

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**AUDITED FINANCIAL STATEMENTS**  
**AND OTHER SUPPLEMENTARY INFORMATION**  
**AND AUDITORS' REPORTS**

**JUNE 30, 2012**





# Dave Yost • Auditor of State

Board of Education  
Springfield Local School District  
6900 Hall Street  
Holland, Ohio 43528

We have reviewed the *Independent Auditors' Report* of the Springfield Local School District, Lucas County, prepared by Gilmore Jasion & Mahler, LTD, for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

March 6, 2013

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GILMORE, JASION & MAHLER, LTD

**INDEPENDENT AUDITORS' REPORT**

Board of Education  
Springfield Local School District  
Holland, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Local School District (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 District, as of June 30, 2012, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting 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 assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Springfield Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Gilmore, Jason & Mahler, LTD*

December 21, 2012



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(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, 2012. 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 2012 are as follows:

- In total, net assets of governmental activities increased \$2,783,105 which represents a 33.54% increase from fiscal year 2011.
- General revenues accounted for \$36,844,731 in revenue or 84.01% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$7,011,597 or 15.99% of total revenues of \$44,045,869.
- The District had \$41,073,223 in expenses related to governmental activities; only \$7,011,597 of these expenses was offset by program specific charges for services and sales, grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$36,844,731 were adequate to provide for these programs.
- The District has two major funds which include the general fund and the debt service fund. The general fund had \$35,688,071 in revenues and \$33,501,753 in expenditures. During fiscal 2012, the general fund's fund balance increased \$2,186,318 from a deficit of \$1,007,759 to a balance of \$1,178,559.
- The debt service fund had \$2,542,267 in revenues and \$2,134,186 in expenditures. The debt service fund's fund balance increased \$408,081 from \$1,241,924 to \$1,650,005.

**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 the debt service fund are by far the most significant funds, and the only governmental funds reported as major funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(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 2012?" 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 fund 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 the debt service 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 is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. 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  
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(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 22-55 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, 2012 and June 30, 2011. Amounts at June 30, 2011 have been restated as described in Note 3.C.

	Net Assets	
	Governmental Activities	Restated Governmental Activities
	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 34,462,085	\$ 35,509,262
Capital assets, net	<u>21,354,414</u>	<u>22,274,299</u>
Total assets	<u>55,816,499</u>	<u>57,783,561</u>
<b><u>Liabilities</u></b>		
Current liabilities	29,710,340	33,095,172
Long-term liabilities	<u>15,024,460</u>	<u>16,389,795</u>
Total liabilities	<u>44,734,800</u>	<u>49,484,967</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	8,751,023	17,297,069
Restricted	2,654,186	1,798,082
Unrestricted (deficit)	<u>(323,510)</u>	<u>(10,796,557)</u>
Total net assets	<u>\$ 11,081,699</u>	<u>\$ 8,298,594</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$11,081,699. Of this total, \$2,654,186 is restricted in use.

At year end, capital assets represented 38.26% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2012, were \$8,751,023. 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.

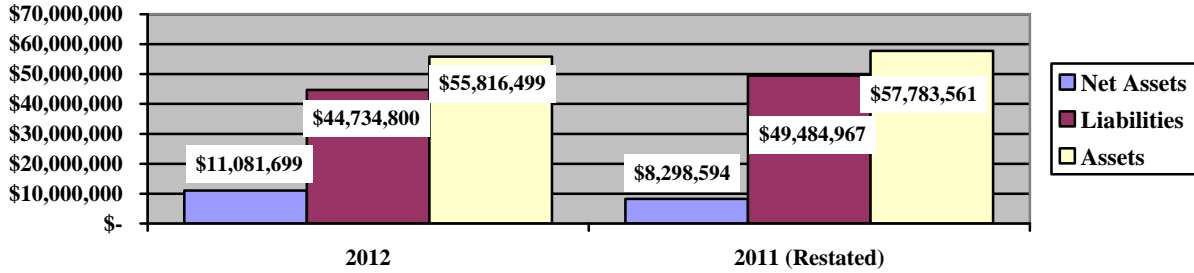
A portion of the District's net assets, \$2,654,186, represents resources that are subject to external restriction on how they may be used. The remaining balance is a deficit of unrestricted net assets.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

The graph below shows the District's assets, liabilities and net assets at June 30, 2012 and 2011.

**Governmental Activities**



The table below shows the change in net assets for fiscal years 2012 and 2011. Amounts at June 30, 2011 have been restated as described in Note 3.C.

	<b>Change in Net Assets</b>	
	Governmental Activities	Governmental Activities
	<u>2012</u>	<u>2011</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 2,236,434	\$ 2,298,047
Operating grants and contributions	4,775,163	5,414,515
General revenues:		
Property taxes	26,564,128	26,024,005
Payments in-lieu of taxes	111,829	124,155
Grants and entitlements	10,126,427	11,244,628
Investment earnings	11,056	27,414
Miscellaneous	<u>31,291</u>	<u>322,115</u>
 Total revenues	 \$ 43,856,328	 \$ 45,454,879

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 18,125,531	\$ 18,720,079
Special	4,811,727	4,157,739
Vocational	304,745	274,485
Other	2,938,612	2,910,565
Support services:		
Pupil	1,350,814	1,780,572
Instructional staff	409,281	468,060
Board of education	47,218	26,982
Administration	2,877,955	2,980,440
Fiscal	746,002	678,237
Operations and maintenance	3,188,783	3,186,127
Pupil transportation	2,006,063	1,939,074
Central	115,229	84,112
Operation of non-instructional services:		
Other non-instructional services	917,041	2,464,485
Food service operations	1,459,995	-
Extracurricular activities	1,214,948	1,084,089
Interest and fiscal charges	<u>559,279</u>	<u>570,913</u>
Total expenses	<u>41,073,223</u>	<u>41,325,959</u>
Change in net assets	2,783,105	4,128,920
Net assets at beginning of year (restated)	<u>8,298,594</u>	<u>4,169,674</u>
Net assets at end of year	<u><u>\$ 11,081,699</u></u>	<u><u>\$ 8,298,594</u></u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$2,783,105. Total governmental expenses of \$41,073,223 were offset by program revenues of \$7,011,597 and general revenues of \$36,844,731. Program revenues supported 17.07% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, payment in lieu of taxes and unrestricted grants and entitlements. These revenue sources represent 83.92% of total governmental revenue.

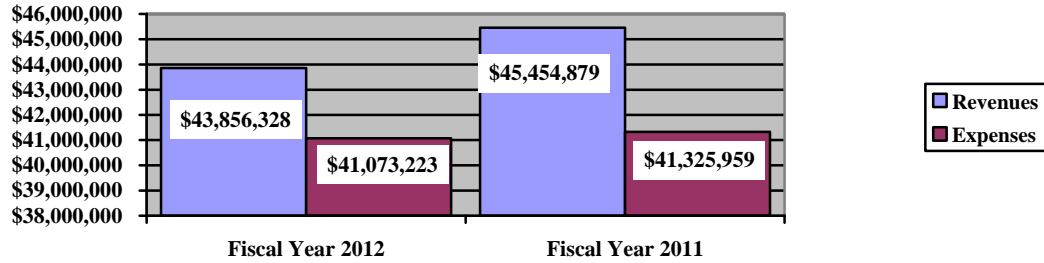
The largest expense of the District is for instructional programs. Instruction expenses totaled \$26,180,615 or 63.74% of total governmental expenses for fiscal year 2012.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2012 and 2011.

