

**Springfield Local School District  
Summit County, Ohio**

*Basic Financial Statements*

*Fiscal Year Ended June 30, 2007*





Mary Taylor, CPA  
Auditor of State

Board of Education  
Springfield Local School District  
2960 Sanitarium Road  
Akron, Ohio 44312

We have reviewed the *Independent Auditors' Report* of the Springfield Local School District, Summit County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 3, 2008

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# Springfield Local School District

For The Year Ended June 30, 2007

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# Springfield Local School District

For The Year Ended June 30, 2007

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## Independent Auditors' Report

Board of Education  
Springfield Local School District  
Akron, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Springfield Local School District (the "District"), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Springfield Local School District, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Education  
Springfield Local School District

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

*Cini & Paricki, Inc.*

Cleveland, Ohio  
December 15, 2007



**Springfield Local School District (Summit County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

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The discussion and analysis of the Springfield Local School District's ("School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key Financial Highlights for 2007 are as follows:

- q General Revenues accounted for \$23.0 million in revenue or 76% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$7.2 million or 24 % of total revenues of \$30.2 million.
- q Total program expenses were \$31.1 million.
- q In total, net assets decreased \$905,891 from 2006.

***Reporting the School District as a Whole***

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School District activities are listed as Governmental:

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

The government-wide financial statements begin on page 11.

**Springfield Local School District (Summit County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

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***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure compliance with finance-related legal requirements. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the general fund.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements begin on page 13.

**Proprietary Funds** - The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Proprietary funds use full accrual accounting.

The proprietary fund financial statements begin on page 18.

**Fiduciary Funds** - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used to report proprietary funds.

The fiduciary fund financial statements begin on page 21.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22.

**Springfield Local School District (Summit County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

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**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2007 compared to 2006:

**(Table 1)**  
**Net Assets**

	Governmental Activities	
	2007	2006
<b>Assets</b>		
Current and Other Assets	\$ 15,351,903	\$ 15,258,566
Capital Assets	<u>3,108,746</u>	<u>3,499,674</u>
Total Assets	18,460,649	18,758,240
<b>Liabilities</b>		
Long-Term Liabilities	4,071,971	2,413,628
Other Liabilities	<u>15,854,084</u>	<u>16,904,127</u>
Total Liabilities	19,926,055	19,317,755
<b>Net Assets</b>		
Invested in Capital Assets Net of Debt	2,359,784	2,533,686
Restricted for:		
Debt Service	1,665	12,964
Other Purposes	452,431	263,017
Budget Stabilization	107,978	107,978
Unrestricted (Deficit)	<u>(4,387,264)</u>	<u>(3,477,160)</u>
Total Net Assets	<u>\$ (1,465,406)</u>	<u>\$ (559,515)</u>

Total assets decreased by \$297,591. The decrease was partially due to a decrease in capital assets. A decrease of approximately \$390,000 in total capital assets reflects depreciation expense exceeding additional purchases. Total liabilities increased by \$608,300. This increase was partially due to an increase in long term debt.

**Springfield Local School District (Summit County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

Table 2 shows the changes in net assets for fiscal year 2007 as compared to fiscal year 2006.

**(Table 2)  
Governmental Activities**

	2007	2006
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 3,420,300	\$ 3,177,824
Operating Grants	3,808,557	3,148,723
<i>General Revenue:</i>		
Property Taxes	13,046,063	13,552,780
Grants and Entitlements	9,695,166	9,012,099
Other	264,986	218,641
<b>Total Revenues</b>	<b>30,235,072</b>	<b>29,110,067</b>
<b>Program Expenses</b>		
Instruction	19,371,856	19,911,231
Support Services	9,819,354	10,439,951
Operation of Non-Instructional	1,062,347	1,073,806
Extracurricular Activities	760,763	844,121
Interest and Fiscal Charges	126,643	56,269
<b>Total Expenses</b>	<b>31,140,963</b>	<b>32,325,378</b>
<b>Change in Net Assets</b>	<b>\$ (905,891)</b>	<b>\$ (3,215,311)</b>

Revenue increased by 3.9% in 2007 while expenses decreased by 3.7%. Medical claims were up by 2.2% which required additional deposits to the self insurance fund.

**Springfield Local School District (Summit County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

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**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental funds had total revenues of \$30.2 million and expenditures of \$31.1 million.

**(Table 3)  
Governmental Activities**

	2007		2006	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 19,371,856	\$ (13,754,651)	\$ 19,911,231	\$ (15,251,713)
Support Services:				
Pupil and Instructional Staff	2,719,142	(2,632,513)	2,767,100	(2,678,370)
Board of Education, Administration, Fiscal and Business	2,768,333	(2,695,675)	2,865,975	(2,788,597)
Operation and Maintenance of Plant and Central Pupil Transportation	2,602,449	(2,602,449)	2,911,491	(2,911,491)
Pupil Transportation	1,729,430	(1,729,430)	1,895,385	(1,895,385)
Operation of Non-Instructional Extracurricular Activities	1,062,347	9,448	1,073,806	(29,595)
Extracurricular Activities	760,763	(380,193)	844,121	(387,411)
Interest and Fiscal Charges	126,643	(126,643)	56,269	(56,269)
Total Expenses	<u>\$ 31,140,963</u>	<u>\$ (23,912,106)</u>	<u>\$ 32,325,378</u>	<u>\$ (25,998,831)</u>

Instruction and Student Support Services comprise 80% of governmental program expenses. Interest/Fiscal charges were less than 1%. Interest expense was attributable to the outstanding notes, and fiscal expenses include payments to the County Auditors for administrative fees. Pupil transportation and the operation/maintenance of facilities accounts for 14% of governmental program expenses.

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for Springfield Local School District students.

***The School District's Funds***

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of approximately \$30.1 million and expenditures of approximately \$31.0 million in fiscal year 2007. The net change in fund balance for fiscal year 2007 was most significant in the general fund, with an increase of approximately \$887,000. This increase was only possible with the receipt of an advance of \$1,912,000 from the State Solvency Assistance Fund on June 22, 2007.

