



Dave Yost • Auditor of State



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Springfield Local School District  
Mahoning County  
11335 Youngstown-Pittsburgh Road  
P. O. Box 549  
New Middletown, Ohio 44442

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springfield Local School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2010, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides 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, each major fund, and the aggregate remaining fund information of the Springfield Local School District, Mahoning County, Ohio, as of June 30, 2010, and the respective changes in financial position, thereof and the 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 February 28, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

February 28, 2011

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

The management's discussion and analysis of the Springfield Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2010 are as follows:

- The District restated net assets at June 30, 2009 as described in Note 3.B to the basic financial statements. In total, net assets of governmental activities increased \$605,081 which represents a 10.80% increase from 2009.
- General revenues accounted for \$10,243,020 in revenue or 86.13% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,649,833 or 13.87% of total revenues of \$11,892,853.
- The District had \$11,287,772 in expenses related to governmental activities; \$1,649,833 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,243,020 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$9,713,043 in revenues and \$10,200,879 in expenditures and other financing uses. During fiscal year 2010, the general fund's fund balance decreased \$487,836 from \$1,683,986 to \$1,196,150.
- The District's bond retirement fund had \$387,599 in revenues and \$343,743 in expenditures. During fiscal year 2010, the bond retirement fund's fund balance increased \$43,856 from \$1,055,805 to \$1,099,661.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

**Reporting the 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 District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and bond retirement fund.

***Governmental Funds***

Most of the 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* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the 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 basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The District's fiduciary activities are reported in a separate statement of fiduciary net assets on page 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

***Notes to the Basic 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. These notes to the basic financial statements can be found on pages 21-47 of this report.

**The District as a Whole**

The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets at June 30, 2010 and June 30, 2009. The net assets of the District were restated at June 30, 2009 as described in Note 3.B to the basic financial statements.

	<b>Net Assets</b>	
	Governmental Activities 2010	Restated Governmental Activities 2009
<b><u>Assets</u></b>		
Current and other assets	\$ 6,791,539	\$ 7,740,689
Capital assets, net	<u>5,649,729</u>	<u>5,201,824</u>
Total assets	<u>12,441,268</u>	<u>12,942,513</u>
<b><u>Liabilities</u></b>		
Current liabilities	4,098,480	4,771,814
Long-term liabilities	<u>2,136,935</u>	<u>2,569,927</u>
Total liabilities	<u>6,235,415</u>	<u>7,341,741</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	4,374,407	3,530,522
Restricted	1,402,364	1,259,368
Unrestricted	<u>429,082</u>	<u>810,882</u>
Total net assets	<u>\$ 6,205,853</u>	<u>\$ 5,600,772</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$6,205,853. Of this total, \$1,402,364 is restricted in use.

At year-end, capital assets represented 45.41% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$4,374,407. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

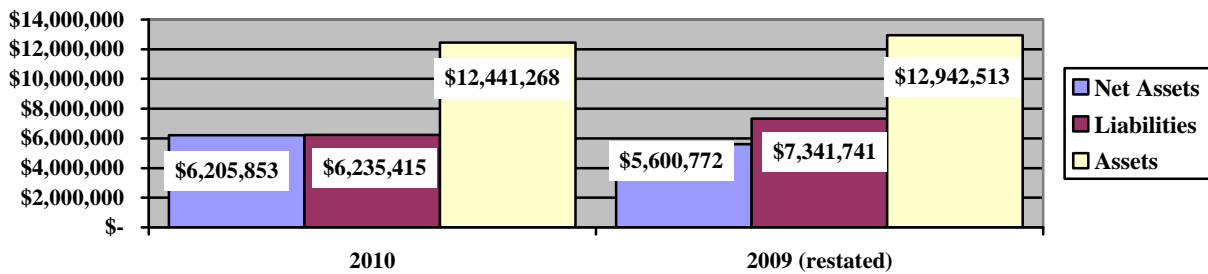
**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

A portion of the District's net assets, \$1,402,364, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$429,082 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2010 and June 30, 2009. The net assets of the District were restated at June 30, 2009 as described in Note 3.B to the basic financial statements.

**Governmental Activities**



The table below shows the changes in net assets for governmental activities for fiscal years 2010 and 2009. The net assets of the District were restated at June 30, 2009 as described in Note 3.B to the basic financial statements.

**Change in Net Assets**

	Governmental Activities 2010	Restated Governmental Activities 2009
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 483,106	\$ 481,471
Operating grants and contributions	1,166,727	631,734
Capital grants and contributions	-	28,282
General revenues:		
Property taxes	3,193,823	3,172,056
School district income taxes	1,584,789	1,673,500
Grants and entitlements	5,436,493	5,246,089
Investment earnings	8,162	51,902
Other	19,753	28,041
<b>Total revenues</b>	<b>11,892,853</b>	<b>11,313,075</b>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

	<b>Change in Net Assets</b>	
	Governmental Activities 2010	Restated Governmental Activities 2009
	<u>2010</u>	<u>2009</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,753,065	\$ 4,725,056
Special	913,846	897,924
Vocational	188,801	196,360
Other	136,865	91,053
Support services:		
Pupil	551,071	430,909
Instructional staff	506,357	519,420
Board of education	18,541	20,094
Administration	1,204,947	1,101,699
Fiscal	322,340	298,152
Business	3,310	2,432
Operations and maintenance	968,988	1,012,209
Pupil transportation	541,277	512,602
Central	46,010	37,223
Operation of non-instructional services:		
Food service operations	524,733	494,305
Other non-instructional services	14,644	19,515
Extracurricular activities	533,109	512,221
Intergovernmental	-	4,126
Interest and fiscal charges	59,868	77,258
Total expenses	<u>11,287,772</u>	<u>10,952,558</u>
Change in net assets	605,081	360,517
Net assets at beginning of year (restated)	<u>5,600,772</u>	<u>5,240,255</u>
Net assets at end of year (restated)	<u>\$ 6,205,853</u>	<u>\$ 5,600,772</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$605,081. Total governmental expenses of \$11,287,772 were offset by program revenues of \$1,649,833 and general revenues of \$10,243,020. Program revenues supported 14.62% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 85.89% of total governmental revenue. The increase in operating grants and contributions is attributable to monies received during fiscal year 2010 related to the American Recovery and Reinvestment Act (ARRA).