**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. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 18,125,531	\$ 16,523,718	\$ 18,720,079	\$ 16,396,866
Special	4,811,727	3,210,645	4,157,739	3,488,541
Vocational	304,745	298,255	274,485	267,995
Other	2,938,612	2,938,612	2,910,565	2,821,350
Support services:				
Pupil	1,350,814	1,225,778	1,780,572	1,097,281
Instructional staff	409,281	351,955	468,060	439,181
Board of education	47,218	47,218	26,982	26,982
Administration	2,877,955	2,576,977	2,980,440	2,631,073
Fiscal	746,002	745,886	678,237	678,237
Operations and maintenance	3,188,783	3,147,023	3,186,127	2,855,435
Pupil transportation	2,006,063	1,854,800	1,939,074	1,816,221
Central	115,229	101,523	84,112	60,926
Operation of non-instructional services:				
Other non-instructional services	917,041	(191,701)	2,464,485	(89,689)
Food service operations	1,459,995	(36,348)	-	-
Extracurricular activities	1,214,948	708,006	1,084,089	552,085
Interest and fiscal charges	559,279	559,279	570,913	570,913
<b>Total expenses</b>	<b>\$ 41,073,223</b>	<b>\$ 34,061,626</b>	<b>\$ 41,325,959</b>	<b>\$ 33,613,397</b>

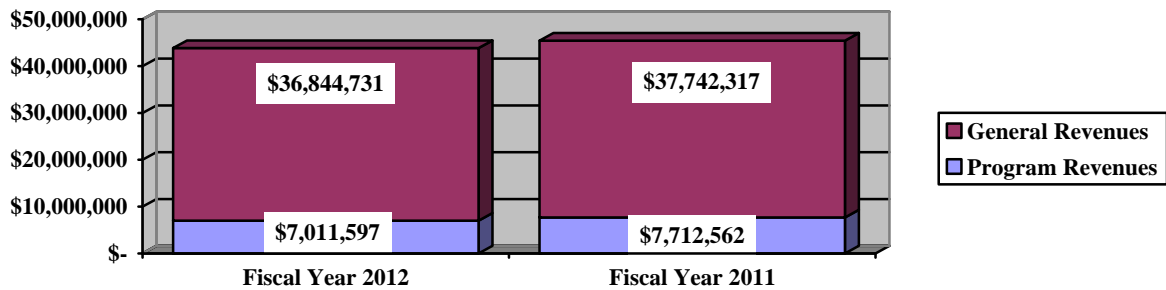
**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, 87.74% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.93%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2012 and 2011.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$3,311,930, which is a higher balance than last year's total balance of \$274,369. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

	Fund Balance June 30, 2012	Fund Balance (Deficit) June 30, 2011	Increase
General	\$ 1,178,559	\$ (1,007,759)	\$ 2,186,318
Debt service	1,650,005	1,241,924	408,081
Other governmental	483,366	40,204	443,162
<b>Total</b>	<b>\$ 3,311,930</b>	<b>\$ 274,369</b>	<b>\$ 3,037,561</b>

**General Fund**

The District's general fund's fund balance increased \$2,186,318 from a deficit balance of \$1,007,759 to a balance of \$1,178,559. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

In fiscal year 2012, the District reported an increase in tax revenues due to an increase in the collections of real estate and personal property taxes. Tuition revenues decreased due to a decrease in revenues related tuition received from other Districts. Intergovernmental revenues decreased in fiscal year 2012 because of a decline in revenues related to personal property tax reimbursement. Expenditures remained consistent with the prior fiscal year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 23,968,659	\$ 21,899,348	\$ 2,069,311	9.45 %
Tuition	783,289	1,017,764	(234,475)	(23.04) %
Earnings on investments	11,056	27,119	(16,063)	(59.23) %
Intergovernmental	10,325,596	10,955,710	(630,114)	(5.75) %
Other revenues	<u>599,471</u>	<u>608,567</u>	<u>(9,096)</u>	(1.49) %
 Total	 <u>\$ 35,688,071</u>	 <u>\$ 34,508,508</u>	 <u>\$ 1,179,563</u>	 3.42 %
 <b><u>Expenditures</u></b>				
Instruction	\$ 23,262,350	\$ 22,209,394	\$ 1,052,956	4.74 %
Support services	9,553,448	9,264,035	289,413	3.12 %
Extracurricular activities	<u>685,955</u>	<u>740,794</u>	<u>(54,839)</u>	(7.40) %
 Total	 <u>\$ 33,501,753</u>	 <u>\$ 32,214,223</u>	 <u>\$ 1,287,530</u>	 4.00 %

***Debt Service Fund***

During fiscal year 2012, the debt service fund had revenues of \$2,542,267 and expenditures of \$2,134,186. During fiscal year 2012, the debt service fund balance increased \$408,081 revenues being greater than scheduled principal and interest payments during the fiscal year.

***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.

During the course of fiscal year 2012, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$35,535,113, which was \$2,074,126 higher than the original budgeted revenues and other financing sources of \$33,460,987. Actual revenues and other financing sources for fiscal 2012 were \$35,180,171 which was \$354,942 lower than the final budgeted revenues.

General fund original appropriations of \$35,673,931 were increased to \$35,878,421 in the final budget. The actual budget basis expenditures for fiscal year 2012 totaled \$34,281,425, which was \$1,596,996 lower than the final budgeted appropriations.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2012, the District had \$21,354,414 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows fiscal 2012 balances compared to 2011. Balances at June 30, 2011 have been restated as described in Note 3.C.

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

	Governmental Activities	
	2012	Restated 2011
Land	\$ 1,425,358	\$ 1,425,358
Construction in progress	166,983	-
Land improvements	3,213,663	3,417,095
Building and improvements	13,406,151	14,116,051
Furniture and equipment	2,148,061	2,240,614
Vehicles	994,198	1,075,181
Total	\$ 21,354,414	\$ 22,274,299

The overall decrease in capital assets of \$919,885 is due to depreciation expense of \$1,434,857 and disposals (net of accumulated depreciation) of \$4,087 exceeding capital outlays of \$519,059.

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

***Debt Administration***

At June 30, 2012, the District had \$12,644,588 in general obligation bonds outstanding. Of this total, \$1,720,000 is due within one year and \$10,924,588 is due in greater than one year. The following table summarizes the outstanding obligations for fiscal year 2012 compared to 2011.

**Outstanding Debt, at Year End**

	Governmental Activities 2012	Governmental Activities 2011
General obligation bonds	\$ 12,644,588	\$ 14,240,000
Total	\$ 12,644,588	\$ 14,240,000

At June 30, 2012, the District's overall legal debt margin was \$53,153,984 with an unvoted debt margin of \$712,433.

