



**Auditor of State  
Betty Montgomery**

**Springfield City School District  
Clark County, Ohio**

**Financial Forecast  
For The Fiscal Year Ending June 30, 2005**

Springfield City School District  
Clark County

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**Auditor of State  
Betty Montgomery**

Board of Education  
Springfield City School District  
49 East College Avenue  
Springfield, Ohio 45504

**CERTIFICATION**

Certification is hereby made that, based upon the requirement set forth in Section 3316.03, Revised Code, the Local Government Services Section of the Auditor of State's Office has examined the financial forecast of the general fund of the Springfield City School District, Clark County, Ohio, and issued a report dated January 18, 2005. The forecast is based on the assumption that the School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. Additional significant assumptions are set forth in the forecast. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast, and the variations may be material.

The forecast reflects an operating deficit for the fiscal year ending June 30, 2005 of \$7,554,000.

The forecasted revenues include all property taxes scheduled for settlement during the forecast period. The forecast excludes the receipt of any advances against fiscal year 2006 scheduled property tax settlements. The potential advances have been excluded due to the School District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. The forecasted operating deficit may be reduced to the extent tax advances are received prior to June 30, 2005 and to the extent the Board appropriates such advances. Currently, it is the Board's intent not to appropriate any such advances for fiscal year 2005.

A handwritten signature in black ink that reads "Peter R. Sorem".

Peter R. Sorem  
Chief of Local Government Services

January 20, 2005



**Auditor of State  
Betty Montgomery**

Board of Education  
Springfield City School District  
49 East College Avenue  
Springfield, Ohio 45504

Independent Accountant's Report

We have examined the accompanying forecasted statement of revenues, expenditures, and changes in fund balance of the general fund of the Springfield City School District for the fiscal year ending June 30, 2005. The Springfield City School District's management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants, and accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying forecast is presented in conformity with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for the Board's forecast. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying statement of revenues, expenditures and changes in fund balance of the general fund of Springfield City School District for the fiscal years ended June 30, 2002, 2003, and 2004 were compiled by us in accordance with the Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed this financial information, and, accordingly, do not express an opinion or any other form of assurance on them.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

January 18, 2005

Springfield City School District  
Clark County  
Statement of Revenues, Expenditures and Changes In Fund Balance  
For The Fiscal Years Ended June 30, 2002 Through 2004, Actual;  
For The Fiscal Year Ending June 30, 2005, Forecasted  
General Fund

	Fiscal Year <u>2002 Actual</u>	Fiscal Year <u>2003 Actual</u>	Fiscal Year <u>2004 Actual</u>	Fiscal Year <u>2005 Forecasted</u>
<b>Revenues</b>				
General Property Tax (Real Estate)	\$14,269,000	\$14,192,000	\$14,257,000	\$14,257,000
Tangible Personal Property Tax	3,834,000	3,018,000	2,614,000	4,081,000
Unrestricted Grants-in-Aid	37,573,000	39,008,000	43,734,000	44,687,000
Restricted Grants-in-Aid	5,714,000	7,247,000	4,754,000	4,931,000
Property Tax Allocation	2,123,000	2,130,000	2,095,000	2,095,000
All Other Revenues	2,592,000	2,041,000	1,996,000	1,895,000
Total Revenues	<u>66,105,000</u>	<u>67,636,000</u>	<u>69,450,000</u>	<u>71,946,000</u>
<b>Other Financing Sources</b>				
Refund of Prior Year Expenditures	270,000	199,000	5,000	7,000
Proceeds of Tax Anticipation Notes	0	0	0	3,700,000
Advances In	164,000	121,000	916,000	0
Sale of Capital Assets	28,000	36,000	15,000	15,000
Total Other Financing Sources	<u>462,000</u>	<u>356,000</u>	<u>936,000</u>	<u>3,722,000</u>
Total Revenues and Other Financing Sources	<u>66,567,000</u>	<u>67,992,000</u>	<u>70,386,000</u>	<u>75,668,000</u>
<b>Expenditures</b>				
Personal Services	47,517,000	50,301,000	48,310,000	47,377,000
Employees' Retirement/Insurance Benefits	13,131,000	15,119,000	15,096,000	16,476,000
Purchased Services	5,926,000	6,639,000	8,856,000	11,637,000
Supplies and Materials	2,635,000	1,653,000	1,098,000	666,000
Capital Outlay	801,000	138,000	142,000	100,000
Debt Service:				
Principal-Notes	201,000	197,000	198,000	3,700,000
Principal-HB 264 Loans	131,000	126,000	120,000	0
Interest	0	0	0	69,000
Other Objects	792,000	841,000	833,000	1,010,000
Total Expenditures	<u>71,134,000</u>	<u>75,014,000</u>	<u>74,653,000</u>	<u>81,035,000</u>
<b>Other Financing Uses</b>				
Operating Transfers Out	118,000	0	0	0
Advances Out	121,000	916,000	0	0
Total Other Financing Uses	<u>239,000</u>	<u>916,000</u>	<u>0</u>	<u>0</u>
Total Expenditures and Other Financing Uses	<u>71,373,000</u>	<u>75,930,000</u>	<u>74,653,000</u>	<u>81,035,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,806,000)	(7,938,000)	(4,267,000)	(5,367,000)
Cash Balance (Deficit) July 1	<u>15,267,000</u>	<u>10,461,000</u>	<u>2,523,000</u>	<u>(1,744,000)</u>
Cash Balance (Deficit) June 30	10,461,000	2,523,000	(1,744,000)	(7,111,000)
<b>Reservations of Fund Balance for:</b>				
Encumbrances at June 30	1,560,000	774,000	524,000	425,000
Textbooks and Instructional Materials	0	0	320,000	0
Budget Reserve	856,000	856,000	0	0
Bus Purchase	60,000	93,000	0	18,000
Debt Service	323,000	318,000	0	0
Total Reservations of Fund Balance	<u>2,799,000</u>	<u>2,041,000</u>	<u>844,000</u>	<u>443,000</u>
Unreserved Fund Balance (Deficit) June 30	<u>\$7,662,000</u>	<u>\$482,000</u>	<u>(\$2,588,000)</u>	<u>(\$7,554,000)</u>

