Mary Taylor, CPA
Auditor of State

Springfield Local School District
Summit County, Ohio

Financial Forecast
For the Fiscal Year Ending June 30, 2010

Local Government Services Section

Springfield Local School District
Summit County

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Mary Taylor, CPA
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Financial Planning and Supervision Commission
Ohio Department of Education
25 South Front Street
Columbus, Ohio 43215

and

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

CERTIFICATION

Certification is hereby made that, based upon the requirement set forth in Section 3316.08, Revised Code, the Local Government Services Section of the Auditor of State's Office has examined the financial forecast of the general fund of the Springfield Local School District, Summit County, Ohio, and issued a report dated December 1, 2009. The forecast is based on the assumption that the School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. Additional significant assumptions are set forth in the forecast. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast, and the variations may be material.

The forecast reflects an operating deficit for the fiscal year ending June 30, 2010 of $329,000.

The forecasted revenues include all property taxes scheduled for settlement during the forecast period. The forecast excludes the receipt of any advances against fiscal year 2011 scheduled property tax settlements. The potential advances have been excluded due to the School District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. The forecasted operating deficit may be reduced to the extent tax advances are received prior to June 30, 2010, and to the extent the Board appropriates such advances. Currently, it is the Board's intent not to appropriate any such advances for fiscal year 2010.

Each School District receiving certification of an operating deficit under 3316.08, Revised Code, is required to recommend to the Financial Planning and Supervision Commission whether a tax levy should be placed on the ballot. After considering the recommendation and supporting documentation, the Commission must adopt a resolution either stating their intent to place a tax levy on the ballot or indicating their decision not to place a tax levy on the ballot at the current time. The forecast excludes any revenue that might be generated from a new tax levy.

MARY TAYLOR, CPA
Auditor of State

Unice S. Smith

Unice S. Smith
Chief of Local Government Services

December 17, 2009

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

Mary Taylor, CPA
Auditor of State

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

Independent Accountant's Report

We have examined the accompanying forecasted statement of revenues, expenditures and changes in fund balance of the general fund of the Springfield Local School District for the fiscal year ending June 30, 2010. The Springfield Local School District's management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination.

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

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

The accompanying statement of revenues, expenditures and changes in fund balance of the general fund of Springfield Local School District for the fiscal years ended June 30, 2007, 2008, and 2009 were compiled by us in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed this financial information, and, accordingly, do not express an opinion or any other form of assurance on them. Management has elected to omit substantially all of the disclosures associated with the historical financial statements; these disclosures might influence a user's conclusions regarding the School District's results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

December 1, 2009

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

Springfield Local School District
Summit County
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2007 Through 2009 Actual;
For the Fiscal Year Ending June 30, 2010 Forecasted
General Fund

	Fiscal Year 2007 Actual	Fiscal Year 2008 Actual	Fiscal Year 2009 Actual	Fiscal Year 2010 Forecasted
Revenues				
General Property Taxes	$10,644,000	$10,737,000	$10,357,000	$10,373,000
Tangible Personal Property Taxes	2,078,000	1,494,000	911,000	44,000
Unrestricted Grants-in-Aid	8,209,000	8,351,000	8,329,000	8,139,000
Restricted Grants-in-Aid	883,000	714,000	805,000	52,000
Restricted Federal Grants-in-Aid - SFSF	0	0	0	555,000
Property Tax Allocation	2,113,000	2,659,000	3,211,000	3,661,000
All Other Revenues	2,857,000	2,534,000	2,186,000	2,143,000
Total Revenues	26,784,000	26,489,000	25,799,000	24,967,000
Other Financing Sources				
Proceeds from Sale of Notes	1,667,000	2,000,000	4,000,000	0
Solvency Assistance Advance	1,912,000	0	0	0
Advances In	133,000	196,000	178,000	231,000
Total Other Financing Sources	3,712,000	2,196,000	4,178,000	231,000
Total Revenues and Other Financing Sources	30,496,000	28,685,000	29,977,000	25,198,000
Expenditures				
Personal Services	15,712,000	14,111,000	13,026,000	12,498,000
Employees' Retirement/Insurance Benefits	6,289,000	5,525,000	5,573,000	5,990,000
Purchased Services	4,665,000	4,815,000	5,443,000	5,822,000
Supplies and Materials	569,000	395,000	392,000	384,000
Capital Outlay	60,000	10,000	59,000	59,000
Debt Service:				
Principal-Notes	1,667,000	2,000,000	2,000,000	2,000,000
Principal-Solvency Assistance Advance	0	956,000	956,000	0
Principal-Energy Conservation Bond	59,000	63,000	67,000	71,000
Interest	117,000	40,000	41,000	94,000
Other Objects	729,000	744,000	767,000	630,000
Total Expenditures	29,867,000	28,659,000	28,324,000	27,548,000
Other Financing Uses				
Advances Out	196,000	178,000	231,000	232,000
Total Expenditures and Other Financing Uses	30,063,000	28,837,000	28,555,000	27,780,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	433,000	(152,000)	1,422,000	(2,582,000)
Cash Balance July 1	692,000	1,125,000	973,000	2,395,000
Cash Balance June 30	1,125,000	973,000	2,395,000	(187,000)
Encumbrances and Reserves of Fund Balance:				
Actual/Estimated Encumbrances June 30	503,000	223,000	61,000	142,000
Reserves for:				
DPIA/Poverty Based Assistance	119,000	218,000	0	0
Note Proceeds	0	0	2,000,000	0
Total Encumbrances and Reserves of Fund Balance	622,000	441,000	2,061,000	142,000
Unencumbered/Unreserved Fund Balance (Deficit) June 30	$503,000	$532,000	$334,000	($329,000)