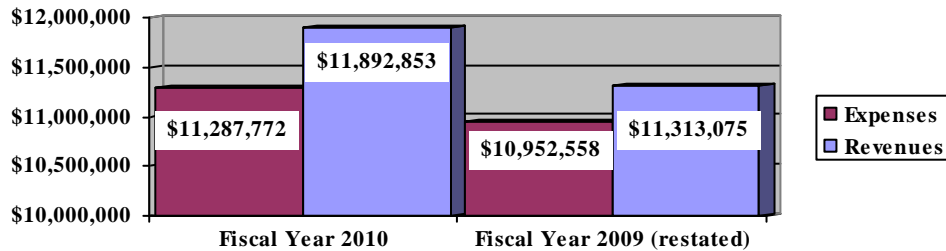
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,992,577 or 53.09% of total governmental expenses for fiscal year 2010.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2010 and 2009. The net assets of the District were restated at June 30, 2009 as described in Note 3.B to the basic financial statements.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2010 and 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The net assets of the District were restated at June 30, 2009 as described in Note 3.B to the basic financial statements.

	Total Cost of Services 2010	Net Cost of Services 2010	Restated Total Cost of Services 2009	Restated Net Cost of Services 2009
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,753,065	\$ 4,398,701	\$ 4,725,056	\$ 4,678,692
Special	913,846	707,028	897,924	749,786
Vocational	188,801	166,923	196,360	196,360
Other	136,865	78,938	91,053	83,240
Support services:				
Pupil	551,071	368,573	430,909	260,549
Instructional staff	506,357	368,995	519,420	472,185
Board of education	18,541	18,541	20,094	20,094
Administration	1,204,947	1,204,947	1,101,699	1,101,699
Fiscal	322,340	322,340	298,152	284,704
Business	3,310	3,310	2,432	2,432
Operations and maintenance	968,988	959,200	1,012,209	998,371
Pupil transportation	541,277	540,561	512,602	497,768
Central	46,010	34,151	37,223	32,223
Operation of non-instructional services:				
Food service operations	524,733	52,718	494,305	16,031
Other non-instructional services	14,644	215	19,515	10,635
Extracurricular activities	533,109	352,930	512,221	327,449
Intergovernmental	-	-	4,126	1,595
Interest and fiscal charges	59,868	59,868	77,258	77,258
<b>Total expenses</b>	<u>\$ 11,287,772</u>	<u>\$ 9,637,939</u>	<u>\$ 10,952,558</u>	<u>\$ 9,811,071</u>

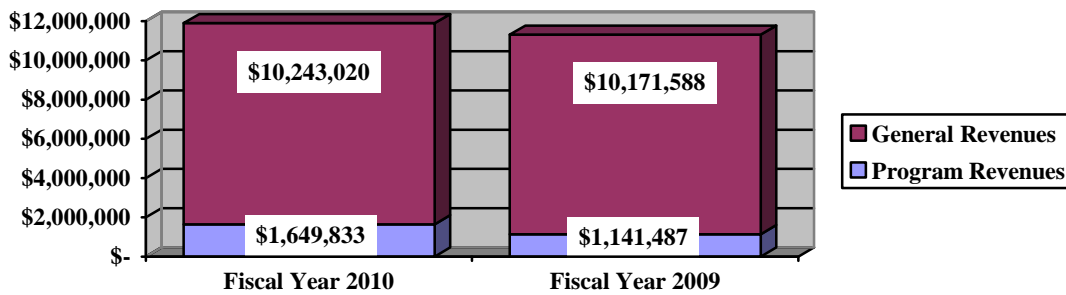
**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, 89.30% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.38%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2010 and 2009.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$2,398,915, which is lower than last year's total of \$2,816,662. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance <u>June 30, 2010</u>	Fund Balance <u>June 30, 2009</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 1,196,150	\$ 1,683,986	\$ (487,836)	(28.97) %
Bond Retirement	1,099,661	1,055,805	43,856	4.15 %
Other Governmental	<u>103,104</u>	<u>76,871</u>	<u>26,233</u>	34.13 %
Total	<u>\$ 2,398,915</u>	<u>\$ 2,816,662</u>	<u>\$ (417,747)</u>	(14.83) %

**General Fund**

The District's general fund balance decreased \$487,836. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 4,296,261	\$ 4,374,484	\$ (78,223)	(1.79) %
Earnings on investments	8,162	51,902	(43,740)	(84.27) %
Intergovernmental	5,346,866	5,246,540	100,326	1.91 %
Other revenues	<u>61,754</u>	<u>66,081</u>	<u>(4,327)</u>	<u>(6.55) %</u>
Total	<u>\$ 9,713,043</u>	<u>\$ 9,739,007</u>	<u>\$ (25,964)</u>	<u>(0.27) %</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 5,241,097	\$ 5,431,526	\$ (190,429)	(3.51) %
Support services	3,926,959	3,717,078	209,881	5.65 %
Extracurricular activities	266,250	253,228	13,022	5.14 %
Facilities acquisition and construction	703,633	846,412	(142,779)	(16.87) %
Debt service	<u>2,940</u>	<u>2,940</u>	<u>-</u>	<u>- %</u>
Total	<u>\$ 10,140,879</u>	<u>\$ 10,251,184</u>	<u>\$ (110,305)</u>	<u>(1.08) %</u>

Overall revenues of the general fund decreased \$25,964 or 0.27%. Tax revenue decreased \$78,223 or 1.79% mainly due to decreased income tax revenue that is a result of diminishing wages earned by the District's constituents. Earnings on investments decreased \$43,740 or 84.27% mainly due to declining interest rates during fiscal year 2010.

Intergovernmental revenue increased \$100,326 or 1.91% from the prior year. This increase is attributed to an increase in tangible personal property tax loss reimbursements from the State pursuant to Am. Sub. House Bill 66.

Overall expenditures of the general fund decreased \$110,305 or 1.08%. The most significant decrease was in facilities acquisition and construction, which decreased due to the completion of a construction project early in fiscal year 2010. All other expenditures remained comparable to fiscal year 2009.

***Bond Retirement Fund***

The District's bond retirement fund had \$387,599 in revenues and \$343,743 in expenditures. During fiscal year 2010, the bond retirement fund's fund balance increased \$43,856 from \$1,055,805 to \$1,099,661.