See Note 13 to the basic financial statements for additional information on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

**Current Financial Related Activities**

The District is a suburban community of 25,000 people in Northwest Ohio. It has a number of retail/commercial businesses that are an important part of the economy. New home construction has for the most part ceased due to current economic conditions. Home foreclosures, while over historic levels in the district lag those of Lucas County in general and Toledo specifically. Property values in the district remain above average when compared to other districts in the State. Per capita income levels also remain above average for comparable districts in Ohio.

Fiscal year 2012 was the first year of the state biennium budget. 67.0% of District general fund revenue sources are from local funds, 32.0% are from state funds and the remaining 1.0% is from other funding sources. The total expenditure per pupil was calculated at \$9,277, which is a \$43 decrease from the 2011 report card/expenditure flow model.

The District also renewed a 1.35 mill permanent improvement levy in 2009. This generates approximately \$1,000,000 additional revenue to be used for maintaining, equipping and improving facilities of the District. This levy will run for five years through December 31, 2014. The District passed a 3.9 mill operating levy in 2010. This was passed on a continuous basis.

**The District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, 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. Ryan Lockwood, Treasurer, Springfield Local School District, 6900 Hall Street, Holland, Ohio 43528.

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 6,623,431
Receivables:	
Property taxes. . . . .	26,954,292
Accounts . . . . .	4,614
Intergovernmental. . . . .	862,396
Materials and supplies inventory . . . . .	17,352
Capital assets:	
Land and construction in progress . . . . .	1,592,341
Depreciable capital assets, net . . . . .	19,762,073
Capital assets, net. . . . .	<u>21,354,414</u>
 Total assets . . . . .	 <u>55,816,499</u>
 <b>Liabilities:</b>	
Accounts payable. . . . .	81,911
Contracts payable. . . . .	166,983
Retainage payable . . . . .	18,554
Accrued wages and benefits . . . . .	3,950,654
Pension obligation payable. . . . .	742,983
Intergovernmental payable . . . . .	361,696
Unearned revenue . . . . .	24,348,779
Accrued interest payable . . . . .	38,780
Long-term liabilities:	
Due within one year. . . . .	1,995,612
Due in more than one year . . . . .	13,028,848
 Total liabilities . . . . .	 <u>44,734,800</u>
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	8,751,023
Restricted for:	
Capital projects . . . . .	257,690
Debt service. . . . .	1,692,298
State funded programs. . . . .	365,118
Federally funded programs . . . . .	176,382
Student activities . . . . .	84,234
Other purposes . . . . .	78,464
Unrestricted (deficit) . . . . .	<u>(323,510)</u>
 Total net assets . . . . .	 <u>\$ 11,081,699</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 18,125,531	\$ 541,365	\$ 1,060,448	\$ (16,523,718)
Special . . . . .	4,811,727	445,025	1,156,057	(3,210,645)
Vocational . . . . .	304,745	-	6,490	(298,255)
Other . . . . .	2,938,612	-	-	(2,938,612)
Support services:				
Pupil . . . . .	1,350,814	52	124,984	(1,225,778)
Instructional staff . . . . .	409,281	-	57,326	(351,955)
Board of education . . . . .	47,218	-	-	(47,218)
Administration . . . . .	2,877,955	44,445	256,533	(2,576,977)
Fiscal . . . . .	746,002	116	-	(745,886)
Operations and maintenance . . . . .	3,188,783	41,760	-	(3,147,023)
Pupil transportation . . . . .	2,006,063	270	150,993	(1,854,800)
Central . . . . .	115,229	-	13,706	(101,523)
Operation of non-instructional services:				
Other non-instructional services . . . . .	917,041	48	1,108,694	191,701
Food service operations . . . . .	1,459,995	663,503	832,840	36,348
Extracurricular activities . . . . .	1,214,948	499,850	7,092	(708,006)
Interest and fiscal charges . . . . .	559,279	-	-	(559,279)
Totals . . . . .	\$ 41,073,223	\$ 2,236,434	\$ 4,775,163	(34,061,626)

**General revenues:**

Property taxes levied for:		
General purposes . . . . .		23,626,653
Debt service . . . . .		2,094,809
Capital outlay . . . . .		842,666
Payment in lieu of taxes . . . . .		111,829
Grants and entitlements not restricted to specific programs . . . . .		10,126,427
Investment earnings . . . . .		11,056
Miscellaneous . . . . .		31,291
Total general revenues . . . . .		36,844,731
Change in net assets . . . . .		2,783,105
<b>Net assets at beginning of year (restated) . . . . .</b>		8,298,594
<b>Net assets at end of year . . . . .</b>		\$ 11,081,699

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 4,028,518	\$ 1,539,130	\$ 1,055,783	\$ 6,623,431
Cash with escrow agent . . . . .	-	-	-	-
Receivables:				
Property taxes. . . . .	23,599,895	2,458,073	896,324	26,954,292
Accounts . . . . .	4,614	-	-	4,614
Intergovernmental. . . . .	40,084	-	822,312	862,396
Materials and supplies inventory . . . . .	-	-	17,352	17,352
Due from other funds . . . . .	664,767	-	-	664,767
Total assets . . . . .	<u>\$ 28,337,878</u>	<u>\$ 3,997,203</u>	<u>\$ 2,791,771</u>	<u>\$ 35,126,852</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 37,175	\$ -	\$ 44,736	\$ 81,911
Contracts payable. . . . .	-	-	166,983	166,983
Retainage payable. . . . .	-	-	18,554	18,554
Accrued wages and benefits. . . . .	3,639,370	-	311,284	3,950,654
Compensated absences payable . . . . .	79,512	-	-	79,512
Pension obligation payable . . . . .	672,472	-	70,511	742,983
Intergovernmental payable . . . . .	351,504	-	10,192	361,696
Deferred revenue . . . . .	1,115,764	81,073	202,246	1,399,083
Unearned revenue . . . . .	21,263,522	2,266,125	819,132	24,348,779
Due to other funds . . . . .	-	-	664,767	664,767
Total liabilities. . . . .	<u>27,159,319</u>	<u>2,347,198</u>	<u>2,308,405</u>	<u>31,814,922</u>
<b>Fund Balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	-	17,352	17,352
Restricted:				
Debt service . . . . .	-	1,650,005	-	1,650,005
Capital improvements . . . . .	-	-	224,866	224,866
Non-public schools . . . . .	-	-	348,812	348,812
Other purposes. . . . .	-	-	16,306	16,306
Extracurricular. . . . .	-	-	84,234	84,234
Committed:				
Student and staff support . . . . .	4,840	-	-	4,840
Student instruction. . . . .	310,692	-	-	310,692
Assigned:				
Student and staff support. . . . .	160,713	-	-	160,713
Subsequent year appropriations . . . . .	702,314	-	-	702,314
Other purposes . . . . .	-	-	78,464	78,464
Unassigned (deficit) . . . . .	-	-	(286,668)	(286,668)
Total fund balances . . . . .	<u>1,178,559</u>	<u>1,650,005</u>	<u>483,366</u>	<u>3,311,930</u>
Total liabilities and fund balances . . . . .	<u>\$ 28,337,878</u>	<u>\$ 3,997,203</u>	<u>\$ 2,791,771</u>	<u>\$ 35,126,852</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012

