

SPRINGFIELD LOCAL SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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The Board of Education
Springfield Local School District
Akron, Ohio

We have reviewed the Independent Auditor's Report of the Springfield Local School District, Summit County, prepared by Rea & Associates, Inc., for the audit period July 1, 2000 through June 30, 2001. 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.

JIM PETRO
Auditor of State

November 30, 2001

SPRINGFIELD LOCAL SCHOOL DISTRICT

FOR THE YEAR ENDED JUNE 30, 2001

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

September 20, 2001

The Board of Education
Springfield Local School District
Akron, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general purpose financial statements of Springfield Local School District, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Springfield Local School District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types 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 September 20, 2001, on our consideration of Springfield Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Rea & Associates, Inc.

SPRINGFIELD LOCAL SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2001

Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 592,134	\$ 576,270	\$ 0	\$ 434,319
Cash and Cash Equivalents:				
Restricted Cash	212,572	0	0	0
Receivables:				
Taxes	11,985,278	0	223,346	340,294
Accounts	16,557	0	0	0
Interfund	33,900	0	0	0
Intergovernmental Receivable	27,531	18,261	0	0
Prepaid Items	13,574	0	0	0
Inventory	20,924	0	0	0
Fixed Assets (Net)	0	0	0	0
Total Assets	12,902,470	594,531	223,346	774,613
<u>Other Debits</u>				
Amount Available In Debt Service	0	0	0	0
Amount to be Provided for Retirement of General Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Other Debits	0	0	0	0
Total Assets and Other Debits	\$ 12,902,470	\$ 594,531	\$ 223,346	\$ 774,613
 Liabilities, Fund Equity and Other Credits				
<u>Liabilities</u>				
Accounts Payable	\$ 10,593	\$ 31,485	\$ 0	\$ 10,781
Accrued Wages and Benefits	1,550,612	109,878	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	33,900	0	0
Intergovernmental Payable	484,621	33,992	0	0
Deferred Revenue	11,390,473	0	212,262	323,406
Undistributed Monies	0	0	0	0
Claims Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
Solvency Assistance Incentive Payable	0	0	0	0
Early Retirement Incentive Payable	0	0	0	0
Total Liabilities	13,436,299	209,255	212,262	334,187
<u>Fund Equity (Deficit) and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	353,992	65,840	0	72,036
Reserved for Inventory	20,924	0	0	0
Reserved for Prepaid Items	13,574	0	0	0
Reserved for Tax Revenue Unavailable for Appropriation	594,805	0	11,084	16,888
Reserved to Textbook/Instructional Materials	32,607	0	0	0
Reserved for Capital Improvements/Maintenance	71,987	0	0	0
Reserved for Budget	107,978	0	0	0
Unreserved:				
Undesignated	(1,729,696)	319,436	0	351,502
Total Fund Equity (Deficit) and Other Credits	(533,829)	385,276	11,084	440,426
Total Liabilities, Fund Equity (Deficit) and Other Credits	\$ 12,902,470	\$ 594,531	\$ 223,346	\$ 774,613