**Springfield Local School District (Summit County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

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**General Fund Budgeting Highlights**

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

For the general fund, budget basis revenue was \$24 million, under original budget estimates of \$24.4 million. Of the more than \$419,000 decrease, it was attributable to decreased taxes.

Final appropriations of \$28.1 million were \$1.0 million higher than the \$27.1 million in the original budget.

During fiscal year 2007, there were no significant fluctuations between the final budget and actual amounts.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2007, the School District had approximately \$3.1 million invested in land, buildings and improvements, furniture and equipment, vehicles, and textbooks. Table 4 shows fiscal year 2007 balances compared with 2006.

**(Table 4)  
Capital Assets at June 30  
(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Land	\$ 687,020	\$ 687,020
Buildings and Improvements	1,314,889	1,412,357
Furniture and Equipment	985,699	1,236,696
Vehicles	34,704	42,594
Textbooks	86,434	121,007
Totals	<u>\$ 3,108,746</u>	<u>\$ 3,499,674</u>

The \$390,928 decrease in capital assets was attributable to depreciation expense exceeding additional purchases.

A change in Ohio law required school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2007, this amounted to \$444,672 for each set aside. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvements. For the textbooks, the School District disbursed \$456,751.

**Springfield Local School District (Summit County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

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**Debt**

At June 30, 2007, the School District had \$2,533,265 in notes and loans outstanding with \$1,018,973 due within one year. During fiscal year 2007, \$59,459 of the energy conservation note was retired and proceeds from a State Solvency Loan of \$1,912,000 were issued. Table 5 summarizes debt outstanding.

**(Table 5)  
Outstanding Debt, at June 30**

	Governmental Activities 2007	Governmental Activities 2006
Energy Conservation Note:		
Rate 5.91% Due 12/1/2014	\$ 621,265	\$ 680,724
State Solvency Loan:		
Rate 0.00% Due 6/30/2009	<u>1,912,000</u>	<u>0</u>
Totals	<u>\$ 2,533,265</u>	<u>\$ 680,724</u>

***Current Issues***

The Springfield Local School District continues to receive strong support from the residents of the school district. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the district was in March, 2000. The Board of Education anticipates submitting a new operating levy to the residents of the district in 2006.

Real estate and personal property tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 50% of revenues for governmental activities for the Springfield Local School District in fiscal year 2007.

The School District has also been affected by changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that the last levy will be stretched for six years. This has been made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth (which is unlike our School District). It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

**Springfield Local School District (Summit County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007*

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The Springfield Local School District has not anticipated any meaningful growth in State revenue. The concern is that, to meet the requirements of the Court, the State may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on the School District. How the legislature plans to fund education programs during a weakened economy remains a concern.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

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

The financial forecast future of the School District is not without its challenges though. These challenges are external in nature. These external challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system. Internally, the challenge of operating expenses exceeding revenue resulted in the certification of an operating deficit on March 18, 2007 by the Auditor of State of Ohio. With the failure of an 9.48 mill operating levy in the May 2007 election, a declaration of fiscal emergency was declared on May 11, 2007 pursuant to ORC 3316.03. On May 16, 2007, a Financial Planning & Supervision Commission chaired by William Wenger was established. Facing the situation of ending the fiscal year with a negative general fund cash balance, on June 22, 2007 an advance of \$1,912,000 from the Solvency Assistance Fund was approved pursuant to ORC 3316.20(B). In summary, the operating control of the fiscal affairs of the School District has been assumed by the State of Ohio. In response to these challenges, the district's management has adopted on September 26, 2007 a recovery plan pursuant to ORC 3316 in order to rectify said situation.

***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Donald Gambal, Treasurer of Springfield Local School District, 2960 Sanitarium Road Akron, Ohio 44312.



**Springfield Local School District (Summit County, Ohio)**

*Statement of Net Assets*

*June 30, 2007*

	<u>Governmental</u>	
		<u>Activities</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$	1,974,567
Receivables:		
Taxes		12,542,463
Accounts		325,897
Intergovernmental		480,721
Inventory		28,255
Nondepreciable capital assets		687,020
Depreciable capital assets (net)		<u>2,421,726</u>
<i>Total assets</i>		<u>18,460,649</u>
<b>Liabilities</b>		
Accounts payable		231,537
Accrued wages and benefits		3,206,095
Vacation benefits payable		126,815
Intergovernmental payable		1,072,805
Deferred revenue		10,865,725
Claims payable		347,000
Matured compensated absences		4,107
Long term liabilities:		
Due within one year		1,167,890
Due in more than one year		<u>2,904,081</u>
<i>Total liabilities</i>		<u>19,926,055</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt		2,359,784
Restricted for:		
Debt service		1,665
Other purposes		452,431
Budget stabilization		107,978
Unrestricted		<u>(4,387,264)</u>
<i>Total net assets</i>	\$	<u><u>(1,465,406)</u></u>

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

**Springfield Local School District (Summit County, Ohio)**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$ 13,003,261	\$ 2,634,309	\$ 1,001,880	\$ (9,367,072)
Special	3,975,902	0	1,981,016	(1,994,886)
Vocational	457,209	0	0	(457,209)
Other	1,935,484	0	0	(1,935,484)
Support services:				
Pupils	1,690,423	0	66,937	(1,623,486)
Instructional staff	1,028,719	0	19,692	(1,009,027)
Board of education	97,553	0	0	(97,553)
Administration	1,841,244	0	36,319	(1,804,925)
Fiscal	708,051	36,339	0	(671,712)
Business	121,485	0	0	(121,485)
Operation and maintenance of plant	2,516,883	0	0	(2,516,883)
Pupil transportation	1,729,430	0	0	(1,729,430)
Central	85,566	0	0	(85,566)
Operation of non-instructional services	21,385	0	22,597	1,212
Food service operations	1,033,008	360,628	679,726	7,346
Uniform supplies	7,620	8,454	0	834
Community education	334	0	390	56
Extracurricular activities	760,763	380,570	0	(380,193)
Interest and fiscal charges	126,643	0	0	(126,643)
<i>Total governmental activities</i>	<u>\$ 31,140,963</u>	<u>\$ 3,420,300</u>	<u>\$ 3,808,557</u>	<u>(23,912,106)</u>
<b>General Revenues</b>				
Property taxes levied for:				
General purposes				10,885,281
Debt service				1,831,917
Capital outlay				328,865
Grants and entitlements not restricted to specific programs				9,695,166
Investment earnings				236,286
Miscellaneous				<u>28,700</u>
Total general revenues				23,006,215
Change in net assets				(905,891)
Net assets beginning of year				<u>(559,515)</u>
Net assets end of year				<u>\$ (1,465,406)</u>