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

Note 1 – The School District

The Springfield Local School District (the School District) is located in Summit and Portage Counties and encompasses all of Springfield Township and the Village of Lakemore. The School District is organized under Article VI, Sections 2 and 3, of the Constitution of the State of Ohio. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms. The School District currently operates four elementary schools, one middle school and one high school. The School District is staffed by 85 classified and 175 certificated personnel to provide services to approximately 2,628 students and other community members.

Note 2 - Nature of the Forecast

This financial forecast presents, to the best of the Springfield Local School District Board of Education's knowledge and belief, the expected revenues, expenditures and operating balance of the general fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of December 1, 2009, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

Note 3 - Nature of the Presentation

The forecast presents the revenues, expenditures, and changes in fund balance of the general fund. Under State law, certain general fund revenues received from the State must be spent on specific programs. These resources and the related expenditures have been segregated in the accounting records of the School District to demonstrate compliance. State laws also require the general fund resources pledged for the repayment of debt to be recorded directly in the debt service fund. For presentation in the forecast, the poverty based assistance and the school district fiscal stabilization funds and general fund supported debt are included in the general fund.

Note 4 - Summary of Significant Accounting Policies

A. - Basis of Accounting

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

B. - Fund Accounting

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

Governmental Funds

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

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

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

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

Permanent Funds - Permanent funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the School District or its students.

Proprietary Funds

Enterprise Funds - Enterprise funds account for any activity for which a fee is charged to external users for goods or services.

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments on a cost-reimbursement basis.

Fiduciary Funds

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

C. - Budgetary Process

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

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

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

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

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

Note 5 - General Operating Assumptions

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

Note 6 - Significant Assumptions for Revenues and Other Financing Sources

A. - General and Tangible Personal Property Taxes

Property taxes are applied to real property, public utility real and personal property, manufactured homes and tangible personal property used in businesses which are located within the School District. Property taxes are collected for, and distributed to, the School District by the county fiscal officer and treasurer. Settlement dates, on which collections are distributed to the School District, are established by State statute. The School District may request advances from the Summit County Fiscal Officer and the Portage County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenue.

Property taxes are levied and assessed on a calendar year basis while the School District’s fiscal year runs from July through June. Property tax revenue received during calendar year 2009 (the collection year) for real and public utility property taxes represents collections of 2008 taxes (the tax year). Property tax payments received during calendar year 2009 for tangible personal property (other than public utility property) are for calendar year 2009 taxes. First half calendar year tax collections are received by the School District in the second half of the fiscal year. Second half calendar year tax distributions occur in the first half of the following fiscal year.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for real estate taxes. The State reimburses the School District for all revenues lost due to these exemptions. The amount of the reimbursement is presented in the account "Property Tax Allocation".

Prior to fiscal year end, a school district may request an advance of real property tax collections that ordinarily would be settled in August and used to finance the upcoming fiscal year. The forecast excludes the receipt of any advances against fiscal year 2011 scheduled property tax settlements. The potential advances have been excluded due to the School District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. Currently, it is the Board's intent not to appropriate any such advances for fiscal year 2010.

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

Tax Levies	Year Approved/ Renewed	First Calendar Year of Collection	Last Calendar Year of Collection	Full Tax Rate (Per $1,000 of Assessed Valuation)
Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	$5.50
Continuing Operating	1976	n/a	n/a	24.00
Current Expense (1992)	2004	2005	2009	7.00
Emergency ($1,600,000)	2004	2005	2009	3.88
Emergency ($930,000)	2004	2005	2009	2.26
Emergency ($1,500,000)	2005	2006	2010	3.65
Total Tax Rate				$46.29

The School District also has a levy for permanent improvements totaling $1.80 per $1,000 of assessed valuation. The School District's total tax rate is $48.09 per $1,000 of assessed valuation.