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	
\$ 26,212	\$ 1,119,427	\$ 29,743	\$ 0	\$ 0	\$	2,778,105
0	0	0	0	0	0	212,572
0	0	0	0	0	0	12,548,918
0	33,831	0	0	0	0	50,388
0	0	0	0	0	0	33,900
0	0	0	0	0	0	45,792
0	0	0	0	0	0	13,574
24,907	0	0	0	0	0	45,831
9,326	0	0	14,811,716	0	0	14,821,042
60,445	1,153,258	29,743	14,811,716	0	0	30,550,122
0	0	0	0	11,084	0	11,084
0	0	0	0	2,670,658	0	2,670,658
0	0	0	0	1,012,012	0	1,012,012
0	0	0	0	3,693,754	0	3,693,754
\$ 60,445	\$ 1,153,258	\$ 29,743	\$ 14,811,716	\$ 3,693,754	\$	34,243,876
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	52,859
25,731	0	0	0	0	0	1,686,221
13,933	0	0	0	838,993	0	852,926
0	0	0	0	0	0	33,900
46,253	0	0	0	184,103	0	748,969
20,480	0	0	0	0	0	11,946,621
0	0	29,743	0	0	0	29,743
0	183,000	0	0	0	0	183,000
0	0	0	0	1,047,402	0	1,047,402
0	0	0	0	900,000	0	900,000
0	0	0	0	723,256	0	723,256
106,397	183,000	29,743	0	3,693,754	0	18,204,897
0	0	0	14,811,716	0	0	14,811,716
408,884	0	0	0	0	0	408,884
(454,836)	970,258	0	0	0	0	515,422
0	0	0	0	0	0	491,868
0	0	0	0	0	0	20,924
0	0	0	0	0	0	13,574
0	0	0	0	0	0	622,777
0	0	0	0	0	0	32,607
0	0	0	0	0	0	71,987
0	0	0	0	0	0	107,978
0	0	0	0	0	0	(1,058,758)
(45,952)	970,258	0	14,811,716	0	0	16,038,979
\$ 60,445	\$ 1,153,258	\$ 29,743	\$ 14,811,716	\$ 3,693,754	\$	34,243,876

SPRINGFIELD LOCAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances*
All Governmental Fund Types

For the Year Ended June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues			
Taxes	\$ 11,119,938	\$ 0	\$ 177,277
Intergovernmental	7,717,734	975,274	900,000
Investment Income	254,075	2,963	0
Tuition and Fees	374,319	0	0
Extracurricular Activities	0	367,539	0
Rentals	99,819	0	0
Miscellaneous	48,692	17,712	0
Total Revenues	19,614,577	1,363,488	1,077,277
Expenditures			
Current:			
Instruction			
Regular	9,197,204	249,631	0
Special	1,755,628	623,397	0
Vocational	284,571	0	0
Other	208,408	1,920	0
Support Services:			
Pupils	1,142,796	17,021	0
Instructional Staff	451,759	38,254	0
Board of Education	296,070	3,488	0
Administration	1,618,117	21,114	0
Fiscal	480,462	0	0
Business	73,346	0	0
Operation and Maintenance of Plant	2,076,849	4,340	0
Pupil Transportation	1,696,449	71	0
Central	35,767	0	0
Operation of Non-Instructional Services	0	19	0
Extracurricular Activities	217,142	386,292	0
Capital Outlay	17,714	44,989	0
Debt Service:			
Principal Retirement	0	0	1,039,376
Interest and Fiscal Charges	0	0	68,488
Total Expenditures	19,552,282	1,390,536	1,107,864
Excess of Revenues Over (Under) Expenditures	62,295	(27,048)	(30,587)
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	2,047	0	0
Operating Transfers In	147,152	0	0
Operating Transfers Out	(149,152)	0	0
Total Other Financing Sources (Uses)	47	0	0
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	62,342	(27,048)	(30,587)
Fund Balance (Deficit) at Beginning Of Year	(596,171)	412,324	41,671
Increase (Decrease) in Reserve for Inventory	0	0	0
Fund Balance (Deficit) at End of Year	\$ (533,829)	\$ 385,276	\$ 11,084

See accompanying notes to the general purpose financial statements.

<u>Capital Projects</u>		<u>Totals (Memorandum Only)</u>	
\$	335,531	\$	11,632,746
	217,691		9,810,699
	0		257,038
	0		374,319
	0		367,539
	0		99,819
	0		66,404
	<u>553,222</u>		<u>22,608,564</u>
	1,275		9,448,110
	0		2,379,025
	0		284,571
	98,426		308,754
	0		1,159,817
	0		490,013
	0		299,558
	0		1,639,231
	0		480,462
	0		73,346
	0		2,081,189
	0		1,696,520
	0		35,767
	0		19
	0		603,434
	346,868		409,571
	0		1,039,376
	0		68,488
	<u>446,569</u>		<u>22,497,251</u>
	106,653		111,313
	0		2,047
	0		147,152
	0		(149,152)
	<u>0</u>		<u>47</u>
	106,653		111,360
	333,773		191,597
	<u>0</u>		<u>0</u>
\$	<u>440,426</u>	\$	<u>302,957</u>