***General Fund Budgeting Highlights***

The 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, original and final budgeted revenues and other financing sources were \$9,535,990 and \$9,521,156 respectively. Actual revenues and other financing sources for fiscal year 2010 were \$9,721,411. This represents a \$200,255 increase over final budgeted amounts.

General fund original and final appropriations (appropriated expenditures including other financing uses) were \$11,294,257. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$10,217,358, which was \$1,076,899 less than the final budgeted amounts.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

**Capital Assets and Debt Administration**

***Capital Assets***

During fiscal year 2010, the District restated capital assets at June 30, 2009 due to construction in progress that should have been reported (see Note 3.B for details). At the end of fiscal year 2010, the District had \$5,649,729 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2010 balances compared to June 30, 2009 balances:

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

	Governmental Activities	
	2010	Restated 2009
Land	\$ 99,230	\$ 99,230
Land improvements	1,067,425	1,132,642
Building and improvements	3,974,637	2,676,237
Furniture and equipment	107,777	142,128
Vehicles	400,660	305,175
Construction-in-progress	-	846,412
Total	\$ 5,649,729	\$ 5,201,824

The overall increase in capital assets of \$447,905 is due to capital outlays of \$887,104 exceeding depreciation expense of \$439,199 during fiscal year 2010.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2010, the District had \$594,996 in general obligation bonds, \$675,635 in lease purchase agreements and \$4,691 in capital lease obligations outstanding. Of this total, \$415,202 is due within one year and \$860,120 is due in more than one year. The following table summarizes the bonds, lease purchase agreements and capital lease obligations outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2010	2009
General obligation bonds	\$ 594,996	\$ 909,996
Lease purchase agreements	675,635	753,982
Capital lease obligations	4,691	7,324
Total	\$ 1,275,322	\$ 1,671,302

See Note 11 to the basic financial statements for additional information on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

**Current Financial Related Activities**

Overall, the District is financially strong. As the preceding information shows, the District relies heavily upon property taxes, income taxes, and grants and entitlements. On May 5, 2009, the school district income tax was renewed for a period of five years, beginning January 1, 2010. This tax revenue, along with the District's cash balance, should provide the District with the necessary funds to meet its operating expenses for at least the next five fiscal years. However, the future financial stability of the District is not without challenges. The income tax expires on December 31, 2014 and will require voter approval for an additional five years.

Since the District relies on the State for approximately 53% of the general operating revenues, one of the largest challenges facing the District is that of State funding. The five year forecast anticipates no increases in unrestricted grants-in-aid from the State. This is assuming that the State will continue to fund the guarantee or transitional line item and that the State will be able to absorb the loss of the federal stimulus money. However, it is by no means assured given the political climate and the current status of overall State funding.

The next challenge facing the District is the rapid decline in enrollment over the past several years, especially if these declines continue. The District has thus far been able to manage the decline in enrollment by aggressively adjusting the certified and classified staffing levels as necessary. Should enrollment continue to decline, this will become increasingly more difficult as further reductions would entail that the District consider program reductions and negotiate changes to current labor contracts.

On a more positive note, in addition to the recent renewal of the income tax, the District entered into new labor agreements with both the Springfield Local Classroom Teachers Association and the Springfield Local Classified Employees' Association. These agreements are for a period of three years ending on August 31, 2013. Significant changes were agreed on in the areas of staffing and insurance without which the District would not have been able to forecast with such optimism. The District considers its strong and trusting relationship between its Board, administrators, and all employees to be its most valuable asset.

In conclusion, the District's system of budgeting and internal controls is well regarded. All of the District's financial abilities and experience will be needed to meet the financial challenges of the future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Edward N. Sobnosky, Treasurer, Springfield Local School District, Box AK 11335, Youngstown-Pittsburg Road, New Middletown, Ohio 44442.



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

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 2,850,681
Receivables:	
Property taxes . . . . .	3,196,122
Income taxes. . . . .	650,869
Accounts. . . . .	4,346
Due from other governments . . . . .	82,966
Prepayments . . . . .	352
Materials and supplies inventory. . . . .	6,203
Capital assets:	
Land . . . . .	99,230
Depreciable capital assets, net. . . . .	5,550,499
Capital assets, net . . . . .	5,649,729
 Total assets. . . . .	 12,441,268
 <b>Liabilities:</b>	
Accounts payable. . . . .	897
Accrued wages and benefits . . . . .	808,699
Pension obligation payable. . . . .	226,459
Due to other governments . . . . .	40,334
Unearned revenue . . . . .	3,018,117
Accrued interest payable . . . . .	3,974
Long-term liabilities:	
Due within one year. . . . .	578,320
Due in more than one year. . . . .	1,558,615
 Total liabilities . . . . .	 6,235,415
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	4,374,407
Restricted for:	
Capital projects . . . . .	143,559
Debt service. . . . .	1,115,361
Locally funded programs . . . . .	139
Federally funded programs . . . . .	70,123
Public school support . . . . .	29,382
Student activities . . . . .	33,616
Other purposes . . . . .	10,184
Unrestricted. . . . .	429,082
 Total net assets . . . . .	 \$ 6,205,853

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
				<u>Governmental Activities</u>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 4,753,065	\$ 50,498	\$ 303,866	\$ (4,398,701)
Special . . . . .	913,846	2,105	204,713	(707,028)
Vocational . . . . .	188,801	-	21,878	(166,923)
Other . . . . .	136,865	-	57,927	(78,938)
Support services:				
Pupil . . . . .	551,071	-	182,498	(368,573)
Instructional staff . . . . .	506,357	3,764	133,598	(368,995)
Board of education . . . . .	18,541	-	-	(18,541)
Administration . . . . .	1,204,947	-	-	(1,204,947)
Fiscal . . . . .	322,340	-	-	(322,340)
Business . . . . .	3,310	-	-	(3,310)
Operations and maintenance . . . . .	968,988	130	9,658	(959,200)
Pupil transportation . . . . .	541,277	-	716	(540,561)
Central . . . . .	46,010	-	11,859	(34,151)
Operation of non-instructional services:				
Food service operations . . . . .	524,733	267,970	204,045	(52,718)
Other non-instructional services . . . . .	14,644	1,887	12,542	(215)
Extracurricular activities . . . . .	533,109	156,752	23,427	(352,930)
Interest and fiscal charges . . . . .	59,868	-	-	(59,868)
Total governmental activities . . . . .	<u>\$ 11,287,772</u>	<u>\$ 483,106</u>	<u>\$ 1,166,727</u>	<u>(9,637,939)</u>