<b>Total governmental fund balances</b>		\$	3,311,930
<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.			21,354,414
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	1,189,577	
Intergovernmental receivable		209,506	
Total		1,399,083	1,399,083
Unamortized amounts on refundings are not recognized in the funds.			11,609
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(38,780)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(12,644,588)	
Compensated absences		(2,311,969)	
Total		(14,956,557)	(14,956,557)
<b>Net assets of governmental activities</b>		\$	11,081,699

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 23,968,659	\$ 2,120,042	\$ 852,368	\$ 26,941,069
Payment in lieu of taxes . . . . .	111,829	-	-	111,829
Tuition. . . . .	783,289	-	-	783,289
Earnings on investments . . . . .	11,056	-	182	11,238
Charges for services . . . . .	-	-	663,503	663,503
Extracurricular. . . . .	169,455	-	320,808	490,263
Classroom materials and fees . . . . .	205,610	-	5,025	210,635
Rental income . . . . .	36,799	-	7,450	44,249
Contributions and donations . . . . .	16,627	-	27,194	43,821
Contract services. . . . .	44,395	-	100	44,495
Other local revenues . . . . .	14,756	-	6,423	21,179
Intergovernmental - intermediate . . . . .	87,827	-	-	87,827
Intergovernmental - state . . . . .	10,237,769	422,225	1,290,718	11,950,712
Intergovernmental - federal . . . . .	-	-	3,220,171	3,220,171
Total revenues . . . . .	<u>35,688,071</u>	<u>2,542,267</u>	<u>6,393,942</u>	<u>44,624,280</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	15,785,290	-	1,426,092	17,211,382
Special . . . . .	4,234,903	-	599,620	4,834,523
Vocational . . . . .	303,545	-	-	303,545
Other . . . . .	2,938,612	-	-	2,938,612
Support services:				
Pupil . . . . .	1,300,501	-	135,344	1,435,845
Instructional staff . . . . .	364,750	-	65,026	429,776
Board of education . . . . .	47,218	-	-	47,218
Administration . . . . .	2,466,450	19,436	278,153	2,764,039
Fiscal . . . . .	728,714	-	14,886	743,600
Operations and maintenance . . . . .	2,720,234	-	639,325	3,359,559
Pupil transportation . . . . .	1,867,190	-	57,517	1,924,707
Central . . . . .	58,391	-	15,854	74,245
Operation of non-instructional services:				
Operation of non-instructional . . . . .	-	-	967,897	967,897
Food service operations. . . . .	-	-	1,379,024	1,379,024
Extracurricular activities . . . . .	685,955	-	353,488	1,039,443
Facilities acquisition and construction. . . . .	-	-	18,554	18,554
Debt service:				
Principal retirement. . . . .	-	1,625,000	-	1,625,000
Interest and fiscal charges . . . . .	-	489,750	-	489,750
Total expenditures . . . . .	<u>33,501,753</u>	<u>2,134,186</u>	<u>5,950,780</u>	<u>41,586,719</u>
Net change in fund balances . . . . .	2,186,318	408,081	443,162	3,037,561
<b>Fund balances at beginning of year (deficit) . . . . .</b>	<u>(1,007,759)</u>	<u>1,241,924</u>	<u>40,204</u>	<u>274,369</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,178,559</u>	<u>\$ 1,650,005</u>	<u>\$ 483,366</u>	<u>\$ 3,311,930</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS 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, 2012

<b>Net change in fund balances - total governmental funds</b>	\$	3,037,561
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 519,059	
Current year depreciation	<u>(1,434,857)</u>	
Total		(915,798)
 The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(4,087)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(376,941)	
Intergovernmental	<u>(350,927)</u>	
Total		(727,868)
 Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		1,625,000
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Increase in accrued interest payable	(38,780)	
Accreted interest on capital appreciation bonds	(29,588)	
Amortization of deferred charges	<u>(1,161)</u>	
Total		(69,529)
 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.		
		<u>(162,174)</u>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u><u>2,783,105</u></u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS 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, 2012

	<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 . . . . .	\$ 22,351,499	\$ 23,786,345	\$ 23,642,478	\$ (143,867)
Payment in lieu of taxes . . . . .	117,460	125,000	111,829	(13,171)
Tuition. . . . .	754,796	803,250	783,674	(19,576)
Transportation fees. . . . .	2,819	3,000	-	(3,000)
Earnings on investments . . . . .	11,276	12,000	11,056	(944)
Classroom materials and fees . . . . .	179,009	190,500	201,072	10,572
Rental income . . . . .	37,587	40,000	37,759	(2,241)
Contributions and donations . . . . .	13,400	14,260	16,535	2,275
Contract services. . . . .	40,876	43,500	42,031	(1,469)
Other local revenues . . . . .	23,492	25,000	14,756	(10,244)
Intergovernmental - intermediate . . . . .	77,874	82,873	80,827	(2,046)
Intergovernmental - state . . . . .	8,699,899	9,258,385	10,237,769	979,384
Total revenues . . . . .	<u>32,309,987</u>	<u>34,384,113</u>	<u>35,179,786</u>	<u>795,673</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	16,228,571	16,324,493	16,148,166	176,327
Special. . . . .	4,110,855	4,135,153	4,299,224	(164,071)
Vocational. . . . .	321,853	323,755	320,533	3,222
Other. . . . .	3,027,612	3,045,507	3,098,575	(53,068)
Support services:				
Pupil. . . . .	1,339,321	1,347,237	1,326,895	20,342
Instructional staff . . . . .	378,031	380,265	379,459	806
Board of education . . . . .	43,095	43,350	49,514	(6,164)
Administration. . . . .	2,660,843	2,676,570	2,615,394	61,176
Fiscal . . . . .	814,315	819,128	741,652	77,476
Operations and maintenance. . . . .	3,037,414	3,055,367	2,790,891	264,476
Pupil transportation . . . . .	1,924,820	1,936,197	1,914,846	21,351
Central. . . . .	84,259	84,757	59,582	25,175
Extracurricular activities. . . . .	626,067	629,767	536,694	93,073
Total expenditures . . . . .	<u>34,597,056</u>	<u>34,801,546</u>	<u>34,281,425</u>	<u>520,121</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(2,287,069)</u>	<u>(417,433)</u>	<u>898,361</u>	<u>1,315,794</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	150,000	150,000	-	(150,000)
Transfers in . . . . .	1,000,000	1,000,000	-	(1,000,000)
Transfers (out). . . . .	(1,076,875)	(1,076,875)	-	1,076,875
Sale of capital assets . . . . .	1,000	1,000	385	(615)
Total other financing sources (uses) . . . . .	<u>74,125</u>	<u>74,125</u>	<u>385</u>	<u>(73,740)</u>
Net change in fund balance . . . . .	(2,212,944)	(343,308)	898,746	1,242,054
<b>Fund balance at beginning of year (restated).</b>	2,705,032	2,705,032	2,705,032	-
<b>Prior year encumbrances appropriated . . .</b>	372,414	372,414	372,414	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 864,502</u>	<u>\$ 2,734,138</u>	<u>\$ 3,976,192</u>	<u>\$ 1,242,054</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and cash equivalents . . . . .	\$ 29,517	\$ 177,585
Total assets. . . . .	<u>29,517</u>	<u>177,585</u>
<b>Liabilities:</b>		
Due to students. . . . .	-	\$ 177,585
Total liabilities . . . . .	<u>-</u>	<u>177,585</u>
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	<u>29,517</u>	
Total net assets . . . . .	<u>\$ 29,517</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions . . . . .	\$ 500
Total additions . . . . .	500
 <b>Deductions:</b>	
Scholarships awarded . . . . .	1,500
Change in net assets . . . . .	(1,000)
<b>Net assets at beginning of year . . . . .</b>	<b>30,517</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 29,517</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 - DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY**