SPRINGFIELD LOCAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual*

All Governmental Fund Types
(Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2001

GENERAL FUND			
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 10,940,265	\$ 10,846,682	\$ (93,583)
Intergovernmental	7,531,992	7,571,135	39,143
Investment Income	250,000	254,075	4,075
Tuition and Fees	319,700	349,038	29,338
Extracurricular Activities	0	0	0
Rentals	52,000	99,819	47,819
Miscellaneous	152,000	182,356	30,356
Total Revenues	19,245,957	19,303,105	57,148
Expenditures			
Current:			
Instruction	11,729,311	11,663,887	65,424
Support Services:			
Pupils	1,171,921	1,152,645	19,276
Instructional Staff	446,774	441,787	4,987
Board of Education	315,449	308,079	7,370
Administration	1,623,311	1,611,926	11,385
Fiscal	491,695	483,189	8,506
Business	76,266	73,152	3,114
Operation and Maintenance of Plant	2,138,914	2,127,152	11,762
Pupil Transportation	1,786,235	1,711,089	75,146
Central	37,000	35,767	1,233
Operation of Non-Instructional Services			
Community Services	0	0	0
Extracurricular Activities	223,500	216,521	6,979
Capital Outlay	18,355	17,714	641
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	20,058,731	19,842,908	215,823
Excess of Revenues Over (Under) Expenditures	(812,774)	(539,803)	272,971
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	1,075	2,047	972
Refund of Prior Year Expenditures	0	0	0
Other Financing Sources	1,000	640	(360)
Refund of Prior Year Receipts	0	0	0
Advances In	160,354	174,956	14,602
Advances Out	(48,502)	(48,502)	0
Operating Transfers In	0	147,152	147,152
Operating Transfers Out	(149,152)	(149,152)	0
Total Other Financing Sources (Uses)	(35,225)	127,141	162,366
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(847,999)	(412,662)	435,337
Fund Balance (Deficit) at Beginning of Year	563,395	563,395	0
Prior Year Encumbrances Appropriated	289,385	289,385	0
Fund Balance (Deficit) at End of Year	\$ 4,781	\$ 440,118	\$ 435,337

See accompanying notes to the general purpose financial statements.

SPECIAL REVENUE FUND			DEBT SERVICE FUND		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 207,864	\$ 207,864	\$ 0
1,147,064	1,181,380	34,316	900,000	900,000	0
2,267	2,963	696	0	0	0
0	0	0	0	0	0
325,776	367,539	41,763	0	0	0
0	0	0	0	0	0
17,712	17,712	0	0	0	0
1,492,819	1,569,594	76,775	1,107,864	1,107,864	0
999,808	831,805	168,003	0	0	0
33,844	20,776	13,068	0	0	0
59,411	41,346	18,065	0	0	0
3,488	3,488	0	0	0	0
27,201	25,701	1,500	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
7,332	4,336	2,996	0	0	0
189	71	118	0	0	0
0	0	0	0	0	0
1,207	19	1,188	0	0	0
445,206	420,383	24,823	0	0	0
94,470	59,220	35,250	0	0	0
0	0	0	1,039,376	1,039,376	0
0	0	0	68,488	68,488	0
0	0	0	1,107,864	1,107,864	0
1,672,156	1,407,145	265,011	0	0	0
(179,337)	162,449	341,786	0	0	0
0	0	0	0	0	0
956	956	0	0	0	0
0	0	0	0	0	0
(11,569)	(15,111)	(3,542)	0	0	0
0	0	0	0	0	0
(139,299)	(153,900)	(14,601)	0	0	0
48,502	48,502	0	0	0	0
0	0	0	0	0	0
(101,410)	(119,553)	(18,143)	0	0	0
(280,747)	42,896	323,643	0	0	0
407,876	407,876	0	0	0	0
54,264	54,264	0	0	0	0
\$ 181,393	\$ 505,036	\$ 323,643	\$ 0	\$ 0	\$ 0