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to voted levies so that each levy yields the same amount of real property tax revenues on carryover property as in the prior year. Reduction factors are also adjusted to generate the same amount of property tax revenue on carryover property when there is a decline in the assessed valuation of property. For all voted levies, except emergency and debt levies, increases in revenues are restricted to amounts generated from new construction. Emergency and debt levies are intended to generate a set revenue amount annually. The revenue generated by emergency and debt levies is not affected by changes in real property valuation. The reduction factors are computed annually and applied separately for residential/agricultural real property and commercial/industrial real property. Reduction factors are not applied to inside millage (an unvoted levy) nor to tangible personal or public utility personal property levy rates. State law also prohibits the reduction factors from reducing the effective millage of the sum of the general fund current operating levies (excluding emergency levies) plus inside millage used for operating purposes below 20 mills. For the general fund, the effective residential and agricultural real property tax rate is at $20.27 per $1,000 of assessed valuation for collection year 2010, and the effective commercial and industrial real property tax rate is $21.90 per $1,000 of assessed valuation for collection year 2010. A reappraisal took place in Summit County tax year 2008, which resulted in slightly lower valuations due to the decline in the local housing market.

Public utility real and personal property taxes are collected and settled by the county with real estate taxes and are recorded as general property taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies. The State of Ohio reimburses the School District for the loss of tangible personal property taxes as a result of these changes within certain limitations (see Property Tax Allocation Revenue below).

General Property Tax - General property tax revenue includes real estate taxes, public utility property taxes and manufactured home taxes. The amount shown in the revenue section of the forecast schedule represents gross property tax revenue and is based upon information provided by the Summit County Fiscal Officer and the Portage County Auditor. The decrease from fiscal year 2008 to fiscal year 2009 was due to an advance of fiscal year 2009 taxes received in fiscal year 2008. The School District anticipates an increase of $16,000 from the prior fiscal year due to a slight increase in assessed values in both Summit and Portage counties, which increases the tax revenue received on inside millage.

Tangible Personal Property Tax – Tangible personal property tax is levied on machinery and equipment, furniture and fixtures, and inventory of businesses. Effective for tax years 2005 and 2006, the 23 percent assessment rate on business inventory was to be reduced by two percent if the total statewide collections of personal property taxes for the second preceding year exceed the total statewide collections of property taxes for the third preceding year. Effective for tax years 2007 and beyond, the assessment rate for inventory was to be reduced by two percent per year until it is completely phased out regardless of the growth in collections.

Beginning in 2006, House Bill 66 phased out by 25 percent each year tangible personal property tax on most business inventory, manufacturing machinery and equipment, and furniture and fixtures. This change supersedes the changes and phase out periods addressed above. No tangible personal property taxes will be levied or collected in calendar year 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010). Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will not be subject to any tangible personal property tax. The School District, based on the last year of collections before the phase out period, lost approximately $2,700,000, annually. The State of Ohio reimbursed the School District for the loss of tangible personal property taxes as a result of the changes in House Bill 66 within certain limitations (see Property Tax Allocation below).

For fiscal year 2010, tangible personal property tax revenues include telephone property only. The October 2008 tangible personal property tax settlement received in fiscal year 2009 was the last property tax settlement for general personal property taxes. The decrease in revenue for the forecast period compared to the prior fiscal year is due to the phase out of tangible personal property taxes.

B. - Unrestricted Grants-in-Aid

Prior to fiscal year 2010, the State's foundation program was established by Chapter 3317 of the Ohio Revised Code and included formula aid and various categorical aid programs such as special and gifted education, career and technical education and transportation. Other programs such as parity aid, excess cost supplement and transitional aid guarantee were provided to address certain policy issues or correct flaws in formula aid were also included in this revenue. The semi-annual payments were calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM), times a per pupil foundation level, less the equivalent of 23 mills multiplied by the school district's taxable property valuation. The per pupil foundation level was set by State Legislature. Beginning in fiscal year 2008, the per pupil amount was increased by four base supplements called "building blocks." The building blocks were funding for intervention, professional development, data based decision making, and professional development for data based decision making.

The per pupil amount for fiscal years 2007 to 2009 are as follows:

Fiscal Year	Per Pupil Foundation Level	Building Blocks	Total
2007	$5,403	$0	$5,403
2008	5,565	49	5,614
2009	5,732	51	5,783

Beginning in fiscal year 2010, the State General Assembly adopted a new funding method called the Ohio Evidence-Based Model (OEBM). The Ohio Evidence-based Model was established in Chapter 3306 of the Ohio Revised Code and links educational research on academic achievement and successful outcomes with funding components to achieve results. It incorporates real financial data and socioeconomic factors to fund resources and implement proven school programs according to the student need to achieve educational adequacy. The adequacy amount is the sum of service support components for instruction, administrative, operations and maintenance, gifted and enrichment, professional development and an instructional materials factor. These factors are multiplied against the Ohio education challenge factor (a district's wealth factor) and the State-wide base salary for given positions and the number of positions funded. Other factors included in the calculation are student/teacher ratios, organizational units, and average daily membership (ADM). The adequacy amount is offset by the school district share of the adequacy amount (the charge off amount), which is equal to 22 mills for fiscal year 2010.

