,618	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>129,731</u>	<u>33,415</u>	<u>129,731</u>	<u>33,415</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States (IDEA Part B)	6B-SF-00 6B-SF-01	84.027	20,649		35,804	
			17,441		15,247	
Total Special Education Grants			<u>38,090</u>		<u>51,051</u>	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-00 C1-S1-01	84.010	6,650		18,335	
			92,860		74,410	
Total ESEA Title I			<u>99,510</u>		<u>92,745</u>	
Innovative Educational Program Strategies	C2-S1-01 Carryover 00 Carryover 99	84.298	1,140		316	
					1,400	
Total Innovative Educational Program Strategies			<u>1,140</u>		<u>1,716</u>	
Drug-Free Schools Grant	DR-S1-01 DR-S1-00 DR-S1-99	84.186	1,592		3,805	
			3,991		1,734	
Total Drug-Free Schools Grant			<u>5,583</u>		<u>5,539</u>	
Title II - Eisenhower	MS-S1-01 MS-S1-00 MS-S1-99	84.281	5,756		292	
					195	
Total Title II - Eisenhower			<u>5,756</u>		<u>487</u>	
Class Size Reduction - TitleVI-R	CR-S1-01	84.340	5,612			
Total Department of Education			<u>155,691</u>		<u>151,538</u>	
<b>Totals</b>			<u><b>\$285,422</b></u>	<u><b>\$33,415</b></u>	<u><b>\$281,269</b></u>	<u><b>\$33,415</b></u>

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**FISCAL YEAR ENDED JUNE 30, 2001**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B--FOOD DISTRIBUTION**

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 commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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

Springfield Local School District  
Mahoning County  
11335 Youngstown-Pittsburgh Road  
New Middletown, Ohio 44442

To the Board of Education:

We have audited the financial statements of the Springfield Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 31, 2001. 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 31, 2001.

**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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 31, 2001.

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

**Jim Petro**  
Auditor of State

December 31, 2001



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

Springfield Local School District  
Mahoning County  
11335 Youngstown-Pittsburgh Road  
New Middletown, Ohio 44442

To the Board of Education:

**Compliance**

We have audited the compliance of the Springfield Local School District, Mahoning County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to 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.

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

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

**Jim Petro**  
Auditor of State

December 31, 2001



**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster CFDA# 10.550, 10.553, 10.555, 10.556
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None

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

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**SPRINGFIELD LOCAL SCHOOL DISTRICT**

**MAHONING 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  
FEBRUARY 5, 2002**