Springfield Local School District, Lucas County (the District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District was established in 1881 through the consolidation of existing land areas and school districts. The District serves an area of approximately 25 square miles. It is located in Lucas County, and includes all of the Village of Holland and portions of the cities of Toledo and Maumee, and Monclova, Spencer, and Springfield Townships. The District is the 102<sup>nd</sup> largest in the State of Ohio, (among 918 school districts) in terms of enrollment. It is staffed by 113 non-certificated employees and 251 certificated full-time teaching personnel who provide services to 4,127 students and other community members. The District currently operates six instructional buildings, one administrative building, and one garage.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the District 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.

The following activities are included within the reporting entity:

Parochial Schools - Within the District boundaries, St. Joan of Arc Elementary, St. Johns High School are operated through the Toledo Catholic Diocese; Westside Montessori is operated as a private school. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The activity of these State monies by the District is reflected in a special revenue fund for financial reporting purposes.

The District is associated with four organizations, which are defined as jointly governed organizations or insurance purchasing pools. These organizations include the Northwest Ohio Computer Association, Penta County Career Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Northwest Ohio Educational Council Self-Insurance Pool Program. These organizations are presented in Notes 15 and 16 to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Basis of Presentation**

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. 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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Governmental Funds

Governmental funds focus 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 general fund and the debt service funds are the District's only major governmental funds:

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

Debt service fund - The debt service fund is used to account for resources that are restricted for payment debt service principal and interest.

The other governmental funds of the District account for grants and other resources and capital projects of the District whose uses are restricted to a particular purpose.

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. The District's only trust fund is a private purpose trust, which accounts for a program that provides assistance to needy students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The student managed activities agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

**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, 2012

**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.

The private purpose trust fund is reported using the economic resources measurement focus. 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 on the fund financial statements. Fiduciary funds also use the accrual basis of accounting.

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or 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.



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include income and property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

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, 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, 2012, but which were levied to finance fiscal year 2013 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, 2012 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.

Expenditures/Expenses

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.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2012 is as follows:

1. Prior to January 15, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the final budgeted amount in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2012.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which are the legal levels of budgetary control. (State statute permits temporary appropriation to be effective until no later than October 1 of each year.)
5. Board adopted appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total expenditures and encumbrances may not exceed appropriations at the legal level of control.
6. Any revisions that alter the total of any fund appropriation or alter total function appropriations with a fund, or alter object appropriations within functions within a fund must be approved by the Board of Education.
7. 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 departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriations.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which reallocated, increased or decreased the original appropriated amounts. The Board legally enacted all supplemental appropriations, during fiscal year 2012.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level, function and/or object level.

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. 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.

During fiscal year 2012, investments were limited to non-negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices, with the following exception: nonparticipating investment contracts such as certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2012. 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, 2012.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings are credited to funds based on Board Policy and State statute. Interest revenue credited to the General Fund during fiscal year 2012 amounted to \$11,056, which includes \$3,165 assigned from other District 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 District's investment account at year end is provided in Note 4.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**G. Prepaid Items**

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.

**H. 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 which means that the cost of inventory items are recorded as an expenditure in the governmental funds when consumed.

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

**I. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation.

**J. Capital Assets**

General capital assets 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 a capitalization threshold of \$2,500. 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.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

All reported capital assets except land and construction in progress 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>Estimated Lives</u>
Land Improvements	15 - 20 years
Buildings and Improvements	25 - 40 years
Furniture and Equipment	5 - 20 years
Vehicles	8 - 15 years

**K. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable.” The District had no interfund loans receivable/payable at June 30, 2012.

On fund financial statements, receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as “due to/from other funds.” These amounts are eliminated in the governmental activities columns on the statement of net assets.

**L. Compensated Absences**

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, “Accounting for Compensated Absences,” in conformity with GASB Statement No. 16. The District accrues vacation as earned by its employees if the leave is attributable to past service and it’s probable that the District will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. These compensated absences are measured using rates in effect at June 30, 2012.

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

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**M. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences 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 are recognized as a liability on the fund financial statements when due.

**N. Net Assets**

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

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

**O. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**P. Interfund Transactions**

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

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 financial statements.

**Q. Estimates**

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**R. 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 District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2012.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 43,552
Preschool grant	882
Race to the top	11,157
IDEA VIB	45,402
Stimulus Title II D	7
Title III	44
Title I	119,782
Title IIA	48,490

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 resulted from adjustments for accrued liabilities.



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**C. Restatement of Net Assets**

The District restated capital assets following the findings of various errors and omissions which affects net assets as follows:

	Total
Net assets, June 30, 2011	\$ 13,519,844
Restatement of capital assets	(5,221,250)
Restated net assets, June 30, 2011	\$ 8,298,594

**D. Budgetary Prior Period Adjustment**

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The District has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2011 is as follows:

**Budgetary Basis**

	General Fund
Balance at June 30, 2011	\$ 2,723,531
Funds budgeted elsewhere	(18,499)
Restated balance at July 1, 2011	\$ 2,705,032

**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.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by 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;
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) and (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 Treasurer's investment pool (STAR Ohio);
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.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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. Cash on Hand**

At fiscal year end, the District had \$1,140 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

**B. Deposits with Financial Institutions**

At June 30, 2012, the carrying amount of all District deposits was \$5,152,207. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2012, \$4,726,626 of the District’s bank balance of \$5,264,188 was exposed to custodial risk as discussed below, while \$537,562 was covered by the FDIC.

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.

**C. Investments**

As of June 30, 2012, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>
		6 months or less
STAR Ohio	\$ 1,677,186	\$ 1,677,186

*Interest Rate Risk:* Interest rate risk arises potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

*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 investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*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, 2012:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,677,186	100.00

**D. 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, 2012:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,152,207
Investments	1,677,186
Cash on hand	<u>1,140</u>
Total	<u>\$ 6,830,533</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 6,623,431
Private-purpose trust funds	29,517
Agency fund	<u>177,585</u>
Total	<u>\$ 6,830,533</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 5 - 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 and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, 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 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, 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.