The State Department of Education, Division of School Finance calculates the annual funding, including the adequacy amount, and distributes a prorated share bi-monthly to the School District. In transitioning to the Ohio Evidence-Based Model, the gifted, enrichment, technology service support components and the charge off amount are phased in over a five year period. In addition, school districts are guaranteed 99 percent of prior year's State Foundation aid for the current fiscal year. For fiscal year 2010, the Springfield Local School District estimates $6,779,000 in adequacy funding and $1,360,000 in guarantee funding.

In fiscal year 2010, approximately six percent of the adequacy funding is provided from a State Fiscal Stabilization grant received by the State of Ohio under the American Recovery and Reinvestment Act (see D - Restricted Federal Grants-in-Aid).

C. - Restricted Grants-in-Aid

Restricted grants-in-aid consist of career tech monies. For fiscal year 2010, the School District anticipates $52,000 in career tech monies.

D. - Restricted Federal Grants-in-Aid

In 2010, Ohio was allocated $845 million from the American Recovery and Reinvestment Act in State Fiscal Stabilization Funds (SFSF) to help stabilize state and local budgets in order to minimize and avoid reductions in education and other essential services. SFSF for primary and secondary education is distributed to school districts as part of the foundation settlement payments twice a month. The Springfield Local School District, based on estimates provided by the Department of Education, anticipates $555,000 for fiscal year 2010. These funds have limited restrictions on their use. The School District has chosen to use these funds for teacher salaries.

E. - Property Tax Allocation

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. Beginning in tax collection year 2008, the State expanded the homestead exemption to allow eligible homeowners to shield the first $25,000 in market value from taxation. This expanded exemption will increase State allocation revenue and decrease property tax revenues by an equal amount. The State reimburses the School District for the loss of real property taxes as a result of the rollback and homestead tax relief programs.

Historically, the State exempted the first $10,000 in general business personal property from taxation and reimburse the School District for the lost revenue. Beginning with tax year 2004, the State began phasing out the reimbursement by 10 percent each year. Under HB 66, the phase-out period was accelerated. The last reimbursement for this exemption was in October 2008.

Beginning in tax year 2001, there were significant reductions in the valuation of certain types of public utility property. Two bills enacted by the 123rd General Assembly reduced the assessment rate for certain tangible personal property of electric utilities and all tangible personal property of gas utilities. To replace this money, new state consumption taxes have been enacted, a kilowatt-hour tax on electricity and a thousand cubic foot tax on natural gas. Money from these new taxes is used to reimburse school districts for the loss of public utility property tax revenue. Reimbursements are made twice a year in February and August and are identified as Utility Deregulation payments. For fiscal year 2010, the School District anticipates no public utility reimbursements based on information provided by the Ohio Department of Taxation.

In fiscal year 2006, the State began reimbursing the School District for lost revenue due to the phase out of tangible personal property tax. In the first five years, the School District will be fully reimbursed relative to prior law for revenue lost due to the taxable value of reductions through 2013. Beginning in fiscal year 2013, the reimbursements are gradually phased out. The reimbursement will be for the difference between the assessed values under prior law and the assessed values under House Bill 66. This means the School District is only reimbursed for the difference between the amounts that would have been received under the prior law and the amounts actually received as the phase-outs in House Bill 66 are implemented. For fiscal year 2010, the School District anticipates receiving $2,162,000 of reimbursement for the tangible personal property tax phase out.

Property tax allocation revenues consist of the following:

Revenue Sources	Actual Fiscal Year 2007	Actual Fiscal Year 2008	Actual Fiscal Year 2009	Forecasted Fiscal Year 2010	Variance
Homestead and Rollback	$1,082,000	$1,233,000	$1,411,000	$1,499,000	$88,000
Tangible Personal Property Exemption	39,000	31,000	0	0	0
Utility Deregulation	28,000	0	0	0	0
Tangible Personal Property Loss Reimbursement	964,000	1,395,000	1,800,000	2,162,000	362,000
Totals	$2,113,000	$2,659,000	$3,211,000	$3,661,000	$450,000

F. - All Other Revenues

All other revenues include tuition, interest, rental income, student class fees, reimbursements and other revenue.

Open enrollment tuition revenue is expected to remain consistent with the prior fiscal year. Other tuition includes preschool, regular day school for court order students, summer school and special education. The increase is due to a larger number of special education and court order students.

Interest is based on historical investment practices and anticipated rates and cash balances during the forecast period. The School District pools cash from all funds for investment purposes. Investments are restricted by provisions of the Ohio Revised Code and are valued at cost. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings with the greatest allocation being to the general fund. Interest revenue is anticipated to remain relatively consistent, due to low interest rates and little money available to invest in both fiscal years 2009 and 2010.