SPRINGFIELD LOCAL SCHOOL DISTRICT

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

All Governmental Fund Types
(Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2001

	CAPITAL PROJECT FUND			TOTALS (MEMORANDUM ONLY)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$ 336,316	\$ 330,781	\$ (5,535)	\$ 11,484,445	\$ 11,385,327	\$ (99,118)
Intergovernmental	183,996	217,691	33,695	9,763,052	9,870,206	107,154
Investment Income	0	0	0	252,267	257,038	4,771
Tuition and Fees	0	0	0	319,700	349,038	29,338
Extracurricular Activities	0	0	0	325,776	367,539	41,763
Rentals	0	0	0	52,000	99,819	47,819
Miscellaneous	0	0	0	169,712	200,068	30,356
Total Revenues	520,312	548,472	28,160	22,366,952	22,529,035	162,083
Expenditures						
Current						
Instruction	107,209	102,503	4,706	12,836,328	12,598,195	238,133
Support Services:						
Pupils	0	0	0	1,205,765	1,173,421	32,344
Instructional Staff	2,000	0	2,000	508,185	483,133	25,052
Board of Education	0	0	0	318,937	311,567	7,370
Administration	0	0	0	1,650,512	1,637,627	12,885
Fiscal	0	0	0	491,695	483,189	8,506
Business	0	0	0	76,266	73,152	3,114
Operation and Maintenance of Plant	0	0	0	2,146,246	2,131,488	14,758
Pupil Transportation	0	0	0	1,786,424	1,711,160	75,264
Central	0	0	0	37,000	35,767	1,233
Operation of Non-Instructional Services						
Community Services	0	0	0	1,207	19	1,188
Extracurricular Activities	0	0	0	668,706	636,904	31,802
Capital Outlay	725,340	417,962	307,378	838,165	494,896	343,269
Debt Service:						
Principal Retirement	0	0	0	1,039,376	1,039,376	0
Interest and Fiscal Charges	0	0	0	68,488	68,488	0
Total Expenditures	834,549	520,465	314,084	23,673,300	22,878,382	794,918
Excess of Revenues Over (Under) Expenditures	(314,237)	28,007	342,244	(1,306,348)	(349,347)	957,001
Other Financing Sources (Uses)						
Proceeds from Sale of Bonds	0	0	0	1,075	2,047	972
Refund of Prior Year Expenditures	0	0	0	956	956	0
Other Financing Sources	0	0	0	1,000	640	(360)
Refund of Prior Year Receipts	0	0	0	(11,569)	(15,111)	(3,542)
Advances In	0	0	0	160,354	174,956	14,602
Advances Out	0	0	0	(187,801)	(202,402)	(14,601)
Operating Transfers In	0	0	0	48,502	195,654	147,152
Operating Transfers Out	0	0	0	(149,152)	(149,152)	0
Total Other Financing Sources (Uses)	0	0	0	(136,635)	7,588	144,223
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(314,237)	28,007	342,244	(1,442,983)	(341,759)	1,101,224
Fund Balance (Deficit) at Beginning of Year	318,555	318,555	0	1,289,826	1,289,826	0
Prior Year Encumbrances Appropriated	4,940	4,940	0	348,589	348,589	0
Fund Balance (Deficit) at End of Year	\$ 9,258	\$ 351,502	\$ 342,244	\$ 195,432	\$ 1,296,656	\$ 1,101,224

See accompanying notes to the general purpose financial statements.