<b>General Revenues:</b>	
Property taxes levied for:	
General purposes . . . . .	2,744,490
Debt service . . . . .	317,176
Capital projects . . . . .	132,157
School district income tax . . . . .	1,584,789
Grants and entitlements not restricted to specific programs . . . . .	5,436,493
Investment earnings . . . . .	8,162
Miscellaneous . . . . .	19,753
Total general revenues . . . . .	<u>10,243,020</u>
Change in net assets . . . . .	605,081
<b>Net assets at beginning of year (restated) . . . . .</b>	<u>5,600,772</u>
<b>Net assets at end of year . . . . .</b>	<u>\$ 6,205,853</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 1,530,294	\$ 1,099,661	\$ 220,726	\$ 2,850,681
<b>Receivables:</b>				
Property taxes . . . . .	2,883,575	173,857	138,690	3,196,122
Income taxes . . . . .	650,869	-	-	650,869
Accounts . . . . .	4,225	-	121	4,346
Due from other governments. . . . .	-	-	82,966	82,966
Interfund loans. . . . .	14,852	-	-	14,852
Prepayments. . . . .	352	-	-	352
Materials and supplies inventory. . . . .	-	-	6,203	6,203
Total assets . . . . .	<u>\$ 5,084,167</u>	<u>\$ 1,273,518</u>	<u>\$ 448,706</u>	<u>\$ 6,806,391</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ -	\$ 897	\$ 897
Accrued wages and benefits. . . . .	717,872	-	90,827	808,699
Compensated absences payable . . . . .	51,999	-	-	51,999
Pension obligation payable . . . . .	198,795	-	27,664	226,459
Interfund loans payable. . . . .	-	-	14,852	14,852
Due to other governments. . . . .	35,776	-	4,558	40,334
Deferred revenue . . . . .	154,041	16,916	75,162	246,119
Unearned revenue. . . . .	2,729,534	156,941	131,642	3,018,117
Total liabilities. . . . .	<u>3,888,017</u>	<u>173,857</u>	<u>345,602</u>	<u>4,407,476</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	36,628	-	7,228	43,856
Reserved for materials and supplies inventory . . . . .	-	-	6,203	6,203
Reserved for prepayments. . . . .	352	-	-	352
Reserved for debt service . . . . .	-	1,099,661	-	1,099,661
Unreserved, undesignated (deficit), reported in:				
General fund. . . . .	1,159,170	-	-	1,159,170
Special revenue funds . . . . .	-	-	(49,595)	(49,595)
Capital projects funds . . . . .	-	-	139,268	139,268
Total fund balances . . . . .	<u>1,196,150</u>	<u>1,099,661</u>	<u>103,104</u>	<u>2,398,915</u>
Total liabilities and fund balances . . . . .	<u>\$ 5,084,167</u>	<u>\$ 1,273,518</u>	<u>\$ 448,706</u>	<u>\$ 6,806,391</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010

<b>Total governmental fund balances</b>		\$ 2,398,915
<i>Amounts reported for governmental activities on 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.		5,649,729
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 178,005	
Intergovernmental receivable	<u>68,114</u>	
Total		246,119
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(3,974)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	809,614	
Lease purchase agreement obligation payable	675,635	
Capital lease obligation payable	4,691	
General obligation bonds payable	<u>594,996</u>	
Total		<u>(2,084,936)</u>
<b>Net assets of governmental activities</b>		<u><u>\$ 6,205,853</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,711,472	\$ 313,524	\$ 130,635	\$ 3,155,631
Income taxes . . . . .	1,584,789	-	-	1,584,789
Tuition . . . . .	12,823	-	-	12,823
Earnings on investments . . . . .	8,162	-	-	8,162
Charges for services . . . . .	-	-	267,849	267,849
Extracurricular . . . . .	-	-	164,320	164,320
Classroom materials and fees . . . . .	24,128	-	5,485	29,613
Contributions and donations . . . . .	-	-	40,299	40,299
Rental income . . . . .	50	-	-	50
Contract services . . . . .	5,000	-	-	5,000
Other local revenues . . . . .	19,753	-	3,451	23,204
Intergovernmental - state . . . . .	5,346,866	74,075	54,049	5,474,990
Intergovernmental - federal . . . . .	-	-	1,037,041	1,037,041
Total revenues . . . . .	<u>9,713,043</u>	<u>387,599</u>	<u>1,703,129</u>	<u>11,803,771</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,238,476	-	370,940	4,609,416
Special . . . . .	734,125	-	191,849	925,974
Vocational . . . . .	187,891	-	-	187,891
Other . . . . .	80,605	-	56,012	136,617
Support services:				
Pupil . . . . .	407,188	-	142,677	549,865
Instructional staff . . . . .	399,612	-	120,903	520,515
Board of education . . . . .	18,541	-	-	18,541
Administration . . . . .	1,207,691	-	-	1,207,691
Fiscal . . . . .	305,335	6,153	2,564	314,052
Business . . . . .	3,310	-	-	3,310
Operations and maintenance . . . . .	925,491	-	9,225	934,716
Pupil transportation . . . . .	631,808	-	-	631,808
Central . . . . .	27,983	-	11,879	39,862
Operation of non-instructional services:				
Food service operations . . . . .	-	-	529,975	529,975
Other non-instructional services . . . . .	-	-	14,644	14,644
Extracurricular activities . . . . .	266,250	-	170,060	436,310
Facilities acquisition and construction . . . . .	703,633	-	-	703,633
Debt service:				
Principal retirement . . . . .	2,633	315,000	78,347	395,980
Interest and fiscal charges . . . . .	307	22,590	37,821	60,718
Total expenditures . . . . .	<u>10,140,879</u>	<u>343,743</u>	<u>1,736,896</u>	<u>12,221,518</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(427,836)</u>	<u>43,856</u>	<u>(33,767)</u>	<u>(417,747)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	60,000	60,000
Transfers (out) . . . . .	(60,000)	-	-	(60,000)
Total other financing sources (uses) . . . . .	<u>(60,000)</u>	<u>-</u>	<u>60,000</u>	<u>-</u>
Net change in fund balances . . . . .	(487,836)	43,856	26,233	(417,747)
<b>Fund balances at beginning of year . . . . .</b>	<u>1,683,986</u>	<u>1,055,805</u>	<u>76,871</u>	<u>2,816,662</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,196,150</u>	<u>\$ 1,099,661</u>	<u>\$ 103,104</u>	<u>\$ 2,398,915</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Net change in fund balances - total governmental funds** \$ (417,747)

*Amounts reported for governmental activities in the  
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. Capital outlay exceeds depreciation expense in the current period accordingly.