The District receives property taxes from Lucas 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, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$1,260,693 in the general fund, \$110,875 in the debt service fund and \$44,368 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$934,512 in the general fund, \$83,062 in the debt service fund and \$33,421 in the permanent improvement fund (a nonmajor governmental fund). 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 delinquent tangible personal property taxes which are measurable as of June 30, 2012 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.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 706,460,810	98.52	\$ 701,460,760	98.46
Public utility personal	<u>10,619,270</u>	<u>1.48</u>	<u>10,972,340</u>	<u>1.54</u>
Total	<u>\$ 717,080,080</u>	<u>100.00</u>	<u>\$ 712,433,100</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$75.05		\$75.05	

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2012 consisted of property 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 in the statement of net assets follows:

**Governmental activities:**

Property taxes	\$ 26,954,292
Accounts	4,614
Intergovernmental	<u>862,396</u>
Total	<u>\$ 27,821,302</u>

**NOTE 7 - INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2012, as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 664,767</u>

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were requested but were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 8 - CAPITAL ASSETS**

- A. The capital asset balances of the governmental activities have been restated due to the findings of various errors and omissions. See Note 3.C. for detail:

	Balance		Restated
	June 30, 2011	Adjustments	Balance
	<u>June 30, 2011</u>	<u>Adjustments</u>	<u>June 30, 2011</u>
<b>Governmental activities:</b>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 666,064	\$ 759,294	\$ 1,425,358
Total capital assets, not being depreciated	<u>666,064</u>	<u>759,294</u>	<u>1,425,358</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	1,055,927	3,622,743	4,678,670
Buildings and improvements	45,486,381	(13,052,280)	32,434,101
Furniture and equipment	7,360,179	(517,841)	6,842,338
Vehicles	<u>2,941,400</u>	<u>(69,209)</u>	<u>2,872,191</u>
Total capital assets, being depreciated	<u>56,843,887</u>	<u>(10,016,587)</u>	<u>46,827,300</u>
<i>Less: accumulated depreciation:</i>			
Land improvements	(1,105,718)	(155,857)	(1,261,575)
Buildings and improvements	(20,664,091)	2,346,041	(18,318,050)
Furniture and equipment	(5,577,227)	975,503	(4,601,724)
Vehicles	<u>(2,667,366)</u>	<u>870,356</u>	<u>(1,797,010)</u>
Total accumulated depreciation	<u>(30,014,402)</u>	<u>4,036,043</u>	<u>(25,978,359)</u>
Governmental activities capital assets, net	<u>\$ 27,495,549</u>	<u>\$ (5,221,250)</u>	<u>\$ 22,274,299</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - CAPITAL ASSETS - (Continued)**

**B.** Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Restated Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2012</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,425,358	\$ -	\$ -	\$ 1,425,358
Construction in progress	<u>-</u>	<u>166,983</u>	<u>-</u>	<u>166,983</u>
Total capital assets, not being depreciated	<u>1,425,358</u>	<u>166,983</u>	<u>-</u>	<u>1,592,341</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	4,678,670	-	-	4,678,670
Buildings and improvements	32,434,101	-	-	32,434,101
Furniture and equipment	6,842,338	266,676	(6,908)	7,102,106
Vehicles	<u>2,872,191</u>	<u>85,400</u>	<u>-</u>	<u>2,957,591</u>
Total capital assets, being depreciated	<u>46,827,300</u>	<u>352,076</u>	<u>(6,908)</u>	<u>47,172,468</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,261,575)	(203,432)	-	(1,465,007)
Buildings and improvements	(18,318,050)	(709,900)	-	(19,027,950)
Furniture and equipment	(4,601,724)	(355,142)	2,821	(4,954,045)
Vehicles	<u>(1,797,010)</u>	<u>(166,383)</u>	<u>-</u>	<u>(1,963,393)</u>
Total accumulated depreciation	<u>(25,978,359)</u>	<u>(1,434,857)</u>	<u>2,821</u>	<u>(27,410,395)</u>
Governmental activities capital assets, net	<u>\$ 22,274,299</u>	<u>\$ (915,798)</u>	<u>\$ (4,087)</u>	<u>\$ 21,354,414</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,060,442
Special	1,240
<u>Support services:</u>	
Pupil	12,801
Instructional staff	1,978
Administration	18,988
Fiscal	1,320
Operations and maintenance	9,900
Pupil transportation	90,583
Central	40,141
Extracurricular activities	175,505
Food service operations	<u>21,959</u>
Total depreciation expense	<u>\$ 1,434,857</u>



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 9 - RISK MANAGEMENT**

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. During fiscal year 2012, the District's insurance coverage was as follows:

<u>Type of Coverage</u>	<u>Liability Limit</u>
Buildings and Contents - replacement cost (\$1,000 deductible)	\$119,507,941
Crime Insurance	500,000
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per Occurrence	1,000,000
Total per Year	3,000,000
Umbrella Coverage	10,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

For fiscal year 2012, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. 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 participants is calculated as one experience and a common premium rate is applied to all participants 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.

Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NOTE 10 - 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".

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 10 - PENSION PLANS - (Continued)**

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 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$473,219, \$463,495 and \$557,565, respectively; 47.52 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**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 website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - PENSION PLANS - (Continued)**

Funding Policy - For fiscal year 2012, 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, 2012, 2011 and 2010 were \$2,293,227, \$2,276,472 and \$2,436,770, respectively; 85.94 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$91,708 made by the District and \$65,506 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, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 11 - 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 Section 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 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the 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".

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)**

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 2012, 0.55 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 2012, 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, 2012, 2011 and 2010 were \$89,419, \$125,047 and \$88,994, respectively; 47.52 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$27,946, \$29,827 and \$33,157, respectively; 47.52 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**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), under "Publications" 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 2012, 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, 2012, 2011 and 2010 were \$176,402, \$175,113 and \$187,444, respectively; 85.94 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rate basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. Sick leave may be accumulated up to a maximum of 240 days for classified personnel, 260 days for administrators, and 240 days for certified personnel. Upon retirement, payment is made for up to 30 percent of accrued, but unused sick leave credit to a maximum of 72 days for classified employees and 75 days for certified employees. Upon retirement, payment is made for up to 30.58 percent of accrued, but unused sick leave credit to a maximum of 80 days for 12 month administrative employees and 28.85 percent or 75 days for 10 month administrative employees.