See accompanying summary of significant forecast assumptions and accounting policies  
See accountant's report

Springfield City School District  
Clark County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2005

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**Note 1 – The School District**

The Springfield City School District (the School District) is located in Clark County and encompasses all of the City of Springfield. The School District is organized under Article VI, Sections 2 and 3, of the Constitution of the State of Ohio. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms. The School District currently operates 22 instructional and support facilities. The School District is staffed by 335 non-certified employees, 643 certified full-time teaching personnel, and 45 administrators, who provide services to 9,072 students and other community members.

**Note 2 - Nature of the Forecast**

This financial forecast presents, to the best of the Springfield City School District Board of Education's knowledge and belief, the expected revenues, expenditures and operating balance of the general fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of January 18, 2005, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

**Note 3 – Nature of the Presentation**

The forecast presents the revenues, expenditures, and changes in fund balance of the general fund. Under State law, certain general fund resources received from the State must be spent on specific programs. These resources and the related expenditures have been segregated in the accounting records of the School District to demonstrate compliance. State laws also require general fund resources pledged for the repayment of debt to be recorded directly in the debt service fund. For presentation in the forecast, the energy conservation loan, school bus bonds, tax anticipation notes, and the disadvantaged pupil impact aid (DPIA) funds are included in the general fund.

**Note 4 - Summary of Significant Accounting Policies**

**A. - Basis of Accounting**

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the required budget basis (non-GAAP) of accounting used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

Springfield City School District  
Clark County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2005

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**B. - Fund Accounting**

The School District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Funds**

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

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

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

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

**Proprietary Funds**

Internal Service Fund – Internal service funds may be used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis.

**Fiduciary Funds**

Fiduciary fund reporting accounts for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. The fiduciary fund category is split into four classifications: pension trusts funds, investment trust funds, private-purpose trust funds and agency funds.

**C. - Budgetary Process**

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

Budget - A budget of estimated cash receipts and disbursements is submitted to the Clark County Auditor, as secretary of the county budget commission, by January 20 of each year, for the succeeding fiscal year.

Springfield City School District  
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Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2005

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Estimated Resources - The county budget commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances - The School District uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

**Note 5 - General Operating Assumptions**

The Springfield City School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. The forecast contains those expenditures the Board of Education has determined to be necessary to provide for an adequate educational program.

**Note 6 - Significant Assumptions for Revenues and Other Financing Sources**

**A. - General and Tangible Personal Property Taxes**

Property taxes consist of real estate, public utility real and personal property, manufactured home and tangible personal property taxes. Taxes are collected during the fiscal year by the Clark County Auditor. Settlement dates on which collections are distributed to the School District are established by State statute. Advances may be requested from the Clark County Auditor as taxes are collected. When settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

State law allows reductions in the form of rollbacks and homestead exemption for real estate taxes and exempts from taxation the first \$10,000 of tangible personal property. The State reimburses the School District for revenues lost due to these exemptions. The amount of the reimbursement is presented in the forecast schedule in the account "property tax allocation".