Capital asset additions	\$	887,104	
Current year depreciation		(439,199)	
Total			447,905

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		38,192	
Intergovernmental revenue		50,890	
Total			89,082

Repayment of bond, capital lease and lease purchase agreement principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.

395,980

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.

850

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

89,011

**Change in net assets of governmental activities** \$ 605,081

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,684,499	\$ 2,680,324	\$ 2,711,472	\$ 31,148
Income taxes. . . . .	1,520,121	1,517,756	1,569,136	51,380
Tuition. . . . .	4,287	4,280	12,823	8,543
Earnings on investments . . . . .	7,512	7,500	8,162	662
Classroom materials and fees . . . . .	28,945	28,900	24,128	(4,772)
Rental income . . . . .	351	350	50	(300)
Contract services. . . . .	5,008	5,000	5,000	-
Other local revenues . . . . .	4,006	4,000	478	(3,522)
Intergovernmental - state . . . . .	5,279,258	5,271,046	5,346,867	75,821
<b>Total revenues.</b> . . . .	<u>9,533,987</u>	<u>9,519,156</u>	<u>9,678,116</u>	<u>158,960</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,534,841	4,534,841	4,196,538	338,303
Special. . . . .	756,857	756,857	731,853	25,004
Vocational. . . . .	199,567	199,567	186,748	12,819
Other. . . . .	84,557	84,557	79,717	4,840
Support services:				
Pupil. . . . .	267,618	267,618	427,632	(160,014)
Instructional staff . . . . .	462,455	462,455	409,311	53,144
Board of education . . . . .	20,497	20,497	18,541	1,956
Administration. . . . .	1,125,130	1,125,130	1,213,863	(88,733)
Fiscal . . . . .	291,875	291,875	303,490	(11,615)
Business . . . . .	2,480	2,480	3,310	(830)
Operations and maintenance. . . . .	1,006,332	1,006,332	948,455	57,877
Pupil transportation . . . . .	617,952	617,952	625,876	(7,924)
Central. . . . .	26,651	26,651	27,983	(1,332)
Extracurricular activities. . . . .	263,646	263,646	265,556	(1,910)
Facilities acquisition and construction . . . .	1,597,153	1,597,153	703,633	893,520
<b>Total expenditures</b> . . . . .	<u>11,257,611</u>	<u>11,257,611</u>	<u>10,142,506</u>	<u>1,115,105</u>
Excess of expenditures over revenues . . . . .	<u>(1,723,624)</u>	<u>(1,738,455)</u>	<u>(464,390)</u>	<u>1,274,065</u>
<b>Other financing sources (uses):</b>				
Transfers (out). . . . .	(15,300)	(15,300)	(60,000)	(44,700)
Advances in. . . . .	-	-	20,927	20,927
Advances (out) . . . . .	(21,346)	(21,346)	(14,852)	6,494
Sale of capital assets . . . . .	-	-	3,820	3,820
Refund of prior year expenditures . . . . .	2,003	2,000	18,548	16,548
<b>Total other financing sources (uses)</b> . . . . .	<u>(34,643)</u>	<u>(34,646)</u>	<u>(31,557)</u>	<u>3,089</u>
Net change in fund balance . . . . .	(1,758,267)	(1,773,101)	(495,947)	1,277,154
<b>Fund balance at beginning of year</b> . . . . .	1,225,715	1,225,715	1,225,715	-
<b>Prior year encumbrances appropriated</b> . . . .	763,898	763,898	763,898	-
<b>Fund balance at end of year</b> . . . . .	<u>\$ 231,346</u>	<u>\$ 216,512</u>	<u>\$ 1,493,666</u>	<u>\$ 1,277,154</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2010

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 8,653,950
Total assets. . . . .	\$ 8,653,950
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 23
Due to other governments. . . . .	8,609,192
Due to students. . . . .	44,735
Total liabilities . . . . .	\$ 8,653,950

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

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

The District is the 439<sup>th</sup> largest in the State of Ohio (among 905 public school districts and community schools) in terms of enrollment. It currently operates 1 elementary school, 1 middle school and 1 comprehensive high school. The District is staffed by 86 certified and 40 classified personnel to provide services to approximately 1,166 students and other community members.

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

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System (ACCESS) is a jointly governed organization among 22 school districts and 2 county educational service centers. ACCESS was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge dependent upon the software package utilized. ACCESS is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in ACCESS. Financial information can be obtained from the Treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Youngstown, Ohio 44512.

Mahoning County Career & Technical Center

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

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**B. Fund Accounting**

The District uses funds 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

*GOVERNMENTAL FUNDS*

Governmental funds are those funds 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 District's major governmental funds:

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

*Bond retirement fund* - A fund provided for the retirement of serial bonds and short term loans. All revenue derived from general or special levies, either within or exceeding the ten-mil limitation which is levied for debt charges on bonds or loans shall be paid into this fund.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

*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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has three agency funds to account for fiscal agent monies held on-behalf of the Mahoning County Insurance Consortium, other governments, and student activities.

**C. Basis of Presentation and Measurement Focus**

*Government-wide Financial Statements* - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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 (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.

Agency funds do not report a measurement focus as they do not report operations.

**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. Fiduciary funds also use the accrual basis of accounting.

*Revenues - Exchange and Nonexchange 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange 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, income taxes, interest, tuition, grants, student fees and rentals.

*Unearned Revenue and Deferred Revenue* - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue in the governmental funds.

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

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2010 is as follows:

1. The Mahoning County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15<sup>th</sup> and the filing by January 20<sup>th</sup>.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended official certificates of estimated resources issued for fiscal year 2010.
3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
4. Any revisions that alter the total fund appropriations must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
6. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to July 1, 2010. However, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
7. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2010.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$8,162, which includes \$3,416 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

Governmental capital assets are those assets specifically related to governmental activities. 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 District maintains its capitalization threshold at \$5,000. 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. The District does not possess infrastructure.