SPRINGFIELD LOCAL SCHOOL DISTRICT

*Combined Statement of Revenues,
Expenses, and Changes in Fund Equity
All Proprietary Fund Types*

For the Year Ended June 30, 2001

	Proprietary Fund Types		
	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Operating Revenues</u>			
Sales	\$ 416,400	\$ 0	\$ 416,400
Charges for Services	0	1,637,989	1,637,989
Other Operating Revenues	7,135	0	7,135
Total Operating Revenues	423,535	1,637,989	2,061,524
<u>Operating Expenses</u>			
Salaries	329,338	0	329,338
Fringe Benefits	150,173	0	150,173
Purchased Services	12,212	1,380,318	1,392,530
Materials and Supplies	258,122	0	258,122
Depreciation	1,293	0	1,293
Capital Outlay	58	0	58
Total Operating Expenses	751,196	1,380,318	2,131,514
Operating Income (Loss)	(327,661)	257,671	(69,990)
<u>Non-Operating Revenues (Expenses)</u>			
Operating Grants	329,712	0	329,712
Total Non-Operating Revenues (Expenses)	329,712	0	329,712
Net Income (Loss) Before Operating Transfers	2,051	257,671	259,722
Transfers In	2,000	0	2,000
Net Income (Loss)	4,051	257,671	261,722
Retained Earnings (Deficit)/Fund Balance at Beginning of Year	(458,887)	712,587	253,700
Contributed Capital End of Year	408,884	0	408,884
Total Fund Equity (Deficit) at End of Year	\$ (45,952)	\$ 970,258	\$ 924,306

See accompanying notes to the general purpose financial statements.

SPRINGFIELD LOCAL SCHOOL DISTRICT

Combined Statement of Cash Flows
All Proprietary Fund Types

For the Year Ended June 30, 2001

	Proprietary Fund Types		
	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Cash Flows From Operating Activities</u>			
Cash Received from Customers	\$ 416,400	\$ 0	\$ 416,400
Cash Received from Quasi External Transactions with Other Funds	0	1,622,810	1,622,810
Cash Paid for Goods and Services	(252,601)	0	(252,601)
Cash Paid to Employees	(482,477)	0	(482,477)
Cash Paid for Claims	0	(1,541,434)	(1,541,434)
Other Operating Income	7,135	0	7,135
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(311,543)</u>	<u>81,376</u>	<u>(230,167)</u>
<u>Cash Flows From Non-Capital Financing Activities</u>			
Grants	329,712	0	329,712
Transfers In	2,000	0	2,000
<i>Net Cash Provided By (Used for) Non-Capital Activities</i>	<u>331,712</u>	<u>0</u>	<u>331,712</u>
Net Increase (Decrease) in Cash and Cash Equivalents	20,169	81,376	101,545
Cash and Cash Equivalents at Beginning of Year	6,043	1,038,051	1,044,094
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 26,212</u>	<u>\$ 1,119,427</u>	<u>\$ 1,145,639</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</u>			
Operating Income (Loss)	\$ (327,661)	\$ 257,671	\$ (69,990)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Depreciation	1,293	0	1,293
(Increase) Decrease in Assets:			
Accounts Receivable	0	(15,179)	(15,179)
Inventory	813	0	813
Increase (Decrease) in Liabilities:			
Accounts Payable	(1,012)	0	(1,012)
Interfund Payable	(20,846)	0	(20,846)
Deferred Revenue	174	(161,116)	(160,942)
Contracts Payable	38,662	0	38,662
Wages and Benefits	363	0	363
Compensated Absences	(3,329)	0	(3,329)
<i>Total Adjustments</i>	<u>16,118</u>	<u>(176,295)</u>	<u>(160,177)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (311,543)</u>	<u>\$ 81,376</u>	<u>\$ (230,167)</u>

See accompanying notes to the general purpose financial statements.

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SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Springfield Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The proprietary funds conform to financial accounting standards board statements and interpretations issued prior to November 30, 1989, unless they contradict/conflict with GASB pronouncements. The more significant of the District's accounting policies are described below.

(A) *REPORTING ENTITY*

The Springfield Local School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the District. Local school districts are supervised by the County Board of Education, a separate entity.

For financial reporting purposes, the Springfield Local School District (the "District") is a primary government and includes all funds, accounts groups, agencies, boards, and commissions that are not legally separate from the District. As a result the accompanying financial statements include the general operations, food service, and student related activities of the District.

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

(B) *BASIS OF PRESENTATION - FUND ACCOUNTING*

The School District uses funds and account groups to report its financial position and results of operation. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category is then divided into various fund types. The following are the fund types and account groups utilized by the School District.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities, except those accounted for in proprietary and fiduciary funds, are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position.