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

**Springfield Local School District (Summit County, Ohio)**

*Balance Sheet  
Governmental Funds  
June 30, 2007*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in pooled cash and cash equivalents	\$ 816,383	\$ 830,482	\$ 1,646,865
Cash and cash equivalents-restricted	107,978	0	107,978
Receivables:			
Taxes	12,154,324	388,139	12,542,463
Accounts	325,897	0	325,897
Interfund	196,411	0	196,411
Intergovernmental	39,250	441,471	480,721
Inventory	0	28,255	28,255
<i>Total assets</i>	<u>\$ 13,640,243</u>	<u>\$ 1,688,347</u>	<u>\$ 15,328,590</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 198,581	\$ 32,956	\$ 231,537
Accrued wages and benefits	2,911,975	294,120	3,206,095
Interfund payable	0	196,411	196,411
Intergovernmental payable	1,046,485	26,320	1,072,805
Deferred revenue	10,802,792	709,319	11,512,111
Matured compensated absences	4,107	0	4,107
<i>Total liabilities</i>	<u>14,963,940</u>	<u>1,259,126</u>	<u>16,223,066</u>
<b>Fund Balances</b>			
Reserved for encumbrances	303,975	131,116	435,091
Reserved for tax revenue unavailable for appropriation	1,351,532	36,644	1,388,176
Reserved for BWC refunds	107,978	0	107,978
Unreserved:			
Undesignated, unreserved reported in:			
General fund	(3,087,182)	0	(3,087,182)
Special revenue funds	0	162,107	162,107
Debt service fund	0	1,665	1,665
Capital projects funds	0	97,689	97,689
<i>Total fund balances</i>	<u>(1,323,697)</u>	<u>429,221</u>	<u>(894,476)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 13,640,243</u>	<u>\$ 1,688,347</u>	<u>\$ 15,328,590</u>

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

**Springfield Local School District (Summit County, Ohio)**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets Governmental Activities  
 June 30, 2007*

Total Governmental Fund Balances	\$	(894,476)
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		3,108,746
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 357,824	
Delinquent property taxes	288,562	646,386
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		(127,276)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
General obligation bonds	(621,265)	
State solvency loan	(1,912,000)	
Capital lease payable	(127,697)	
Compensated absences	(1,411,009)	
Vacation benefits payable	(126,815)	(4,198,786)
 Net assets of governmental activities	 \$	 <u><u>(1,465,406)</u></u>

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

**Springfield Local School District (Summit County, Ohio)**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2007*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 10,898,377	\$ 2,162,452	\$ 13,060,829
Intergovernmental	10,543,408	2,845,839	13,389,247
Investment income	233,951	2,335	236,286
Tuition and fees	2,631,445	10,503	2,641,948
Extracurricular activities	0	364,259	364,259
Rentals	36,339	0	36,339
Charges for services	0	360,628	360,628
Gifts and Donations	5,000	17,126	22,126
Miscellaneous	23,700	0	23,700
<i>Total revenues</i>	24,372,220	5,763,142	30,135,362
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	11,636,146	918,162	12,554,308
Special	2,978,692	999,499	3,978,191
Vocational	454,127	0	454,127
Other	1,935,484	0	1,935,484
Support services:			
Pupils	1,627,341	53,742	1,681,083
Instructional staff	1,007,923	19,692	1,027,615
Board of education	42,811	0	42,811
Administration	1,830,370	31,143	1,861,513
Fiscal	644,111	405	644,516
Business	119,307	0	119,307
Operation and maintenance of plant	2,535,249	0	2,535,249
Pupil transportation	1,720,178	0	1,720,178
Central	85,566	0	85,566
Operation of non-instructional services	0	21,385	21,385
Food service operations	0	1,023,628	1,023,628
Uniform supplies	0	7,620	7,620
Community education	0	334	334
Extracurricular activities	366,702	389,953	756,655
Capital outlay	18,427	193,509	211,936
Debt service:			
Principal retirement	59,579	157,447	217,026
Interest and fiscal charges	8,024	118,619	126,643
<i>Total expenditures</i>	27,070,037	3,935,138	31,005,175
<i>Excess of revenues over (under) expenditures</i>	(2,697,817)	1,828,004	(869,813)
<b>Other financing sources (uses)</b>			
Proceeds from sales of capital assets	6,142	0	6,142
State solvency loan	1,912,000	0	1,912,000
Transfers in	1,667,000	0	1,667,000
Transfers out	0	(1,667,000)	(1,667,000)
<i>Total other financing sources (uses)</i>	3,585,142	(1,667,000)	1,918,142
<i>Net change in fund balance</i>	887,325	161,004	1,048,329
<i>Fund balance (deficit) at beginning of year</i>	(2,211,022)	268,217	(1,942,805)
<i>Fund balance (deficit) at end of year</i>	\$ (1,323,697)	\$ 429,221	\$ (894,476)

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

**Springfield Local School District (Summit County, Ohio)**  
*Reconciliation of the Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2007*

Net Change in Fund Balances - Total Governmental Funds		\$ 1,048,329
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital asset additions	\$ 27,162	
Current year depreciation	(418,090)	(390,928)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	114,476	
Delinquent property taxes	(14,766)	99,710
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond principal	59,459	
Capital leases	157,567	217,026
 Proceeds of notes and bond are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		
State solvency loan		(1,912,000)
 Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Decrease in compensated absences	36,631	
Decrease in vacation benefits payable	907	37,538
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.		
		(5,566)
Change in Net Assets of Governmental Activities		\$ (905,891)