Historically, the School District does not receive advances against the August real estate tax settlement, which is intended to finance the next fiscal year. The forecast excludes the receipt of any advances against fiscal year 2006 scheduled property tax settlements. The potential advances have been excluded due to the School District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. Currently, it is the Board's intent not to appropriate any such advances for fiscal year 2005.



Springfield City School District  
Clark County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2005

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The property tax revenues for the School District are generated from several levies. The levies for the general fund, the year approved, last year of collection, and the full tax rate are as follows:

Tax Levies	Year Approved	Last Year of Collection	Full Tax Rate (Per \$1,000 of Assessed Valuation)
Inside Ten Mill Limitation	n/a	n/a	\$6.60
Continuing Operating	Prior to 1976	n/a	26.50
Continuing Operating	1987	n/a	7.00
Current Operating	1999	2005	7.00
Total Tax Rate			<u>\$47.10</u>

The School District has other levies for bonded debt, classroom facilities maintenance, and permanent improvements totaling \$10.65 per \$1,000 of assessed valuation. The School District's total rate is \$57.75 per \$1,000 of assessed valuation.

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to voted levies so that each levy yields the same amount of property taxes as in the year in which the levy was approved. Increases to voted levy revenues are restricted to assessments for new construction. The reduction factors are computed annually and applied separately for residential/agricultural property and commercial/industrial property. The effective residential and agricultural rate is \$23.38 per \$1,000 of assessed valuation and the effective commercial and industrial rate is \$32.53 per \$1,000 of assessed valuation for the collection year 2005.

General Property Tax (Real Estate) - General property tax revenue includes real estate taxes, public utility property taxes, and manufactured home taxes. The amounts shown in the revenue section of the forecast schedule represents gross property tax revenue. The general property tax revenue estimate is based upon actual receipts and information provided by the Clark County Auditor.

Tangible Personal Property Tax - Tangible personal property tax is applied to property used in business (except for public utilities). As with general property taxes, tangible personal property tax revenues are based on actual receipts and information provided by the Clark County Auditor. The increase in tangible personal property tax is the result of the June 2004 tax settlement being received in fiscal year 2005.

**C. - Unrestricted Grants-in-Aid**

Unrestricted Grants-in-Aid represents State Foundation. State Foundation payments include formula aid and various categorical aid programs such as special and gifted education, career and technical education, and transportation. Other programs, such as equity and parity aid, are provided to address certain policy issues or correct flaws in formula aid and are also included in this revenue.

The State's foundation program is established by Chapter 3317 of the Ohio Revised Code. The semi-monthly payments are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM) times a per pupil foundation level (adjusted for a regional cost of doing business factor set by the State legislature) less the equivalent of 23 mills times the school district's taxable property valuation.

Springfield City School District  
Clark County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2005

The per pupil foundation level for fiscal year 2002 was set by the legislature at \$4,814 and at \$4,949 for 2003. In 2003, State law set the base cost per pupil for fiscal year 2004 and 2005 at \$5,058 and \$5,169, respectively.

Presented below is a comparison of unrestricted grants-in-aid for fiscal years 2002 through 2005.

	Actual			Forecasted
	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005
Formula Aid	\$33,094,000	\$34,251,000	\$33,890,000	\$34,285,000
Categorical Funding	3,035,000	3,390,000	3,341,000	3,370,000
Career Tech/Adult Ed	333,000	0	0	0
Equity Aid	294,000	485,000	378,000	173,000
Parity Aid	0	0	3,589,000	4,898,000
Transportation	894,000	1,322,000	1,308,000	1,227,000
Other	892,000	1,319,000	1,079,000	734,000
Community School Correction	0	0	149,000	0
Budget Reduction	0	(487,000)	0	0
Open Enrollment Adjustments	(969,000)	(1,272,000)	0	0
<b>Total Unrestricted</b>	<b>\$37,573,000</b>	<b>\$39,008,000</b>	<b>\$43,734,000</b>	<b>\$44,687,000</b>

The School District has experienced an increase in property tax valuation that would normally result in a decrease in formula aid but this reduction has been more than offset by an increase in both ADM and the level of per pupil funding.