Rental income increased due to the rental of Boyer Kindergarten Center to the Summit County Educational Service Center and the rental of Lakemore Elementary to SUPER Learning Center.

Student class fees stayed consistent with fiscal year 2009 since the School District rescinded a pay-to-participate policy for its athletic, cheerleading and marching band programs in fiscal year 2009. This policy was in place during a portion of fiscal year 2007 and all of fiscal year 2008.

The School District received $173,000 in reimbursements from the Medicaid Schools Program (MSP) during fiscal year 2009, but only expects to receive $78,000 in 2010. The amount received during fiscal year 2009 was high because it included amounts related to prior fiscal years that were received during fiscal year 2009.

All other revenues consist of the following:

	Actual Fiscal Year 2007	Actual Fiscal Year 2008	Actual Fiscal Year 2009	Forecasted Fiscal Year 2010	Variance Increase (Decrease)
Open Enrollment Tuition	$1,731,000	$1,355,000	$1,387,000	$1,387,000	$0
Other Tuition	667,000	663,000	372,000	387,000	15,000
Extracurricular Transportation	24,000	25,000	26,000	25,000	(1,000)
Interest	234,000	153,000	37,000	34,000	(3,000)
Rentals	36,000	34,000	44,000	89,000	45,000
Student Class Fees	85,000	148,000	27,000	27,000	0
CAFS Reimbursements	0	52,000	0	0	0
MSP Reimbursements	0	0	173,000	78,000	(95,000)
E-Rate	45,000	42,000	20,000	15,000	(5,000)
Other	35,000	62,000	100,000	101,000	1,000
Totals	$2,857,000	$2,534,000	$2,186,000	$2,143,000	($43,000)

G. – Other Financing Sources

Proceeds from Sale of Notes – During fiscal year 2008, the School District issued $2,000,000 in tax anticipation notes at a 3.09 percent interest rate. The notes were repaid during fiscal year 2008. During fiscal year 2009, the School District issued $4,000,000 in tax anticipation notes at a 3.36 percent interest rate. $2,000,000 of the notes was repaid during fiscal year 2009. The remaining $2,000,000 in note proceeds were issued in the last ten days of fiscal year 2009 and are payable from property taxes to be collected in fiscal year 2010. Under State law, these proceeds shall not be spent until the start of the next fiscal year.

Solvency Assistance Advance – During fiscal year 2007, the School District received a Solvency Assistance Fund Advance in the amount of $1,912,000 from the State. The State solvency assistance fund advances money to school districts that are in fiscal emergency or that meet one or more of nine reasons identified in Section 3301-92-03 of the Ohio Administrative Code. The advance was repaid over two years from State foundation revenues.

Advances In – During fiscal year 2009, advances were made for a total of $231,000 to other funds. For fiscal year 2010, those advances are expected to be repaid.

Note 7 – Significant Assumptions for Expenditures and Other Financing Uses

A. - Personal Services

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

Staffing levels for the last three fiscal years and the forecast period are displayed in the chart below. The amounts represent full time equivalents.

	2007	2008	2009	2010
General Fund:				
Certified	202	181	161	146
Classified	134	76	70	72
Total General Fund:	336	257	231	218
Other Funds:				
Certified	24	21	18	29
Classified	33	17	19	13
Total Other Funds:	57	38	37	42
Totals	393	295	268	260

Certified (teaching) staff salaries are based on a negotiated contract which includes base and step increases and educational incentives for existing staff. The contract covers the period August 21, 2008 to August 20, 2009, and allowed for no increase in the base salary, but allowed for step increases ranging from 2.7 to 5.8 percent for fiscal year 2009. The contract has not been extended as of the date of this forecast. Certified employees received annual step increases for fiscal year 2010 as the old contract is still in effect until a new one is approved. In prior fiscal years, certified staff received similar step increases. The decrease in certified salaries is due to increased federal grant monies received in fiscal year 2010; therefore, additional employees were paid from the grant funds rather than the general fund.

Classified salaries are based on two negotiated contracts which include base and step increases. The contracts cover the period July 1, 2005 to June 30, 2010. The contracts allowed for a 3.25 percent increase in the base salary for fiscal years 2006 and 2007 and no base increases for the remainder of the contract and step increases ranging from 0 to 6.1 percent in each year of the contracts. Classified salaries are forecasted to increase due to two classified employees that were paid from other funds in fiscal year 2009 now being paid from the general fund in fiscal year 2010 and step increases for classified employees.

Substitutes are forecasted to remain consistent with fiscal year 2009 for both certified and classified staffing.

The School District offers severance pay upon retirement to its certified and classified employees who are eligible to retire under the provisions set by STRS or SERS. Severance pay to certified employees is equal to thirty percent of their unused sick leave not to exceed a total of 54 days paid. Severance pay to classified employees leaving with ten or more years of service and not retiring is equal to one fourth of their unused sick leave, but not to exceed 45 days paid. Payments to classified employees retiring from the School District are equal to one fourth of their unused sick leave, but not to exceed 55 days paid. Severance costs are anticipated to decrease due to less staff members retiring during the forecast period as compared with fiscal year 2009.