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 improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2010, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least ten years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2010 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**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, compensated absences and contractually required pension contributions 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 year. Bonds, lease-purchase agreements and capital lease obligations are recognized as a liability on the fund financial statements when due.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**L. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments and debt service.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The amount restricted for other purposes includes amounts restricted for uniform school supplies, rotary services and education foundation.

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**O. Estimates**

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

**P. Interfund Activity**

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**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 year 2010.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

**B. Restatement of Net Assets**

The District's net assets have been restated to reflect construction in progress that should have been reported at June 30, 2009. The change in the District's capital assets had the following effect on net assets as previously reported by the governmental activities:

	<u>Governmental Activities</u>
Net assets, June 30, 2009	\$ 4,754,360
Adjustment for construction in progress	<u>846,412</u>
Restated net assets, June 30, 2009	<u>\$ 5,600,772</u>

See Note 8 for the effect of the change on capital assets balances as previously reported by the District at June 30, 2009.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**C. Deficit Fund Balances**

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food service	\$ 31,264
Management information systems	45
Education stabilization	57,551
Title I disadvantaged children	23,317

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances in the food service, management information systems and education stabilization funds (all nonmajor governmental funds) resulted from adjustments for accrued liabilities.

The deficit fund balance in the title I disadvantaged children fund (a nonmajor governmental fund) resulted from both the reporting of short-term interfund loans as a fund liability rather than as an other financing source and adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the 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 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 five 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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal 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;

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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 items 1 or 2 above 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 Treasury Asset Reserve of Ohio (STAR Ohio) investment pool;
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.

Protection of the 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits with Financial Institutions**

At June 30, 2010, the carrying amount of all District deposits was \$1,541,424. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$500,005 of the District's bank balance of \$1,764,766 was covered by the FDIC, while \$1,264,761 was exposed to custodial risk as discussed below.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**B. Investments**

As of June 30, 2010, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	\$ 9,963,207	\$ 9,963,207

The weighted average maturity of investments is one day.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 9,963,207	100.00

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,541,424
Investments	<u>9,963,207</u>
Total	<u>\$ 11,504,631</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 2,850,681
Agency funds	<u>8,653,950</u>
Total	<u>\$ 11,504,631</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2010 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	<u>\$ 14,852</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund transfers for the year ended June 30, 2010, consisted of the following, as reported on the fund financial statements:

<u>Transfer to nonmajor governmental fund from:</u>	
General fund	<u>\$ 60,000</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

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**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 142,675,450	95.48	\$ 145,087,210	95.53
Public utility personal	6,478,300	4.34	6,659,520	4.38
Tangible personal property	<u>276,313</u>	<u>0.18</u>	<u>133,760</u>	<u>0.09</u>
Total	<u>\$ 149,430,063</u>	<u>100.00</u>	<u>\$ 151,880,490</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General operations	\$34.60		\$32.50	
Bonded debt	2.40		2.40	
Permanent improvement	1.00		1.00	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2010 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. 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 receivables reported on the statement of net assets follows:

<b><u>Governmental activities:</u></b>	<u>Amount</u>
Property taxes	\$ 3,196,122
Income taxes	650,869
Accounts	4,346
Due from other governments	<u>82,966</u>
Total	<u>\$ 3,934,303</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.



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**NOTE 8 - CAPITAL ASSETS**

Capital assets of the governmental activities have been restated to reflect construction in progress not previously reported at June 30, 2009. The effect of the change in governmental activities capital assets and fiscal year 2010 capital asset activity is as follows:

	Restated Balance			Balance
<b><u>Governmental activities:</u></b>	<u>06/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/10</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 99,230	\$ -	\$ -	\$ 99,230
Construction-in-progress	846,412	697,215	(1,543,627)	-
<i>Total capital assets, not being depreciated</i>	<u>945,642</u>	<u>697,215</u>	<u>(1,543,627)</u>	<u>99,230</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,190,122	25,227	-	2,215,349
Buildings and improvements	7,444,641	1,518,400	-	8,963,041
Equipment and furniture	625,794	24,889	-	650,683
Vehicles	836,074	165,000	(52,181)	948,893
<i>Total capital assets, being depreciated</i>	<u>11,096,631</u>	<u>1,733,516</u>	<u>(52,181)</u>	<u>12,777,966</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,057,480)	(90,444)	-	(1,147,924)
Buildings and improvements	(4,768,404)	(220,000)	-	(4,988,404)
Equipment and furniture	(483,666)	(59,240)	-	(542,906)
Vehicles	(530,899)	(69,515)	52,181	(548,233)
<i>Total accumulated depreciation</i>	<u>(6,840,449)</u>	<u>(439,199)</u>	<u>52,181</u>	<u>(7,227,467)</u>
Total capital assets, net	<u>\$ 5,201,824</u>	<u>\$ 1,991,532</u>	<u>\$(1,543,627)</u>	<u>\$ 5,649,729</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 224,732
<u>Support services:</u>	
Fiscal	1,099
Operations and maintenance	38,036
Pupil transportation	69,515
Central	6,148
Extracurricular activities	96,799
Food service operations	<u>2,870</u>
Total depreciation expense	<u>\$ 439,199</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

On March 29, 2007, the District entered into lease agreements with Pitney Bowes. These lease agreements met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Governmental capital assets acquired by capital lease have been capitalized as equipment in the amount of \$13,037, which is equal to the present value of the future minimum payments at the date of the lease inception. A corresponding liability has been recorded and is presented as a component of long-term liabilities on the statement of net assets. During fiscal year 2010, principal payments equaled \$2,633 and interest payments equaled \$307, for total debt service of \$2,940. These amounts are reflected as principal retirement and interest and fiscal charges expenditures in the fund financial statements.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2010.

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2011	\$ 2,940
2012	<u>1,960</u>
Total future minimum lease payments	4,900
Less: Amount representing interest	<u>(209)</u>
Present value of future minimum lease payments	<u>\$ 4,691</u>

**NOTE 10 - LEASE-PURCHASE AGREEMENT**

On June 27, 2002, the District entered into a \$1,200,000 lease-purchase agreement with the Springfield School Building Corporation (SSBC) for the financing of a new athletic facilities complex including an eight-lane all-weather track, a home grandstand with seating for approximately 2,000 including a press box, a visitor grandstand with seating for approximately 1,000, a band shell structure and grandstand, home and visitor concession buildings with restroom facilities, ticket booths, fencing, and lighting, (hereafter the "Project"). The source of revenue to fund the principal and interest payments is derived from the property tax levy in the permanent improvement fund (a nonmajor governmental fund). During fiscal year 2010, the District made principal and interest payments totaling \$116,168 on the lease-purchase agreement.