Parity aid was recorded as part of restricted grants-in-aid in fiscal year 2002 and 2003. As of fiscal year 2004, parity aid is no longer restricted. Parity aid is being phased in through fiscal year 2006.

Equity aid, which goes to the 117 poorest school districts in the State, is being phased out from 75 percent of total equity aid amount in fiscal year 2003, to 50 percent in fiscal year 2004, and 25 percent in fiscal year 2005.

Open enrollment adjustments represent tuition payments for Springfield City School District students attending other schools. Beginning in fiscal year 2004, additional information became available which permitted the School District to record the receipts at the gross amount and the payments to other schools as expenditures. Open enrollment receipts are classified as Other Revenue.

Springfield City School District  
Clark County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2005

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**D. - Restricted Grants-in-Aid**

Presented below is a comparison of restricted grants-in-aid for fiscal years 2002 through 2005.

	Actual			Forecasted
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2002	2003	2004	2005
Career Tech/Adult Ed	\$0	\$438,000	\$454,000	\$392,000
Parity Aid	1,120,000	2,420,000	0	0
DPIA	4,546,000	4,345,000	4,282,000	4,521,000
Bus Purchase	48,000	44,000	18,000	18,000
<b>Total Restricted</b>	<b>\$5,714,000</b>	<b>\$7,247,000</b>	<b>\$4,754,000</b>	<b>\$4,931,000</b>

The anticipated revenue for fiscal year 2005 is based on current estimates provided by the Ohio Department of Education

**E. - Property Tax Allocation**

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the rollback and homestead tax relief programs.

**F. - All Other Revenues**

All other revenues include tuition, interest on investments, student class and book fees, extracurricular activity fees, Community Alternative Funding System (CAFS), miscellaneous receipts and donations.

Interest is based on historical investment practices and anticipated rates during the forecast period. The School District pools cash from all funds for investment purposes. Investments are restricted by provisions of the Ohio Revised Code and are valued at cost. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings with the greatest allocation going to the general fund.

The decrease in interest revenue is due to the School District having less cash to invest. CAFS reimbursements decreased in 2004 and the School District anticipates the same for fiscal year 2005. The School District has implemented a pay-to-play program for extracurricular activities beginning in fiscal year 2005 but this will not be enough to offset the anticipated decline in interest and CAFS receipts.

**G. - Other Financing Sources**

Tax Anticipation Notes – During fiscal year 2005, the School District issued a \$3,700,000 tax anticipation note. This note was issued against the current tax revenues estimated to be received from December 1, 2004 until June 28, 2005. The notes mature on June 28, 2005.

Springfield City School District  
Clark County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2005

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Advances In - Advances in represents amounts loaned to other funds in the current or prior fiscal year which are being repaid to the general fund in the forecast period. There are no outstanding advances to be repaid to the general fund during the forecast period.

Proceeds from Sale of Fixed Assets – The school anticipates \$15,000 from the sale of fixed assets.

**Note 7 – Significant Assumptions for Expenditures and Other Financing Uses**

**A. - Personal Services**

Personal services expenditures represent the salaries and wages paid to certified employees, classified and administrative staff, substitutes, board members, and student workers. In addition to regular salaries, it includes payment for supplemental contracts, severance pay, and military pay. All employees receive their compensation on a bi-weekly basis.

Certified (teaching) staff salaries are based on a negotiated contract which includes base and step increases and educational incentives. The contract covers the period August 1, 2002 to July 31, 2005, and allows for a five percent increase in the base salary as well as step increases from three to four percent in fiscal year 2005. The contract for classified staff covers the period October 1, 2001 to September 30, 2004 and was extended until September 30, 2005. It allows for a five percent increase as well as step increases in fiscal year 2005. The contract for certified and classified administrative salaries and select exempt administrative salaries covers the period August 1, 2003 through July 31, 2004 and was extended through July 31, 2005. The salaries for the remaining staff are set by the Board of Education.

The forecast for salaries includes the actual amounts paid through December and the estimated salaries for the remainder of the fiscal year. The estimated salaries are based on the amounts for the last pay in December multiplied by the remaining pay dates. The decrease in salaries is due to a reduction in staff offset by the five percent increase in base salaries.

The School District offers severance pay upon retirement to its certified and classified employees with ten or more years of service in the School District. Payments for certified employees are one fourth of their unused sick leave but not to exceed a total of 60 days. Payments for classified employees are one fourth of their unused sick leave of the first 120 days and additional severance pay for ten percent of the unused sick leave above the first 120 days up to a maximum of 54 days. Due to the Employee Severance Plan that was offered in fiscal year 2004, the School District does not anticipate any significant amount of severance payments in fiscal year 2005.