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

**Springfield Local School District (Summit County, Ohio)**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$ 13,133,005	\$ 10,721,078	\$ 10,877,799	\$ 156,721
Intergovernmental	9,631,598	10,505,000	10,458,978	(46,022)
Investment Income	137,813	215,000	233,951	18,951
Tuition and fees	1,476,527	2,479,580	2,506,548	26,968
Miscellaneous	64,926	104,000	110,219	6,219
<i>Total revenues</i>	<u>24,443,869</u>	<u>24,024,658</u>	<u>24,187,495</u>	<u>162,837</u>
<b>Expenditures</b>				
Current:				
Instruction	16,592,148	17,519,496	17,414,323	105,173
Support services:				
Pupils	1,600,174	1,673,574	1,670,911	2,663
Instructional staff	990,663	1,034,714	1,024,813	9,901
Board of education	53,820	60,120	42,824	17,296
Administration	1,876,075	1,888,980	1,869,348	19,632
Fiscal	603,717	677,317	660,872	16,445
Business	113,076	127,076	116,023	11,053
Operation and maintenance of plant	2,870,404	2,883,254	2,860,901	22,353
Pupil transportation	1,854,867	1,778,067	1,755,443	22,624
Central	85,000	87,000	85,566	1,434
Extracurricular activities	402,000	389,650	368,900	20,750
Capital outlay	31,484	19,182	18,427	755
<i>Total expenditures</i>	<u>27,073,428</u>	<u>28,138,430</u>	<u>27,888,351</u>	<u>250,079</u>
Excess of revenues over (under) expenditures	(2,629,559)	(4,113,772)	(3,700,856)	412,916
<b>Other financing sources (uses)</b>				
Proceeds of notes	981,976	1,667,000	1,667,000	0
Proceeds from sale of assets	3,618	1,850	6,142	4,292
State solvency loan	1,126,298	1,912,000	1,912,000	0
Advances in	78,559	133,000	133,361	361
Advances out	(135,000)	(197,000)	(196,411)	589
Transfers in	63,606	107,000	107,978	978
Transfers out	0	(108,000)	(107,978)	22
<i>Total other financing sources (uses)</i>	<u>2,119,057</u>	<u>3,515,850</u>	<u>3,522,092</u>	<u>6,242</u>
<i>Net change in fund balance</i>	(510,502)	(597,922)	(178,764)	419,158
<i>Fund balance (deficit) at beginning of year</i>	342,148	342,148	342,148	0
Prior year encumbrances appropriated	258,428	258,428	258,428	0
<i>Fund balance (deficit) at end of year</i>	<u>\$ 90,074</u>	<u>\$ 2,654</u>	<u>\$ 421,812</u>	<u>\$ 419,158</u>

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





**Springfield Local School District (Summit County, Ohio)**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Funds*  
*For the Fiscal Year Ended June 30, 2007*

	Governmental Activities - Internal Service Fund
<hr/>	
<b>Operating Revenues</b>	
Charges for services	\$ 3,435,113
<b>Operating Expenses</b>	
Administrative fees	439,546
Claims expense	3,001,133
<i>Total operating expenses</i>	<u>3,440,679</u>
<i>Change in net assets</i>	(5,566)
<i>Net assets (deficit) beginning of year</i>	<u>(121,710)</u>
<i>Net assets (deficit) end of year</i>	<u><u>\$ (127,276)</u></u>

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

**Springfield Local School District (Summit County, Ohio)**

*Statement of Cash Flows*

*Proprietary Funds*

*For the Fiscal Year Ended June 30, 2007*

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	Governmental Activities - Internal Service Fund
<b>Cash Flows From Operating Activities</b>	
Cash received for charges for service customers	\$ 3,435,113
Cash paid for claims	(3,020,133)
Cash paid for administration fees	(439,546)
	<hr/>
<i>Net cash used for operating activities</i>	(24,566)
	<hr/>
<i>Net decrease in cash and cash equivalents</i>	(24,566)
	<hr/>
<i>Cash and cash equivalents at beginning of year</i>	244,290
	<hr/>
<i>Cash and cash equivalents at end of year</i>	\$ 219,724
	<hr/> <hr/>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b>	
Operating loss	\$ (5,566)
Adjustments:	
Claims payable	(19,000)
	<hr/>
<i>Total adjustments</i>	(19,000)
	<hr/>
<i>Net cash used for operating activities</i>	\$ (24,566)
	<hr/> <hr/>

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

**Springfield Local School District (Summit County, Ohio)**

*Statement of Fiduciary Assets and Liabilities*

*Fiduciary Funds*

*June 30, 2007*

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	<u>Agency</u>
<b>Assets</b>	
Equity in pooled cash and cash equivalents	\$ 49,732
	<u>49,732</u>
<b>Liabilities</b>	
Undistributed monies	\$ 133
Due to students	49,599
	<u>49,732</u>
<i>Total liabilities</i>	<u>\$ 49,732</u>

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

## **Springfield Local School District (Summit County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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### **Note 1 - Description of the School District**

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies. Each member is elected to a four year term. The Board of Education controls the School District's seven instructional support facilities staffed by 105 classified employees and 196 certified full-time teaching personnel who provide services to 2,746 students and other community members.

The School District is located in both Summit and Portage counties in northeastern Ohio. The School District operates one kindergarten center, three elementary schools (1-4), an intermediate (5-6), one middle school (7-8) and a high school (9-12).

On May 11, 2007, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State under Section 3316.03 B (5), Ohio Revised Code. In accordance with the law, a five-member Financial Planning and Supervision Commission was established to oversee all financial affairs of the School District. The Commission is comprised of two appointees of the State Superintendent of Public Instruction, an appointee of the State Director of Budget and Management, an appointee of the Governor, and an appointee of the Mayor of Springfield. Once a plan is adopted, the Board of Education's discretion is limited in that all financial activity of the School District must be in accordance with the plan.

### ***Reporting Entity***

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

The Township of Springfield, which operates within the School District's boundaries for the benefit of its residents, is excluded from the accompanying financial statements.

## Springfield Local School District (Summit County, Ohio)

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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The School District participates in one jointly governed organization, the Northeastern Ohio Network (NEOnet), which is presented in Note 21 to the basic financial statements.

### **Note 2 - Summary of Significant Accounting Policies**

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

The following are the most significant of the School District's accounting policies.