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to most employees through Dearborn National Life Insurance Company.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - LONG-TERM OBLIGATIONS**

During the year ended June 30, 2012, the following changes occurred in the long-term obligations reported in the government-wide financial statements:

	<u>Balance</u> <u>06/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/12</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>General obligation bonds</u>					
2004 School Improvement Bonds	\$ 2,605,000	\$ -	\$ (740,000)	\$ 1,865,000	\$ 770,000
2004 School Improvement Bonds (HVAC)	3,535,000	-	(380,000)	3,155,000	395,000
2008 Athletic Facilities Bonds	4,605,000	-	(495,000)	4,110,000	545,000
2008 Refunding Bonds	2,245,000	-	(5,000)	2,240,000	5,000
2011 School Building & Athletic Facility					
Current Interest Bonds	935,000	-	(5,000)	930,000	5,000
Capital Appreciation Bonds	315,000	-	-	315,000	-
Accreted Interest	<u>-</u>	<u>29,588</u>	<u>-</u>	<u>29,588</u>	<u>-</u>
Total bonds payable	<u>14,240,000</u>	<u>29,588</u>	<u>(1,625,000)</u>	<u>12,644,588</u>	<u>1,720,000</u>
<u>Other long-term obligations</u>					
Compensated absences payable	<u>2,149,795</u>	<u>821,516</u>	<u>(579,830)</u>	<u>2,391,481</u>	<u>275,612</u>
Total other long-term obligations	<u>2,149,795</u>	<u>821,516</u>	<u>(579,830)</u>	<u>2,391,481</u>	<u>275,612</u>
Total governmental activities	<u>\$ 16,389,795</u>	<u>\$ 851,104</u>	<u>\$ (2,204,830)</u>	<u>15,036,069</u>	<u>\$1,995,612</u>
Less: Unamortized deferred charges on refunding				<u>(11,609)</u>	
Total on statement of net assets				<u>\$ 15,024,460</u>	

A. In 2004, the District issued General Obligation School Improvement Refunding Bonds totaling \$6,140,000. The bonds were issued in 2004 and will mature in December 2024. The interest rate at June 30, 2012 was 6.125 percent for the general obligation bonds.

The scheduled payments of principal and interest requirements on debt outstanding at June 30, 2012, are as follows:

Fiscal Year <u>Year Ended</u>	<u>2004 Refunding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 770,000	\$ 48,600	\$ 818,600
2014	800,000	16,600	816,600
2015	<u>295,000</u>	<u>520,000</u>	<u>815,000</u>
Total	<u>\$ 1,865,000</u>	<u>\$ 585,200</u>	<u>\$ 2,450,200</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

- B.** On September 1, 2004, the District issued general obligation bonds (Series 2004 School Improvement Refunding Bonds) to currently refund the callable portion of the School Improvement General Obligation Bonds (principal \$7,215,000; interest rate 5-5.25 percent). The refunded debt is considered defeased and accordingly has been removed from the statement of net assets.

The reacquisition price exceeded the net carrying amount of the old debt by \$130,342. This amount is netted against the old debt and amortized over the remaining life of the refunded debt. The carrying amount as of June 30, 2012 was \$34,560.

The refunding was undertaken to reduce total debt service payments over the next 10 years by \$334,248 and resulted in an economic gain of \$428,858.

The refunding bonds outstanding are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Bond Retirement Fund. The source of payment is derived from a current tax levy.

The scheduled payments of principal and interest requirements on debt outstanding at June 30, 2012, are as follows:

Fiscal Year Year Ended	2004 Unrefunded Bonds		
	Principal	Interest	Total
2013	\$ 395,000	\$ 138,653	\$ 533,653
2014	410,000	122,245	532,245
2015	430,000	104,869	534,869
2016	445,000	84,875	529,875
2017	470,000	62,000	532,000
2018 - 2019	<u>1,005,000</u>	<u>50,874</u>	<u>1,055,874</u>
Total	<u>\$ 3,155,000</u>	<u>\$ 563,516</u>	<u>\$ 3,718,516</u>

- C.** On February 1, 2008, the District issued general obligation bonds (2008 Athletic Facilities Bonds) to construction of the District's athletic complex. The bonds will mature in December 2017. The interest rate at June 30, 2012 was 2.5 percent to 4 percent.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

The scheduled payments of principal and interest requirements on debt outstanding at June 30, 2012, are as follows:

Fiscal Year Year Ended	<u>Athletic Facilities Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 545,000	\$ 128,231	\$ 673,231
2014	745,000	108,416	853,416
2015	795,000	83,856	878,856
2016	645,000	60,053	705,053
2017	685,000	37,181	722,181
2018	<u>695,000</u>	<u>12,597</u>	<u>707,597</u>
Total	<u>\$ 4,110,000</u>	<u>\$ 430,334</u>	<u>\$ 4,540,334</u>

- D.** On February 1, 2008, the District issued general obligation bonds (Series 2008 School Improvement Refunding Bonds) to currently refund the callable portion of the 2004 School Improvement General Obligation Bonds (principal \$3,710,000; interest rate 4.58 percent). The refunded debt is considered defeased and accordingly has been removed from the statement of net assets.

The refunding was undertaken to reduce total debt service payments over the next 10 years by \$143,864 and resulted in an economic gain of \$121,282.

The refunding bonds outstanding are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these liabilities are recorded as expenditures in the debt service fund. The source of payment is derived from a current tax levy.

The scheduled payments of principal and interest requirements on debt outstanding at June 30, 2012, are as follows:

Fiscal Year Year Ended	<u>2008 Refunding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 5,000	\$ 89,269	\$ 94,269
2014	5,000	89,116	94,116
2015	5,000	88,956	93,956
2016	5,000	88,791	93,791
2017	15,000	88,444	103,444
2018 - 2022	1,050,000	376,791	1,426,791
2023 - 2025	<u>1,155,000</u>	<u>70,499</u>	<u>1,225,499</u>
Total	<u>\$ 2,240,000</u>	<u>\$ 891,866</u>	<u>\$ 3,131,866</u>



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

- E.** On November 17, 2010, the District issued general obligation bonds (Series 2011 School Building and Athletic Facilities Improvement Bonds). The bonds were issued to finance certain improvements. The bonds consisted of \$935,000 current interest bonds and \$315,000 capital appreciation bonds. The interest rate on the current interest bonds and the capital appreciation bonds was 2% and 5.952%, respectively.

The scheduled payments of principal and interest requirements on debt outstanding at June 30, 2012, are as follows:

Fiscal Year Year Ended	<u>School Building &amp; Athletic Facilities Bonds</u>					
	<u>Current Interest</u>			<u>Capital Appreciation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 5,000	\$ 24,288	\$ 29,288	\$ -	\$ -	\$ -
2014	5,000	24,188	29,188	-	-	-
2015	5,000	24,088	29,088	-	-	-
2016	450,000	18,413	468,413	-	-	-
2017	465,000	6,394	471,394	-	-	-
2018	-	-	-	315,000	160,000	475,000
<b>Total</b>	<b><u>\$ 930,000</u></b>	<b><u>\$ 97,371</u></b>	<b><u>\$ 1,027,371</u></b>	<b><u>\$ 315,000</u></b>	<b><u>\$ 160,000</u></b>	<b><u>\$ 475,000</u></b>

- F.** 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, 2012, are a voted debt margin of \$53,153,984 (including available funds of \$1,650,005) and an unvoted debt margin of \$712,433.