**B. – Employees' Retirement/Insurance Benefits**

Employees' retirement and insurance benefits include employer contributions to the State pension systems, health care, medicare, workers' compensation, and other benefits arising from the negotiated agreements.

Retirement costs are based on the employers' contribution rate of fourteen percent of salaries for STRS and SERS. Beginning in fiscal year 2005, an additional two percent is charged for SERS to cover the annual SERS surcharge. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from over/under estimates are prorated over the next calendar year. Retirement costs are forecasted to decrease based on the estimated payments for the fiscal year.

Springfield City School District  
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For the Fiscal Year Ending June 30, 2005

The School District experienced a 13 percent increase in health insurance premiums effective January, 2005. Dental and life premiums will remain consistent with fiscal year 2004. The monthly premium for dental insurance is \$96 for all employees. The monthly premium for life insurance is \$17 for teachers and administrators and \$10 for classified employees and interpreters. The monthly premium for medical insurance is \$357 for single and \$1,001 for family. The percentage of health insurance paid by the Board of Education varies from 65 to 90 percent depending on the employee group as follows:

	Single		Family	
	Board	Employee	Board	Employee
	Share	Share	Share	Share
Teachers	\$296.56	\$60.74	\$830.64	\$170.12
Administrators	321.58	35.72	900.68	131.40
Interpreters	303.70	53.60	869.36	113.14
Classified	316.78	40.52	887.62	113.14

Presented below is a comparison of benefits for fiscal year 2004 and the forecast period:

	Actual	Actual	Actual	Forecast	Variance
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Increase
	2002	2003	2004	2005	(Decrease)
Employer's Retirement	\$7,086,000	\$8,015,000	\$7,537,000	\$6,480,000	(\$1,057,000)
Health Care/Life Insurance	5,318,000	6,062,000	6,574,000	6,875,000	301,000
Workers' Compensation	170,000	260,000	208,000	666,000	458,000
Medicare	433,000	485,000	469,000	472,000	3,000
Unemployment	4,000	35,000	135,000	273,000	138,000
Tuition/Employee					
Reimbursements	119,000	261,000	152,000	144,000	(8,000)
Early Termination Incentive	0	0	0	1,563,000	1,563,000
Other Benefits	1,000	1,000	21,000	3,000	(18,000)
Totals	\$13,131,000	\$15,119,000	\$15,096,000	\$16,476,000	\$1,380,000

The workers' compensation payment for fiscal year 2005 is forecast to increase significantly because of an increase in the workers' compensation rate from 1.68 percent of salaries for fiscal year 2004 to 2.33 percent of salaries for fiscal year 2005 and a decrease in the premium reductions from 75 percent in fiscal year 2002 to 20 percent in fiscal years 2004 and 2005. Beginning in fiscal year 2004, the School District chose to pay the required 45 percent in May and the balance in September, rather than the entire amount in May as in fiscal years 2002 and 2003.

The School District provides tuition reimbursement up to \$75 per quarter hour to teachers for approved graduate courses at an accredited university. The maximum number of hours per teacher applicable under this policy is 12 semester hours or 18 quarter hours. Teachers also receive a reimbursement up to \$400 per year for miscellaneous expenses. Administrators receive a reimbursement up to \$225 per year for miscellaneous expenses.

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Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2005

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In fiscal year 2004, the School District offered an Employee Severance Plan (the Plan) to the full-time teachers, administrators, and support staff with ten or more years of service with the School District. The Plan provides teachers, administrators, and support staff with 100 percent of their base salary up to a maximum of \$50,000, \$60,000, or \$20,000, respectively, for one year plus their contractual severance pay. The election period began March 11, 2004 and ended April 26, 2004. Approximately 90 employees elected to participate in the plan. Under the plan, the School District will pay one-third of the amount due each year through 2007 into a post employment account under section 403(b) of the Internal Revenue Code. The first payment of \$1,563,000 was made in September 2004.

**C. - Purchased Services**

Purchased service expenditures are comprised of professional and technical services, property services (repairs and maintenance, rentals, and lease purchase agreements), travel mileage/meeting expense, communication (advertising, postage, and telephone services), utilities services, contracted services, tuition, pupil transportation, and other purchased services. The most significant increases are tuition payments for open enrollment and community school students and utility payments for both electricity and gas due to the opening of six new elementary buildings in fiscal year 2005. These new buildings have air conditioning unlike the old buildings.