General Fund - The general fund is the operating fund of the School District and is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds - These funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

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

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the School District's ongoing activities which are similar to those often found in the private sector.

Enterprise Funds - These funds account for operations that (a) are financed and operated in a manner similar to private business enterprises where the intent of the School District is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

FIDUCIARY FUNDS

These funds account for assets held by the School District in a trustee capacity or as an agent for individuals, private organization, other governmental units, and other funds. The following are the School District's Fiduciary Funds.

Agency Funds - These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. Agency Fund assets and liabilities are accounted for on the modified accrual basis.

ACCOUNT GROUPS

Account groups make a clear distinction between fixed assets related to specific funds and those of general government, and long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the Proprietary Funds.

General Long-Term Obligation Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the Proprietary Funds.

(C) *MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund Type Operating Statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

Revenues (Exchange and Non-exchange Transactions) - Revenue resulting from exchange transactions, in which each party gives and received essentially equal value, is recorded on the accrual basis when the exchange takes place.

On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District received value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 4.) Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose and expenditure requirements in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements, and student fees.

Deferred Revenue – Deferred revenue arises 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, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue.

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue

Expenditures - The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period which they are earned, and expenses are recognized at the time they are incurred. Unused donated commodities are reported as deferred revenue.

(D) **BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are required to be budgeted and appropriated, although only governmental funds are required to be reported. The primary level

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit 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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates. No later than January 20, the Board-adopted budget is filed with the Summit County Budget Commission for rate determination.

Estimated Resources

Prior to March 15, 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 School 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. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts set forth in the final Amended Certificate issued for fiscal 2001.

Appropriations

By October 1, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation at any level of control.

Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources.

Formal budgetary integration is employed as a management control device during the year for all funds, including the debt service fund, consistent with statutory provisions.

Appropriation amounts are as originally adopted, or as amended by the Board of Education throughout the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. During the year, several supplemental appropriation measures were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

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. On the GAAP basis,

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for Governmental Funds.

Lapsing of Appropriations

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated.

Budgetary Basis of Accounting

While reporting financial position, results of operations and changes in fund balance is on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Combined Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis), All Government Fund Types and Similar Trust Funds and the Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget and Actual (Non-GAAP Basis) are budgetary basis statements. The major differences between the budget and the GAAP basis are that:

- 1) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- 2) Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- 3) Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types and as disclosure for proprietary fund types (GAAP basis).

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

Excess of Revenues and Other Financing
Sources Over (Under) Expenditures and Other
Financing Uses

Governmental Fund Types and Similar Trust Funds

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget Basis	\$ (412,662)	\$ 42,896	\$ 0	\$ 28,007
Net Adjustment for Accruals				
Revenues	135,875	(255,563)	(30,587)	4,750
Expenditures	(25,456)	114,382	0	(8,921)
Encumbrances	<u>364,585</u>	<u>71,237</u>	<u>0</u>	<u>82,817</u>
GAAP Basis	<u>\$ 62,342</u>	<u>\$ (27,048)</u>	<u>\$ (30,587)</u>	<u>\$ 106,653</u>

(E) *CASH AND INVESTMENTS*

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

During fiscal year 2001, investments were limited to STAROhio, repurchase agreements, and treasury notes.

Investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

Interest earned on investments is credited to the respective fund, except as stipulated by state statute or Board Resolution. Interest income earned in fiscal year 2001 totaled \$257,038.

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and at the day of purchase, they have a maturity date no longer than three months.

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

(F) *RESTRICTED ASSETS*

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish reserves for the textbook, capital improvements, and budget set-asides. The textbook and capital improvement reserves are required by State statute. The budget set-aside is reserved for the refund from Bureau of Workers' Compensation. Fund balance reserves have also been established.