A liability in the amount of the present value of minimum lease payments has been recorded on the statement of net assets. Governmental capital assets consisting of land improvements and buildings and improvements have been capitalized in the amount of \$1,200,000. This amount represents the costs of the Project funded by the lease-purchase agreement that were incurred prior to June 30, 2010.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 10 - LEASE-PURCHASE AGREEMENT - (Continued)**

The following is a schedule of the future long-term minimum payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2010.

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2011	\$ 116,168
2012	116,168
2013	116,168
2014	116,168
2015	116,168
2016 - 2017	<u>232,336</u>
Total future minimum lease payments	813,176
Less: Amount representing interest	<u>(137,541)</u>
Present value of future minimum lease payments	<u>\$ 675,635</u>

In conjunction with the lease-purchase agreement, the District entered into a ground-lease agreement whereby the District subleases the real property upon which the Project is being constructed to the SSBC. The District is the lessor and SSBC is the lessee under the ground-lease agreement. The ground-lease commenced on June 27, 2002 and terminates on June 1, 2017, or earlier upon the termination of the lease-purchase agreement or the District's exercise to take advantage of the purchase option.

The SSBC entered into an assignment of rents and leases agreement with the Farmers National Bank, whereby the SSBC, in consideration for the \$1,200,000 in lease-purchase proceeds provided by the Farmers National Bank, assigns to Farmers National Bank all rents, payments and income derived from the lease-purchase agreement during the term of the ground-lease.

**NOTE 11 - LONG-TERM OBLIGATIONS**

- A. On June 24, 1999, the District issued \$3,364,996 general obligation various purpose refunding bonds. The bonds bear interest at rates ranging from 3.25% to 5.20% per annum and mature in various installments through December 1, 2012. The proceeds of the bonds were used to advance refund the District's 1990 general obligation school improvement bonds by purchasing U.S. Government State and Local Government Series securities (SLGS) that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds are not included in the District's outstanding debt since the District has satisfied its obligations through the advance refunding. The principal balance of the general obligation various purpose refunding bonds at June 30, 2010 was \$594,996.

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a description of the District's general obligation bond activity for fiscal year 2010:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance Outstanding 6/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding 6/30/10</u>	<u>Amount Due in One Year</u>
General obligation bonds	06/24/99	12/01/12	\$ 909,996	\$ -	\$ (315,000)	\$ 594,996	\$ 330,000
Total			<u>\$ 909,996</u>	<u>\$ -</u>	<u>\$ (315,000)</u>	<u>\$ 594,996</u>	<u>\$ 330,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 330,000	\$ 7,673	\$ 337,673
2012	136,459	203,541	340,000
2013	128,537	211,463	340,000
Total	<u>\$ 594,996</u>	<u>\$ 422,677</u>	<u>\$ 1,017,673</u>

- C.** During the fiscal year ended June 30, 2010, the following changes occurred in the long-term liabilities reported on the statement of net assets. Compensated absences will be paid out of the fund from which the employee is paid, which for the District is primarily the general fund.

<u>Governmental activities:</u>	<u>Balance 06/30/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/10</u>	<u>Amounts Due In One Year</u>
General obligation bonds	\$ 909,996	\$ -	\$ (315,000)	\$ 594,996	\$ 330,000
Lease purchase agreement	753,982	-	(78,347)	675,635	82,435
Capital lease obligation	7,324	-	(2,633)	4,691	2,767
Compensated absences	898,625	60,792	(97,804)	861,613	163,118
Total governmental activities	<u>\$ 2,569,927</u>	<u>\$ 60,792</u>	<u>\$ (493,784)</u>	<u>\$ 2,136,935</u>	<u>\$ 578,320</u>

**D. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$14,161,871 (including available funds of \$1,099,661) and an unvoted debt margin of \$151,747.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

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

The comprehensive commercial coverage limits are \$24,060,141 and a deductible of \$1,000 per occurrence. The inland marine coverage no longer has separate liability limits for musical instruments, audio-visual equipment, or miscellaneous equipment. These items are now included in Property Damage coverage subject to the per occurrence and deductible limits.

The business auto coverage now has a combined liability single limit of \$3,000,000 per accident. There are no longer individual limits for bodily injury or property damage.

The District still has liability insurance coverage limits of \$3,000,000 per claim and \$5,000,000 annual aggregate. However, the employee benefits liability is now included in the basic policy with the policy limits. In addition, the liability policy has a fire damage limit of \$500,000 for any one fire, and a medical expense limit of \$10,000 for any one person.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There was no reduction in coverage from the prior fiscal year.

**B. Mahoning County Employee Insurance Consortium**

The District has joined together with other school districts in Mahoning County to form the Mahoning County Employee Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 12 member school districts. The plan was organized to provide health care and other benefits to its member organizations.

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

The health and dental coverage is administered by Medical Mutual of Ohio, a third party administrator. Humana Specialty Benefits provides the life insurance coverage.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 12 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (see Note 2.A.). The GRP's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent 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 by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$145,439, \$99,716 and \$97,665, respectively; 44.74 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - PENSION PLANS - (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. 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 43215-3771, by calling (888) 227-7877, 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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent 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 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$630,658, \$604,434 and \$609,831, respectively; 84.12 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$18,967 made by the District and \$13,548 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$27,478, \$67,413 and \$65,278, respectively; 44.74 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$8,649, \$8,227 and \$7,037, respectively; 44.74 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$48,512, \$46,495 and \$46,910, respectively; 84.12 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (495,947)
Net adjustment for revenue accruals	34,927
Net adjustment for expenditure accruals	(35,001)
Net adjustment for other financing sources/uses	(28,443)
Adjustment for encumbrances	36,628
GAAP basis	\$ (487,836)

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**NOTE 17 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2010 the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>	<u>BWC Refunds</u>
Set-aside balance as of June 30, 2009	\$ (1,439,539)	\$ -	\$ 57,162
Current year set-aside requirement	190,833	190,833	-
Current year offsets	-	(130,635)	-
Current year qualifying expenditures	(352,699)	(1,150,625)	(57,162)
Total	\$ (1,601,405)	\$ (1,090,427)	\$ -
Balance carried forward to fiscal year 2011	\$ (1,601,405)	\$ -	\$ -

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 17 - STATUTORY RESERVES - (Continued)**

The District had qualifying expenditures during the year that reduced the instructional materials set-aside amount below zero; this extra amount is being carried forward to reduce the set-aside requirements of future years.