#### ***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

## Springfield Local School District (Summit County, Ohio)

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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### ***B. Fund Accounting***

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

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

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

***Proprietary Fund*** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The following is the School District's proprietary fund:

***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee prescription drug benefits.

***Fiduciary Funds*** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are agency funds. The School District's agency funds account for student advance placement testing and student activities.

### ***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources

## Springfield Local School District (Summit County, Ohio)

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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(i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

### ***D. Basis of Accounting***

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

***Revenues - Exchange and Non-Exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

## Springfield Local School District (Summit County, Ohio)

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants and Contributions" program revenue account.

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

### ***E. Cash and Cash Equivalents***

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

During fiscal year 2007, investments were limited to STAROhio, (the State Treasurer's Investment Pool), and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2007. Repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$233,951 which includes \$114,258 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.



**Springfield Local School District (Summit County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2007*

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**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, or laws of other governments or by enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. Restricted assets may also include amounts set aside as reserve for budget stabilization, which is now optional as determined by the School District. The School District did not spend all restricted assets in accordance with specific restrictions during the fiscal year. See Note 22 for calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**G. Capital Assets**

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

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

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land	N/A
Land improvements	20 Years
Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	13 Years
Textbooks	5 Years

**H. Inventory**

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

## **Springfield Local School District (Summit County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed.

### ***I. Interfund Balances***

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

### ***J. Compensated Absences***

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

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

### ***K. Accrued Liabilities and Long-term Obligations***

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

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

### ***L. Net Assets***

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

## **Springfield Local School District (Summit County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes primarily include extracurricular activities, operation and maintenance of plant, and special education instruction.

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

### ***M. Fund Balance Reserves***

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

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

### ***N. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

### ***O. Contributions of Capital***

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during the current fiscal year.

### ***P. Interfund Activity***

Transfers between governmental activities on the government-wide statements are eliminated.

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

## Springfield Local School District (Summit County, Ohio)

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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### ***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2007.

### ***R. Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### ***S. Budgetary Data***

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. Throughout the fiscal year, the primary level of budgetary control for the general fund was at the fund, function and object level, all other funds were at the fund level. Budgetary modifications changing total fund appropriations may only be made by resolution of the Board of Education.

***Estimated Resources*** The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the School District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2007.

***Appropriations*** A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the

## Springfield Local School District (Summit County, Ohio)

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

### Note 3 – Fund Deficits

Fund balances at June 30, 2007 included the following individual fund deficits:

	<u>Deficit</u> <u>Fund Balance</u>
General Fund	\$ 1,323,697
Nonmajor Governmental Funds:	
Food Service	29,801
Permanent Improvement	57
Title VI-B	121,741
Title VI-R	21,802
Title I	23,181
Ohio Reads	47,317
Miscellaneous Federal Grants	1,572

These deficits are the result of adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

### Note 4 - Budgetary Basis of Accounting

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

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

**Springfield Local School District (Summit County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2007*

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3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

<b>Net Change in Fund Balance</b>	
	<u>General</u>
GAAP Basis	\$ 887,325
Net Adjustment for Revenue Accruals	(76,747)
Advance In	133,361
Advance Out	(196,411)
Net Adjustment for Expenditure Accruals	(423,743)
Adjustment for Encumbrances	<u>(502,549)</u>
Budget Basis	<u>\$ (178,764)</u>

**Note 5 - Deposits and Investments**

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

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

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

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

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

## **Springfield Local School District (Summit County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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Interim monies to 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 and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

## Springfield Local School District (Summit County, Ohio)

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

**Cash on Hand** At year end, the School District had \$350 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$(128,337) and the bank balance was \$607. Of the bank balance:

1. \$607 of the bank balance was covered by depository insurance; and
2. \$-0- was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

### Investments

Investments are reported at fair value. As of June 30, 2007, the School District had the following investments:

	Fair Value	Investment Maturities (in months) 0-6
First Merit Repurchase Agreement	\$ 550,000	\$ 550,000
STAROhio	1,602,286	1,602,286
Totals	<u>\$ 2,152,286</u>	<u>\$ 2,152,286</u>

**Interest Rate Risk:** The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

**Credit Risk:** The School District's investments at June 30, 2007 include sweep accounts, and STAROhio which is rated AAA by Standard & Poor's. The underlying securities in the repurchase agreement are exempt.

**Concentration of Credit Risk:** The School District places no limit on the amount the School District may invest in any one issuer. More than 5% of the School District's investments are in STAROhio and the repurchase agreement. STAROhio is 74.4% of the School District's total investments and the repurchase agreement is 25.6% for the amounts listed above.

### Note 6 – Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a subsequent fiscal year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1, and are collected with real property taxes. Assessed values for real property are



## Springfield Local School District (Summit County, Ohio)

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 100% of true value (with certain exceptions) and on real property at 35% of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 12.5% of true value for capital assets and 12.5% of true value for inventory. The assessed values upon which the fiscal year 2007 taxes were collected are:

	<i>2006 Assessed Value</i>		<i>2005 Assessed Value</i>	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 376,395,400	90.82%	\$ 371,678,160	88.10%
Public Utility Personal	7,410,540	1.79%	7,883,890	1.87%
Tangible Personal Property	30,638,018	7.39%	42,304,385	10.03%
	\$ 414,443,958	100.00%	\$ 421,866,435	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$ 46.83			

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

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

The Summit County Treasurer collects property tax on behalf of all taxing districts within the county. The County Auditor periodically advances to the School District their portion of the taxes collected. The amount available to the School District as an advance at June 30, 2007 is available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2007. Although total property tax collections for the next fiscal year are measurable, only the amount available and measurable is recorded as revenue. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount measurable and available to the School District at June 30, 2007 was \$1,388,176.

## Springfield Local School District (Summit County, Ohio)

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

### Note 7 - Interfund Transfers

During the compiling of the financial statements, transfers were recorded from other governmental funds to the General Fund in order to report debt service payments with the fund that received the proceeds. These amounts represented \$1,667,000 from the Debt Service Fund to the General Fund.