In prior years, the School District offered a retirement incentive to any classified employee who qualified for and retired from the School District. A written notice to the superintendent stating the employee's intention to retire by March 1 of the year the employee first became eligible to retire under SERS was required. The incentive was equal to 25 percent of the employee's salary at the time of retirement or a lump sum payment equal to 70 percent of the employee's accrued sick leave not to exceed 100 days, multiplied by the highest per diem rate. One half of this benefit was paid within one month of retirement and the balance was paid one year after the date of retirement. In fiscal year 2010, only incentive amounts still owed to employees who retired in prior years for are expected to be paid.

Presented below is a comparison of salaries and wages for fiscal years 2007, 2008, and 2009 and the forecast period.

	Actual Fiscal Year 2007	Actual Fiscal Year 2008	Actual Fiscal Year 2009	Forecast Fiscal Year 2010	Variance Increase (Decrease)
Certified Salaries	$11,553,000	$10,614,000	$9,938,000	$9,245,000	($693,000)
Classified Salaries	2,983,000	2,476,000	2,069,000	2,242,000	173,000
Substitute Salaries	794,000	706,000	610,000	607,000	(3,000)
Supplemental Contracts	232,000	192,000	236,000	252,000	16,000
Severance and Retirement Incentive	118,000	113,000	131,000	108,000	(23,000)
Other Salaries and Wages	32,000	10,000	42,000	44,000	2,000
Totals	$15,712,000	$14,111,000	$13,026,000	$12,498,000	($528,000)

B. – Employees' Retirement/Insurance Benefits

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

Retirement costs are based on the employers' contribution rate of 14 percent of salaries for STRS and SERS and an additional SERS surcharge levied to fund health care benefits for employees earning less than a minimum salary amount. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from differences between the estimates and the actual amounts are prorated over the next calendar year. The School District pays the employee retirement contributions for the superintendent and treasurer. The increase that appears on the schedule below is due to the underestimated amounts for fiscal year 2009, and retirement costs for certain employees being paid from other funds in fiscal year 2009 and general fund in fiscal year 2010.

Health care, vision and dental insurance rates are fixed by the Board of Education on a yearly basis, from April to March. The monthly payments per insured for health care benefits are as follows:

Coverage:	Effective April 1, 2007	Effective April 1, 2008	Effective April 1, 2009
Family	$1,076.75	$1,256.14	$1,446.09
Single	404.23	471.21	540.88

The self-insured health care program includes medical/surgical, vision and dental care. Rates are based on recommended amounts from the School District's third party administrator. All funds are charged for the number of employees participating in the program and the type (single or family) of coverage provided to each employee. Although there are less employees in fiscal year 2010, the health insurance rates increased between 13 and 15 percent over fiscal year 2009, resulting in an increase in health insurance premiums. New rates will take effect April 1, 2010. These rates are unknown as of the date of this forecast, but the School District anticipates the increase will be similar to prior years.

Workers' compensation is based on the School District's assigned rate and the amount of wages paid in a calendar year. Premiums are paid in the following calendar year. The School District may choose to pay the entire premium in May or 45 percent in May and 55 percent in August. The School District chooses to make two payments. The premium for calendar year 2009, due in May 2010, is lower than fiscal year 2009. The workers' compensation calculation for 2010 forecasted a decrease in workers' compensation due to a reduction in the rate and a reduction in salaries.

For fiscal year 2010, unemployment decreased significantly from the prior fiscal year. This is due to a large reduction in force at the beginning of fiscal year 2009.

Presented below is a comparison of fiscal years 2007, 2008, 2009, and the forecast period:

	Actual Fiscal Year 2007	Actual Fiscal Year 2008	Actual Fiscal Year 2009	Forecast Fiscal Year 2010	Variance Increase (Decrease)
Employer's Retirement	$2,570,000	$2,165,000	$1,764,000	$1,929,000	$165,000
Health Care/Life Insurance	3,258,000	2,846,000	3,274,000	3,650,000	376,000
Workers' Compensation	257,000	273,000	277,000	240,000	(37,000)
Medicare	190,000	173,000	164,000	154,000	(10,000)
Unemployment	14,000	68,000	94,000	17,000	(77,000)
Totals	$6,289,000	$5,525,000	$5,573,000	$5,990,000	$417,000

C. - Purchased Services

Presented below are the purchased service expenditures for the past three fiscal years and the forecast period:

	Actual Fiscal Year 2007	Actual Fiscal Year 2008	Actual Fiscal Year 2009	Forecast Fiscal Year 2010	Variance Increase (Decrease)
Professional and Technical Services	$339,000	$323,000	$347,000	$381,000	$34,000
Property Services	293,000	274,000	296,000	209,000	(87,000)
Travel and Meeting Expenses	73,000	76,000	66,000	71,000	5,000
Communication Costs	73,000	74,000	78,000	85,000	7,000
Utility Services	730,000	626,000	584,000	567,000	(17,000)
Tuition Payments	2,415,000	2,840,000	3,478,000	3,872,000	394,000
Pupil Transportation	59,000	110,000	111,000	111,000	0
Pupil Transportation-Bus Contract	620,000	443,000	463,000	506,000	43,000
Other Purchased Services	63,000	49,000	20,000	20,000	0
Totals	$4,665,000	$4,815,000	$5,443,000	$5,822,000	$379,000

Professional and technical services increased over the prior year due to legal fees for upcoming teacher negotiations and an anticipated bond issuance. Property services decreased due to expiring lease contracts. Utility services decreased due to the School District partnering with FirstEnergy in a pooled cost-savings program for electric and a projected rate decrease in natural gas. Tuition payments increased due to more students attending other school districts through open enrollment and more students attending community schools.

The School District contracts out bus service for the School District. During the current fiscal year, the School District dropped one regular bus route and two mid-day bus routes. However, costs for fiscal year 2010 are expected to be higher than fiscal year 2009 due to the May and June 2009 bills being paid in fiscal year 2010.

D. - Supplies and Materials

Presented below are the supplies and materials expenditures for the past three fiscal years and the forecast period:

	Actual Fiscal Year 2007	Actual Fiscal Year 2008	Actual Fiscal Year 2009	Forecast Fiscal Year 2010	Variance Increase (Decrease)
General Supplies, Library Books and Periodicals	$215,000	$151,000	$168,000	$168,000	$0
Operations, Maintenance and Repair	237,000	225,000	201,000	200,000	(1,000)
Textbooks	117,000	19,000	23,000	16,000	(7,000)
Totals	$569,000	$395,000	$392,000	$384,000	($8,000)

Supplies and materials are forecasted to decrease due to the anticipated decrease in textbook purchases.

E. - Capital Outlay

The costs of property, plant and equipment acquired or constructed for general governmental services are recorded as expenditures. In fiscal year 2010, the School District is forecasting $59,000 in equipment expenditures, which is consistent with prior year expenditures. The School District has a permanent improvement fund that is expected to generate approximately $342,000 in fiscal year 2010. The School District uses this fund to make most capital expenditures, which are limited to necessary repair and maintenance costs.

F. – Debt Service

In fiscal year 2000, the School District issued $955,578 in energy conversation notes at 5.91 percent. The notes have a maturity date of December 1, 2014 and an outstanding balance at June 30, 2009 of $491,000. The School District will pay $71,000 in principal and $27,000 in interest on these notes during fiscal year 2010. These notes are being repaid with property taxes.

During fiscal year 2008, the School District issued $2,000,000 in tax anticipation notes at a 3.09 percent interest rate. The notes were repaid during fiscal year 2008. During fiscal year 2009, the School District issued $4,000,000 in tax anticipation notes at a 3.36 percent interest rate. $2,000,000 of the notes were repaid during fiscal year 2009 and the remaining $2,000,000 of the notes will be repaid during fiscal year 2010 when tax revenues are received.

G. - Other Objects

Other object expenditures consist of dues, fees, and liability insurance. Other object expenditures are forecasted in the amount of $630,000, which is lower than the prior fiscal year primarily due to lower county board expenditures as a result of the cancellation of non-essential services and less School District students to be served by the county board.

H. - Transfers and Advances Out

For fiscal year 2010, $232,000 in advances are anticipated to be made to the food service fund and various grant funds to cover deficits at year-end. Advances out to the food service fund are expected to be $152,000 and advances of $80,000 are forecasted to the grant funds. These advances are repaid in the following fiscal year when revenue is received.

Note 8 - Encumbrances

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of an expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance. Encumbrances for purchased services, supplies and materials, capital outlay and other objects for the fiscal year ended June 30, 2010 are estimated to be $142,000.

Note 9 - Reservations of Fund Balance

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

A. – Textbooks and Instructional Materials Set-Aside

Under Sections 3315.17(B)(2) and 3315.18(D)(1), Revised Code, a Board of Education in fiscal emergency may deposit less than the required set aside or make no deposit into the textbook set aside. The Board of Education by resolution has waived the set-aside requirement for fiscal year 2010; therefore no reserve amount is forecasted for textbooks and instructional materials.

B. – Capital Acquisition and Improvements Set-Aside

Under Sections 3315.17(B)(2) and 3315.18(D)(1), Revised Code, a Board of Education in fiscal emergency may deposit less than the required set aside or make no deposit into the capital set aside. The Board of Education by resolution has waived the set-aside requirement for fiscal year 2010; therefore no reserve amount is forecasted for capital acquisition and improvements.