**NOTE 14 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 14 - SET-ASIDES - (Continued)**

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	673,872
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(179,563)
Excess qualified expenditures from prior years	-
Current year offsets	(841,421)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (347,112)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Computer Association**

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, Lucas, and Williams counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the five counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained from the Treasurer at 22-900 State Route 34, Archbold, Ohio 43502.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)**

**B. Penta County Career Center**

The Penta County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the sixteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Penta County Career Center, Carrie J. Herringshaw, who serves as Treasurer, at 30095 Oregon Road, Perrysburg, Ohio 43551.

**NOTE 16 - INSURANCE POOLS**

**A. OSBA Workers' Compensation Group Rating Plan**

The District is a member of the OSBA Workers' Compensation Group Rating Program established in April 1991. The program was created by the Ohio Schools Boards Association as a result of the Workers' Compensation group rating plan as defined in 4123.29, Ohio Revised Code. The group-rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers.

**B. Northwest Ohio Educational Council Self-Insurance Pool Program**

The Springfield Local School District participates in the Northwest Ohio Educational Council Self-Insurance Pool Program (NOEC Program), an insurance purchasing pool. The NOEC Program was created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The Northwest Ohio Educational Council (NWOEC) is a Council of Governments created pursuant to Chapter 167.01 of the Ohio Revised Code. The NOEC Program is a non-profit organization of its members and an instrumentality for each member for the purpose of enabling members of the NOEC Program to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The NOEC Program's business and affairs are conducted by a 9 member Insurance Committee created by the governing board of the NWOEC. The NOEC Program has an agreement with Marsh USA for administrative services and Cambridge Integrated Services, Inc. for claims processing.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 17 - CONTINGENCIES**

**A. Grants and ADM**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data; however, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

**B. Litigation**

The District is involved in certain litigation and claims that arise in the ordinary course of business. Management and its legal counsel periodically review the probable outcome of pending claims and proceedings, the costs and expenses reasonably expected to be incurred, the availability and limits of the District's insurance coverage, and the District's accruals for uninsured liabilities. While the ultimate legal and financial liability with respect to the claims and proceedings cannot be estimated with certainty, management believes, based on its reviews and experience to date, that any liability in excess of amounts covered by insurance will not have a material effect on the District's financial statements.

**NOTE 18 - 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 assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 898,746
Net adjustment for revenue accruals	327,176
Net adjustment for expenditure accruals	350,040
Net adjustment for other sources/uses	(385)
Funds budgeted elsewhere	23,896
Adjustment for encumbrances	586,845
GAAP basis	<u>\$ 2,186,318</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund.

**NOTE 19 - CONTRACTUAL COMMITMENTS**

As of June 30, 2012, the District was obligated for the following contracts:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Payments as of 6/30/2012</u>	<u>Contract Balance at 6/30/2012</u>
Nordmann Roofing Co. Inc.	\$ 266,210	\$ -	\$ 266,210

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 20 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General	\$ 362,701
Other governmental	<u>246,645</u>
Total	<u>\$ 609,346</u>

**SUPPLEMENTARY INFORMATION**

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
SCHEDULE OF FEDERAL AWARDS  
For the Year Ended June 30, 2012**

<b>Federal Grantor / Pass-through Grantor/ Program or Cluster Title</b>	<b>Pass-Through Entity Identification Number</b>	<b>Federal CFDA Number</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<b>Passed through the Ohio Department of Education</b>		
Nutrition Cluster:		
National School Breakfast Program	05-PU 2011 & 2012	10.553
National School Lunch Program	LLP4 2011 & 2012	10.555
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>		
<b>U.S DEPARTMENT OF EDUCATION</b>		
<b>Passed through the Ohio Department of Education</b>		
Special Education Cluster (IDEA):		
Special Education Grants to States (IDEA Part B)	6BSF 2011 & 2012	84.027
Special Education Grants to States (IDEA - ARRA)	----	84.391
Title I Part A Cluster:		
Grants to Local Educational Agencies (ESEA Title I)	C1S1 2011 & 2012	84.010
Special Education Grants to States (Title I ARRA)	----	84.389
Education Technology State Grants Cluster:		
Educational Technology State Grants (Title IID)	TJS1 2011 & 2012	84.318
Education Jobs Fund	----	84.410
Race-to-the-Top Incentive Grants (ARRA)	----	84.395
Improving Teacher Quality State Grants (Title IIA)	TRS1 2011 & 2012	84.367
LEP (Title III)	T3S1 2011 & 2012	84.365
<b>Total Department of Education</b>		
<b>Total Federal Awards Expenditures</b>		



<u>Receipts</u>	<u>Disbursements</u>
\$ 115,675	\$ 115,675
<u>692,984</u>	<u>692,984</u>
<u>808,659</u>	<u>808,659</u>
942,772	929,040
527,076	27,538
511,529	810,484
61,707	5,240
5,993	6,007
291,151	291,151
90,071	42,540
147,628	121,281
<u>21,818</u>	<u>12,144</u>
<u>2,599,745</u>	<u>2,245,425</u>
<u>\$ 3,408,404</u>	<u>\$ 3,054,084</u>

The accompanying notes are an integral part of this schedule.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED June 30, 2012**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first.



GILMORE, JASION & MAHLER, LTD

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education  
Springfield Local School District  
Holland, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Local School District (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

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

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 to be material weaknesses, as defined above.

## Compliance and Other Matters

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

This report is intended solely for the information and use of the Board members, the Springfield Local School District's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Gilmore, Jason & Mahler, LTD*

December 21, 2012



GILMORE, JASION & MAHLER, LTD

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education  
Springfield Local School District  
Holland, Ohio

**Compliance**

We have audited the compliance of Springfield Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Dilmore, Jasion & Mahler, LTD*

December 21, 2012

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies(s) identified that are not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies(s) identified that are not considered to be material weakness(es)?	No
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

**Identification of major programs**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.027	Special Education Grants to States – IDEA Part B
84.391	Special Education Grants to States – ARRA
10.553	National School Breakfast Program
10.555	National School Lunch Program
84.410	Education Jobs Fund
Dollar threshold used to distinguish between type A and type B programs	
	\$300,000

Auditee qualified as low-risk auditee? No

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
SCHEDULE OF STATUS OF PRIOR YEAR (2011) AUDIT FINDINGS**

**Finding 2011-01          Capital Assets**

**Audit Finding:** Testing of the District's capital assets records disclosed a failure to employ adequate controls over the processing and recording of capital asset additions, deletions, transfers, and depreciation, which was reported as finding 2011-01.

**Corrective Action Taken:** During fiscal year 2012 the District began using the NWOCA Equipment Inventory System (EIS) for the tracking of capital assets and related depreciation. For the year ended June 30, 2012, finding 2011-01 has been corrected.

**Finding 2011-02          Timely Submission of Data Collection Form**

**Audit Finding:** For the year ended June 30, 2010, the data collection form was not submitted to the Federal Audit Clearinghouse within nine months of year end, which was reported as finding 2011-02.

**Corrective Action Taken:** The data collection form was filed timely for the year ended June 30, 2011. For the year ended June 30, 2012, finding 2011-02 has been corrected.





# Dave Yost • Auditor of State

SPRINGFIELD LOCAL SCHOOL DISTRICT

LUCAS 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 19, 2013