### Note 8 - Interfund Balances

On the fund financial statements, the general fund reported an interfund receivable at June 30, 2007 of \$196,411. This receivable is made up of the following: the food services fund had an interfund payable of \$60,000, the athletics fund had \$10,000, the entry year program fund had \$2,400, the Ohio reads fund had \$54,000, the core fund had \$46,253, the Title I fund had \$1,000, the drug free grant fund had \$9,565, the improving teacher quality fund had \$4,012, and the miscellaneous federal grants fund had an interfund payable of \$9,181.

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2007, all interfund loans outstanding are anticipated to be repaid in fiscal year 2008.

### Note 9 – Receivables

Receivables at June 30, 2007 consisted of taxes, accounts (excess costs and student fees), interfund, and intergovernmental entitlements and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<i>General Fund</i>	\$ 39,250
<i>Nonmajor Governmental Funds</i>	
Food Service	81,247
Entry Year	2,400
Title I	115,413
Literacy Initiative	54,000
Drug Free	9,567
Title II-A	13,483
Title II-D	6,425
IDEA Preschool Grant for the Handicapped	110,683
Core	<u>48,253</u>
Total nonmajor governmental funds	<u>441,471</u>
Total Intergovernmental Receivables	<u><u>\$ 480,721</u></u>

**Springfield Local School District (Summit County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

**Note 10 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Balance 6/30/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/07</u>
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 687,020	\$ 0	\$ 0	\$ 687,020
<i>Capital Assets, being depreciated:</i>				
Land Improvements	898,673	0	0	898,673
Buildings and Improvements	10,408,652	0	0	10,408,652
Furniture and Equipment	3,169,811	27,162	0	3,196,973
Vehicles	290,614	0	(45,295)	245,319
Textbooks	906,811	0	0	906,811
Total Capital Assets, being depreciated	<u>15,674,561</u>	<u>27,162</u>	<u>(45,295)</u>	<u>15,656,428</u>
Less Accumulated Depreciation:				
Land Improvements	(789,488)	(6,831)	0	(796,319)
Buildings and Improvements	(9,105,480)	(90,637)	0	(9,196,117)
Furniture and Equipment	(1,933,115)	(278,159)	0	(2,211,274)
Vehicles	(248,020)	(7,890)	45,295	(210,615)
Textbooks	(785,804)	(34,573)	0	(820,377)
Total Accumulated Depreciation	<u>(12,861,907)</u>	<u>(418,090)</u>	<u>45,295</u>	<u>(13,234,702)</u>
Total Capital Assets being depreciated, net	<u>2,812,654</u>	<u>(390,928)</u>	<u>0</u>	<u>2,421,726</u>
Governmental Capital Assets, net	<u>\$ 3,499,674</u>	<u>\$ (390,928)</u>	<u>\$ 0</u>	<u>\$ 3,108,746</u>

## Springfield Local School District (Summit County, Ohio)

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 269,115
Support Services:	
Pupil	1,075
Instructional Staff	2,285
Board of Education	54,742
Administration	5,040
Fiscal	59,185
Operation and Maintenance of Plant	1,534
Pupil Transportation	8,415
Food Service	12,736
Extracurricular Activities	<u>3,963</u>
Total Depreciation	<u>\$ 418,090</u>

### **Note 11 – Risk Management**

The School District insures its buildings and their contents through insurance having a \$2,500 deductible and providing replacement costs for such items. An inventory of all loose equipment is conducted annually.

Appropriate liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$3,000,000 aggregate. The School District also has an excess policy in the amount of \$2,000,000. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

A bond of \$20,000 is maintained on the Treasurer. Bonds are also provided for the school board president and superintendent in the amount of \$20,000 each.

By State statute, bond is provided by all contractors in amounts sufficient to cover the entire bid amount awarded to the contractor.

The School District has established a limited risk management program for hospital/medical benefits. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2007, a total expense of \$3,440,679 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$75,000. The liability for unpaid claims cost of \$347,000 reported in the fund at June 30, 2007 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions.

## Springfield Local School District (Summit County, Ohio)

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

Changes in the fund's claims liability amount in 2007 and 2006 were:

	<b>Balance</b>	<b>Current Year</b>	<b>Claim</b>	<b>Balance at</b>
	<b>Beginning</b>	<b>Claims</b>	<b>Payments</b>	<b>End of Year</b>
	<b>of Year</b>			
2006	\$ 305,917	\$ 2,467,142	\$2,407,059	\$ 366,000
2007	366,000	3,001,133	3,020,133	347,000

### Note 12 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to thirty days of vacation per year, depending upon length of service and hours worked. Vacation days are credited to non-certified employees on the anniversary of their employment and must be used within the next twelve months. Vacation may be carried forward beyond the twelve month period only with the approval of the superintendent. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to an unlimited number of days. Payment is made of one-fourth of the total sick leave accumulation, up to a maximum accumulation of 180 days upon retirement for certified employees or payment of 30% of sick leave up to a maximum of 54 days upon termination with 10 years of service for non-certified employees.

### Note 13 – Pension Plans

#### A. School Employees Retirement System

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

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.58% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$612,713, \$590,457, and \$513,228, respectively; 51% has been contributed for fiscal year 2007 and 100% for the fiscal years 2006 and 2005. \$300,468 represents the unpaid contribution for fiscal year 2007, and is recorded as a liability within the respective funds.

## Springfield Local School District (Summit County, Ohio)

*Notes to the Basic Financial Statements  
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### ***B. State Teachers Retirement System***

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$1,826,152, \$1,840,583, and \$1,777,456, respectively; 81% has been contributed for fiscal year 2007 and 100% for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$2,569 made by the School District and \$16,953 made by the plan members. \$338,440 represents the unpaid contribution for fiscal year 2007, and is recorded as a liability within the respective funds.

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

## Springfield Local School District (Summit County, Ohio)

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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### **C. Social Security System**

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

### **Note 14 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS 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 health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$139,435 during the 2007 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. The health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2006, (the latest information available) employer contributions to fund health care benefits were 3.42% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, (the latest information available) the minimum pay has been established at \$35,800. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$194,710.

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. Health care benefits are financed on a pay-as-you-go basis. Net health care costs for year ending June 30, 2006, (the latest information available), were \$158,751,207. The target level for the health care reserve is 150% of the projected claims less premium contributions for the next fiscal year.