C. – Reserve for Note Proceeds

In fiscal year 2009, the School District issued tax anticipation notes against fiscal year 2010 tax revenues within ten days of the start of fiscal year 2010. Under State statute the School District cannot expend the note proceeds until fiscal year 2010.

Note 10 - Levies

Since 1999, the School District has placed several levies on the ballot. The type of levy, millage amount, term and election results are as follows:

Date	Type	Amount	Term	Election Results
May 4, 1999	Emergency	$1,200,000	5 Years	Failed
August 3, 1999	Emergency	1,200,000	5 Years	Failed
November 2, 1999	Emergency	1,200,000	5 Years	Failed
March 7, 2000	Emergency (Renewal)	1,600,000	5 Years	Passed
August 8, 2000	Current Expense	7.00 mills	5 Years	Passed
August 8, 2000	Emergency (Renewal)	930,000	5 Years	Passed
November 7, 2000	Permanent Improvement	1.80 mills	5 Years	Passed
November 7, 2000	Emergency (Renewal)	1,500,000	5 Years	Passed
November 2, 2004	Current Expense (Renewal)	7.00 mills	5 Years	Passed
November 2, 2004	Emergency (Renewal)	1,600,000	5 Years	Passed
November 2, 2004	Emergency (Renewal)	930,000	5 Years	Passed
November 8, 2005	Permanent Improvement	1.80 mills	5 Years	Passed
November 8, 2005	Emergency (Renewal)	1,500,000	5 Years	Passed
May 2, 2006	Emergency	4,000,000	5 Years	Failed
August 8, 2006	Emergency	3,865,000	5 Years	Failed
November 7, 2006	Emergency	3,697,000	5 Years	Failed
May 8, 2007	Emergency	3,578,000	5 Years	Failed
August 7, 2007	Emergency	3,578,000	5 Years	Failed
November 3, 2009	Current Expense (Renewal)	7.00 mills	5 Years	Passed
November 3, 2009	Emergency (Renewal)	1,600,000	5 Years	Passed
November 3, 2009	Emergency (Renewal)	930,000	5 Years	Passed

Note 11 - Pending Litigation

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

Note 12 – Employee Benefits Self-Insurance Fund

The School District provides medical/surgical, vision and dental benefits through a self-insurance program. The School District maintains an internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator reviews all claims which are then paid by the School District. The School District pays a monthly premium for each employee into the internal service fund. The premium is paid by the fund that pays the salary for the employee and differs for single and family benefits. Monthly premiums are recommended by the third party administrator and approved by the Board of Education. The fund purchases annual stop loss coverage for claims in excess of $75,000 per person, per year. The School District anticipates the costs of claims to increase throughout the fiscal year. The School District anticipates the premiums during fiscal year 2010 will be sufficient to cover the claims and administrative costs.

Note 13 – Financial Planning and Supervision Commission

On May 16, 2007, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State. Legislation effective September 1996, permitted this declaration due to the School District's declining financial condition. In accordance with the law, a five-member Financial Planning and Supervision Commission has been established to oversee the financial affairs of the School District. The Commission is comprised of the State Superintendent of Public Instruction and the State Director of Budget and Management or their designees, and three appointed members. The appointments are made by the Governor of the State of Ohio, the State Superintendent of Public Instruction and the Summit County Fiscal Officer. The Commission's primary charge is to develop, adopt and implement a financial recovery plan. Once the plan has been adopted, the Board of Education's discretion is limited in that all financial activity of the School District must in accordance with the plan.

The initial financial recovery plan was adopted on August 23, 2007 and under State law is to be updated annually. The updated recovery plan, adopted on June 23, 2009, includes a reduction in force of employees in the School District resulting in a reduction of 6.5 positions from the general fund and eliminating two mid-day bus routes.

Note 14 - Information Related to Periods Beyond the Forecast Period

Management is required to annually prepare and file a five-year financial plan with the Ohio Department of Education. Management believes that the following information, although it does not constitute a financial forecast, is necessary in order for users to make a meaningful analysis of the forecast results. The plan filed with the Ohio Department of Education in May 2009 covered fiscal years 2009 through 2013 and assumes the continued operation of the School District with no significant increases in revenues. The plan assumes no staff changes for fiscal years 2011 through 2013. At that time, the School District anticipated an operating deficit of $1,436,000 for fiscal year 2010 and an accumulated operating deficit of $13,742,000 by the end of fiscal year 2013. The recovery plan adopted by the Board of Education and the Financial Planning and Supervision Commission does not address periods beyond fiscal year 2010. An updated five-year financial plan is required to be filed with the Ohio Department of Education by the end of October 2009 and will cover fiscal years 2010 through 2014.

The information presented in this note is less reliable than the information presented in the financial forecast and, accordingly, is presented for analysis purposes only. Furthermore, there can be no assurance that events and circumstances described in this note will occur.

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
DECEMBER 17, 2009