Although the District had qualifying expenditures and offsets during the year that reduced the capital maintenance set-aside amount below zero, this extra amount may not be used to reduce the set-aside requirements of future years. This negative amount is therefore not presented as being carried forward to the next fiscal year.

**NOTE 18 - SCHOOL DISTRICT INCOME TAX**

The voters of the District passed a 1% school district income tax on the November 2, 2004 election that became effective on January 1, 2005. This income tax was effective for five years. On May 5, 2009, the school district income tax was renewed for a period of five years, beginning January 1, 2010. Income tax revenue credited to the general fund during fiscal year 2010 was \$1,584,789, including income taxes receivable of \$650,869.

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SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

FEDERAL AWARDS EXPENDITURE SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education:</i>					
Nutrition Cluster:					
School Breakfast Program	10.553	\$ 51,420	\$ 4,797	\$ 51,420	\$ 4,797
National School Lunch Program	10.555	126,926	21,855	126,926	21,855
Total Nutrition Cluster		<u>178,346</u>	<u>26,652</u>	<u>178,346</u>	<u>26,652</u>
Total U. S. Department of Agriculture		<u><b>178,346</b></u>	<u><b>26,652</b></u>	<u><b>178,346</b></u>	<u><b>26,652</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education:</i>					
Title I, Grants to Local Educational Agencies	84.010	182,523		164,503	
Title I, Grants to Local Educational Agencies - ARRA	84.389	34,168		49,020	
Total Title I, Grants to Local Educational Agencies		<u>216,691</u>		<u>213,523</u>	
Special Education Grants to States	84.027	200,439		200,439	
Special Education Grants to States - ARRA	84.391	47,999		46,368	
Total Special Education Grants to States		<u>248,438</u>		<u>246,807</u>	
Safe and Drug Free Schools and Communities - State Grants	84.186	22,904		21,790	
Education Technology State Grants	84.318	1,460		1,460	
Improving Teacher Quality State Grants	84.367	23,963		20,797	
State Fiscal Stabilization Fund - ARRA	84.394	308,732		308,732	
Total U. S. Department of Education		<u><b>822,188</b></u>	<u><b>0</b></u>	<u><b>813,109</b></u>	<u><b>0</b></u>
<b>Totals</b>		<u><b>\$1,000,534</b></u>	<u><b>\$26,652</b></u>	<u><b>\$991,455</b></u>	<u><b>\$26,652</b></u>

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Springfield Local School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Springfield Local School District  
Mahoning County  
11335 Youngstown-Pittsburgh Road  
P. O. Box 549  
New Middletown, Ohio 44442

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 28, 2011. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### 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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 28, 2011.

We intend this report solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

February 28, 2011





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Springfield Local School District  
Mahoning County  
11335 Youngstown-Pittsburgh Road  
P. O. Box 549  
New Middletown, Ohio 44442

To the Board of Education:

### Compliance

We have audited the compliance of the Springfield Local School District, Mahoning County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Springfield Local School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

As described in finding 2010-01 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding allowable costs/cost principals applicable to its Title I major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Springfield Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

The District's management 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-01 to be a material weakness.

The District's response to the finding we identified is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the management, Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

February 28, 2011

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Title I (84.010/.389) State Fiscal Stabilization Fund (84.394)
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None

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

**Title I Time and Effort Logs and Semi-annual Certification – Allowable Costs/Cost Principals**

<b>Finding Number</b>	2010-01
<b>CFDA Title and Number</b>	Title I – 84.010 and 84.389
<b>Federal Award Number / Year</b>	CCC1S1 / 2010
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**QUESTIONED COST, NONCOMPLIANCE AND MATERIAL WEAKNESS**

A State Educational Agency (SEA) or Local Educational Agency (LEA) that consolidates Federal administrative funds under Sections 9201 or 9203 of ESEA (20 USC 7821 or 7823) is not required to keep separate records by individual program. The SEA or LEA may treat the consolidated administrative cost objective as a “dedicated function.”

Time-and-effort requirements with respect to consolidated administrative funds vary under different circumstances:

1. According to OMB Circular A-87 (codified in 2 CFR 225), Attachment B, Paragraph 8.h.(3), an employee who works solely on a single cost objective (i.e., the consolidated administrative cost objective) must furnish a semi-annual certification that he/she has been engaged solely in activities. The certifications must be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee.
2. According to OMB Circular A-87 (codified in 2 CFR 225), Attachment B, paragraphs 8.h.(4), (5), and (6), an employee who works in part on a single cost objective (i.e., the consolidated administrative cost objective) and in part on a Federal program whose administrative funds have not been consolidated or on activities funded from other revenue sources must maintain time and effort distribution records documenting the portion of time and effort dedicated to:
  - a. The single cost objective, and
  - b. Each program or other cost objective supported by non-consolidated Federal funds or other revenue sources.

The District employs two full-time Title I instructors as well as four part-time tutors who work solely on a single Federal award. Such employees may use semi-annual certifications in lieu of time and effort documentation. The certifications must be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

The four part-time tutors completed time and effort logs for the periods September through December and January through June. However, these logs were not signed by either the employee or supervisor. The two full-time Title I instructors did not complete the semi-annual certification.

Total salaries charged to the Title I Fund for fiscal year 2010 was \$194,702. ARRA monies made up \$49,020 of this amount. We therefore are questioning \$194,702 of the Title I expenditures.

We recommend that applicable District employees complete the semi-annual certifications and time and effort logs in accordance with OMB Circular A-87 (codified in 2 CFR 225), and that upon completion of these documents that the employee and supervisor sign the form documenting the hours worked for the federal program.

**Official's Response:** See Corrective Action Pan

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
June 30, 2010**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2010-01	Semi-Annual certifications will be signed by the employee or supervisory official in a timely manner.	08/01/2010	Thomas Yazvac Building Principal/Assistant Superintendent 330-542-3722



# Dave Yost • Auditor of State

**SPRINGFIELD LOCAL SCHOOL DISTRICT**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 31, 2011**