As of June 30, 2006, (the latest information available), the value of the health care fund was \$295.6 million which is about 168% of next year's projected net health care costs. On the basis of actuarial projections, the allocated

**Springfield Local School District (Summit County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. SERS had approximately 59,492 participants currently receiving health care benefits.

**Note 15 – Contingencies**

**A. Grants**

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

**B. Litigation**

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

**Note 16 - Long - Term Obligations**

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 6/30/06	Additions	Reductions	Outstanding 6/30/07	Amounts Due in One Year
<b>Governmental Activities:</b>					
Energy Conservation Note					
Interest Rate 5.91%					
Due 12/1/2014	\$ 680,724	\$ 0	\$ 59,459	\$ 621,265	\$ 62,973
State Solvency Loan					
Interest Rate 0.00%					
Due 6/30/2009	0	1,912,000	0	1,912,000	956,000
Capital Lease	285,264	0	157,567	127,697	62,381
Compensated Absences	1,447,640	95,246	131,877	1,411,009	86,536
<b>Total Governmental Activities</b>					
Long-Term Liabilities	<u>\$ 2,413,628</u>	<u>\$ 2,007,246</u>	<u>\$ 348,903</u>	<u>\$ 4,071,971</u>	<u>\$ 1,167,890</u>

In 1999, the School District received \$955,578 for energy conservation capital improvements. The note matures in December 2014 and has an interest rate of 5.91%.



**Springfield Local School District (Summit County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

In 2003, the School District entered into a \$400,000 lease for a telephone system. The lease continues until October 2009.

In 2005, the School District entered into a \$294,000 lease for computers. The lease was paid off in August 2006.

During fiscal year 2007, the School District received a loan from the Ohio Department of Education for insolvency relief. The loan is interest free as long as the School District remains current on repayment. This loan is a general obligation of the School District for which the full faith and credit of the School District are pledged for repayment. Payments will be recorded as expenditures of the debt service fund, from current operating revenue.

Principal and interest requirements to retire debt outstanding at June 30, 2007 are as follows:

Fiscal Year Ending June 30,	Energy Conservation Note			State Solvency Loan		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 62,973	\$ 36,717	\$ 99,690	\$ 956,000	\$ 0	\$ 956,000
2009	66,695	32,995	99,690	956,000	0	956,000
2010	70,637	29,053	99,690	0	0	0
2011	74,811	24,879	99,690	0	0	0
2012-2015	346,149	52,610	398,759	0	0	0
<b>Total</b>	<b>\$ 621,265</b>	<b>\$ 176,254</b>	<b>\$ 797,519</b>	<b>\$ 1,912,000</b>	<b>\$ 0</b>	<b>\$ 1,912,000</b>

The notes are backed by the full faith and credit of the Springfield Local School District.

**Note 17– Capitalized Leases**

Capital lease obligations relate to telephone equipment and computers which are leased under long-term agreements. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". \$694,000 has been recorded as capital assets relating to capital leases with \$368,169 of accumulated depreciation as of June 30, 2007. Capital lease payments in the general fund have been reclassified and are reflected as debt service in the basic financial statements for the general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. The following schedule of future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2007 is summarized below.

Fiscal Year Ending June, 30	Capital Lease		
	Principal	Interest	Total
2008	\$ 62,381	\$ 5,221	\$ 67,602
2009	65,316	2,286	67,602
<b>Total</b>	<b>\$ 127,697</b>	<b>\$ 7,507</b>	<b>\$ 135,204</b>

**Springfield Local School District (Summit County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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**Note 18 – Deferred Revenue**

Deferred revenue at June 30, 2007 consisted of the following:

	Statement of Net Assets	Balance Sheet
Property Taxes Receivable	\$ 10,865,725	\$ 11,154,287
Grants Receivable	0	357,824
	<hr/>	<hr/>
Deferred Revenue	<u>\$ 10,865,725</u>	<u>\$ 11,512,111</u>

**Note 19 – Note Payable**

During fiscal year 2007, the School District issued a tax anticipation note in the amount of \$1,667,000. The proceeds were received in the General Fund and are being used to pay various expenses due to the declaration of fiscal emergency in fiscal year 2007. The note has been paid in full during fiscal year 2007 from the debt service fund.

**Note 20 - Contracts**

The School District has renewed their transportation contract with Laidlaw Transit, Inc. The company furnishes bus transportation service for students attending the facilities and all other children for whom the School District has an obligation to provide transportation in accordance with all applicable rules and regulations set forth by the Ohio Department of Education, the Ohio Revised Code and the Ohio Administrative Code. The company provides transportation services by utilizing the School District buses and company buses. As School District buses are required to be replaced, the company replaces them with company buses. The School District is charged a rate based per trip whether a School District or company bus is utilized. The contract is in effect until July 31, 2008. The contract can be renewed for one additional three year term upon the mutual consent and negotiation of the company and School District.

**Note 21 – Northeastern Ohio Network**

The Northeastern Ohio Network (NEOnet) is a jointly governed organization comprised of 17 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports NEOnet based on a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. NEOnet is governed by a board of directors chosen from the general membership of the NEOnet assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center which serves as fiscal agent, located at 420 Washington Avenue, Suite 200,

**Springfield Local School District (Summit County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

Cuyahoga Falls, Ohio 44221. During the year ended June 30, 2007, the District paid approximately \$47,304 to NEOnet for basic service charges.

**Note 22 – Statutory Reserves**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for 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.

Effective April 10, 2001, Senate Bill 345, eliminated the requirement that the School Districts' establish and maintain a budget stabilization reserve. The monies which do not represent BWC refunds may be left in the budget reserve set-aside, or returned to the general fund and used at the discretion of the of the School District's Board of Education.

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

	BWC Refund	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Set-Aside Cash Balance as of June 30, 2006	\$ 107,978	\$ 0	\$ 0	\$ 107,978
Set-Aside Carryover Balance as of June 30, 2006	0	0	(15,363)	(15,363)
Current Year Set-Aside Requirement	0	444,672	444,672	889,344
Qualifying Disbursements	<u>0</u>	<u>(446,604)</u>	<u>(456,751)</u>	<u>(903,355)</u>
 Total	 <u>\$ 107,978</u>	 <u>\$ (1,932)</u>	 <u>\$ (27,442)</u>	 <u>\$ 78,604</u>
 Cash Balance Carried Forward FY 2008	 <u>\$ 107,978</u>	 <u>\$ 0</u>	 <u>\$ (27,442)</u>	
 Amount for Restricted Cash	 <u>\$ 107,978</u>			

The School District had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides to zero. The total reserve balance for the set-asides at the end of the fiscal year was \$107,978.

**Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Education  
Springfield Local School District  
Akron, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Springfield Local School District (the “District”), as of and for the year ended June 30, 2007, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District’s financial statements that is more than inconsequential will not be prevented or detected by the District’s internal control.

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

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

Board of Education  
Springfield Local School District

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the Board of Education, finance committee, management, Auditor of the State's office, 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.

*Cini & Panichi, Inc.*

Cleveland, Ohio  
December 15, 2007

**Report on Compliance with Requirements Applicable to  
Each Major Program and Internal Control over  
Compliance in Accordance with OMB Circular A-133**

Board of Education  
Springfield Local School District  
Akron, Ohio

**Compliance**

We have audited the compliance of the Springfield Local School District (the “District”), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The District’s major federal programs are identified in the summary of auditors’ 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of 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 program for the year ended June 30, 2007.

### **Internal Control over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the 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, but not to for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2007, and have issued our report there on dated December 15, 2007.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the District's basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the District's Board of Education, finance committee, management, the Auditor of State's Office, 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.

*Cimini & Paricchi, Inc.*

Cleveland, Ohio  
December 15, 2007

# Springfield Local School District

## Schedule of Expenditures of Federal Awards

**For the year ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Federal Receipts	Federal Disbursements	Non-Cash Transactions
U.S. Department of Education:					
Passed-Through Ohio Department of Education:					
Title I	84.010	C1-S1-2007	\$ 293,241	\$ 271,151	\$ -
Title I	84.010	C1-S1-2006	7,759	48,113	-
Title I	84.010	C1-SK-2007	49,829	48,161	-
Title I	84.010	C1-SK-2006	<u>12,021</u>	<u>10,654</u>	-
Total Title I			<u>362,850</u>	<u>378,079</u>	-
Special Education Cluster:					
IDEA Part B	84.027	6B-SF-2007	620,402	602,394	-
IDEA Part B	84.027	6B-SF-2006	<u>121,826</u>	<u>140,873</u>	-
Total IDEA Part B			<u>742,228</u>	<u>743,267</u>	-
Preschool Grant	84.173	PG-S1-2007	21,442	21,442	-
Preschool Grant	84.173	PG-S1-2006	<u>277</u>	<u>-</u>	-
Total Preschool Grant			<u>21,719</u>	<u>21,442</u>	-
Total Special Education Cluster			<u>763,947</u>	<u>764,709</u>	-
Title V	84.298	C2-S1-2007	4,369	4,369	-
Title V	84.298	C2-S1-2006	<u>-</u>	<u>971</u>	-
Total Title V			<u>4,369</u>	<u>5,340</u>	-
Title II-A	84.367	TR-S1-2007	124,063	120,364	-
Title II-A	84.367	TR-S1-2006	<u>21,925</u>	<u>26,506</u>	-
Total Title II-A			<u>145,988</u>	<u>146,870</u>	-
Title IV-A	84.186	DR-S1-2007	2,293	2,349	-
Title IV-A	84.186	DR-S1-2006	<u>13</u>	<u>280</u>	-
Total Title IV-A			<u>2,306</u>	<u>2,629</u>	-
Title II-D	84.318	TJ-S1-2007	408	1,982	-
Title II-D	84.318	TJ-S1-2006	<u>4,946</u>	<u>4,200</u>	-
Total Title II-D			<u>5,354</u>	<u>6,182</u>	-
Total U.S. Department of Education			<u>1,284,814</u>	<u>1,303,809</u>	-
U.S. Department of Agriculture:					
Passed-Through Ohio Department of Education:					
Food Distribution	10.550		<u>142,901</u>	<u>-</u>	<u>142,901</u>
Nutrition Cluster:					
National School Breakfast Program	10.553		101,052	101,052	-
School Lunch Program	10.555		<u>393,905</u>	<u>393,905</u>	-
Total Nutrition Cluster			<u>494,957</u>	<u>494,957</u>	-
Total U.S. Department of Agriculture			<u>637,858</u>	<u>494,957</u>	<u>142,901</u>
Total Federal Financial Assistance			\$ <u>1,922,672</u>	\$ <u>1,798,766</u>	\$ <u>142,901</u>

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



# Springfield Local School District

Notes to the Schedule of Expenditures of Federal Awards

**June 30, 2007**

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## **Note 1: Significant Accounting Policies**

### Basis of Presentation

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

### Non-Cash Support

The District receives non-cash support in the form of food subsidies from the National School Lunch Program (“NSLP”), CFDA 10.550. The value of the food subsidies is determined by using the fair market value of the food items as quoted by local food suppliers.

CFDA – Catalog of Federal Domestic Assistance

# Springfield Local School District

Schedule of Findings  
OMB Circular A-133 Section .505

**June 30, 2007**

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## 1. Summary of Auditors' Results

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(I)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .501?	No
(d)(I)(vii)	Major Programs	<ul style="list-style-type: none"> <li>Special Education Cluster (CFDA # 84.027)</li> <li>(CFDA # 84.173)</li> </ul>
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

## 2. Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

None.

## 3. Findings for Federal Awards

None.

## **Springfield Local School District**

Schedule of Prior Audit Findings  
OMB Circular A-133 Section .315(b)

### **June 30, 2007**

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The June 30, 2006 audit reported no audit findings as defined in OMB Circular A-133, Section .510. Therefore, preparation of a corrective action plan is not applicable.

Springfield Local School District

2960 Sanitarium Road  
Akron, Ohio 44312  
(330) 798-1111

**Response to Findings Associated with  
Audit Conducted in Accordance with *Government Auditing Standards*  
for the Year Ended June 30, 2007**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
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Not applicable.



**Mary Taylor, CPA**  
Auditor of State

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**SUMMIT 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 15, 2008**