**D. - Supplies and Materials**

Supplies and materials are comprised of general supplies, textbooks, periodicals, newspapers, films, and filmstrips, and food and related supplies and materials. In order to cut costs, the School District has limited the purchase of general supplies. In addition, textbooks will be purchased from the Permanent Improvement Fund.

**E. - Capital Outlay**

Property, plant and equipment acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements is to report the expenditure of resources, not costs.

The \$42,000 decrease in capital outlay from fiscal year 2004 is due to the School District not purchasing school buses in 2005. Also, the School District has a permanent improvement fund that generates approximately \$471,000, annually. The School District uses this fund to make most capital expenditures.

**F. - Debt Service**

General fund supported debt consists of a \$3,700,000 tax anticipation note which will be repaid in fiscal year 2005 including interest of \$69,000.

**G. - Other Objects**

Other object expenditures consist of dues, fees, and insurance. Other object expenditures are forecasted in the amount of \$1,010,000. The \$177,000 increase from fiscal year 2004 is due to an increase in property and liability insurance to cover the new elementary buildings. The property insurance was charged under purchased services in prior years.

Springfield City School District  
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Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2005

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**H. - Operating Transfers and Advances Out**

The School District does not anticipate any operating transfers out or advances out in fiscal year 2005.

**Note 8 – Encumbrances**

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of an expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance. Encumbrances for purchased services, supplies and materials, capital outlay and other objects for the fiscal year ended June 30, 2004 were \$524,000 and are forecasted at \$425,000 for June 30, 2005.

**Note 9 - Reservations of Fund Balance**

The School District is required by State statute to annually set aside in the general fund three percent of certain revenues for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

**A. - Textbooks and Instructional Materials**

The set aside requirement for fiscal year 2005 is \$1,359,000. The School District had a carryover from fiscal year 2004 of \$320,000. The School District anticipates \$675,000 in offsets during fiscal year 2005 and qualified expenditures to exceed the carryover balance and current year set-aside; therefore, no reserve for textbooks and instructional materials is forecasted.

**B. - Capital Acquisition and Improvements**

The set aside amount for fiscal year 2005 is \$1,359,000. The School District anticipates offsets from the classroom facilities maintenance fund, the permanent improvement fund, and the debt proceeds from the school facilities project to exceed the current year set-aside; therefore, no reserve for capital acquisition is forecasted.

**C. – Budget Reserve**

Effective April 10, 2001, Amended Senate Bill 345, deleted from law the requirement for school districts to establish and appropriate money for budget stabilization. The monies on hand in the School District's budget reserve may, at the discretion of the Board, be returned to the School District's general fund or may be left in the account and used by the Board to offset a budget deficit the School District may experience in future years. The School District utilized their budget reserve in fiscal year 2003.

Springfield City School District  
Clark County  
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For the Fiscal Year Ending June 30, 2005

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**D. – Bus Purchases**

In 2004, the School District consumed its bus purchase monies. The School District anticipates \$18,000 in a bus purchase allowance during fiscal year 2005. The School District does not plan on any bus purchases during the current fiscal year leaving a reserve balance of \$18,000.

**Note 10 - Levies**

The School District has placed an 8.99 mill emergency levy on the February 8, 2005 ballot. If passed, the levy will generate approximately \$6,100,000 annually. In the past ten years, the School District has placed several levies on the ballot. The type of levy, millage amount, term and election results are as follows:

<u>Date</u>	<u>Type</u>	<u>Amount</u>	<u>Term</u>	<u>Results</u>
November 1995	Operating	7.00 mills	5 Years	Passed
November 1995	Emergency	\$1,730,639	5 Years	Failed
March 1996	Emergency	\$1,730,639	5 Years	Failed
November 1996	Permanent Improvement	1.55 mills	Continuing	Passed
November 1999	Operating	7.00 mills	5 Years	Passed
November 2000	School Facilities	5.06 mills	Continuing	Passed
March 2004	Emergency	\$6,962,462	5 Years	Failed
November 2004	Emergency	\$6,134,871	5 Years	Failed

**Note 11 - Pending Litigation**

The School District’s management is of the opinion that there are no issues that would have a material effect on the financial forecast.

**Note 12 - State School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio’s current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed “...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...”.

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





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Betty Montgomery**

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**SPRINGFIELD CITY SCHOOL DISTRICT  
CLARK 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  
JANUARY 20, 2005**