(G) *INVENTORY*

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The District utilizes the purchase method for reporting inventory. Under this method, inventories are recorded as expenditures in governmental funds when purchased and as expenses in the enterprise funds when used. Reported inventories in the governmental fund types are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

(H) *FIXED ASSETS AND DEPRECIATION*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical cost records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The School District follows the policy of not capitalizing assets with a cost of less than \$3,000, with the following exception: The cost of textbooks and library books as well as electronic equipment with a cost of \$300 or more has been included as a fixed asset for reporting purposes. This policy is based primarily on the uniqueness of these items to a school operation and an existing five-year textbook adoption policy.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially, extend asset lives are not capitalized. In proprietary funds, improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets and charged to operations.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment, and vehicles in the proprietary fund types is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Life (Years)</u>
Buildings	25-50
Fixed Equipment	12
Furniture, Fixtures and Minor Equipment	12
Vehicles	12

(I) *INTERGOVERNMENTAL REVENUES*

In governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for proprietary fund operations are recognized as revenue when measurable and earned. The School District currently participates in various State and Federal programs, categorized as follows:

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

ENTITLEMENTS

General Fund

State Foundation Program

NON-REIMBURSABLE GRANTS

Special Revenue Funds

Title I

Title VI-B

Drug Free School

Innovative Education Program Strategies

REIMBURSABLE GRANTS

General Fund

School Bus Purchase Reimbursement

Driver Education Reimbursement

Proprietary Fund

State School Lunch Program

National School Lunch Program

National School Breakfast Program

Government Donated Commodities

Grants and entitlements amounted to approximately 43% percent of the School District's operating revenue during the 2001 fiscal year.

(J) *SHORT-TERM INTERFUND ASSETS/LIABILITIES*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from Other Funds" or "Due to Other Funds" on the Balance Sheet. Short-term interfund loans are classified as "Interfund Receivables/Payables".

(K) *PREPAID ITEMS*

Payments made to vendors for services that will benefit periods beyond June 30, 2001 are recorded as prepaid items.

(L) *COMPENSATED ABSENCES*

The District has accounts for compensated absences under the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

(M) *LONG-TERM OBLIGATIONS*

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligation is reported in the general long-term obligations account group.

(N) *FUND BALANCE RESERVES*

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, and materials and supplies inventory. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

(O) *INTERFUND TRANSACTIONS*

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. During the 2001 fiscal year, the District had the following transfer transactions:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 147,152	\$ 149,152
Enterprise Funds	<u>2,000</u>	<u>0</u>
Totals	<u>\$ 149,152</u>	<u>\$ 149,152</u>

(P) *TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS*

Total columns on the General Purpose Financial Statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

(A) *FUND DEFICITS*

Fund Balances/Retained Earnings at June 30, 2001 included the following individual fund deficits:

	<u>Deficit</u> <u>Fund Balance</u>	<u>Deficit</u> <u>Retained Earnings</u>
<i>General Fund</i>	\$ (533,829)	
<i>Enterprise Funds</i>		
Lunch Room		\$ (45,952)

The above fund and account deficits were caused by the recognition of expenditures on the modified accrual basis of accounting which are substantially greater than expenditures recognized on the cash basis.

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes require the classification of monies held by the School District into three categories:

Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near cash" status for immediate use by the School District. Such monies must be maintained either as cash in the School District Treasury, in depository accounts payable or withdrawals on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Category 2 consists of "inactive" monies, those monies not required for use within the current two year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Category 3 consists of "interim" monies. "Interim" monies are those which are not needed for immediate use but which will be needed before the end of the current period of depositories. Interim monies may be invested or deposited in the following securities, provided that such investments will mature or are redeemable within two years from the date of purchase.

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

- 1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the full faith of the United States is pledged for the payment of principal and interest.
 - 2) Bonds, notes, debentures, or other obligations of securities issued by any federal government agency, or the Export-Import Bank of Washington.
 - 3) Repurchase agreements in the securities enumerated above.
 - 4) Interim deposits in the eligible institutions applying for interim monies to 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, but not limited to, passbook accounts.
 - 5) Bonds and other obligations of the State of Ohio.
 - 6) The State Treasurer's investment pool (STAROhio).
-

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

- 7) Commercial paper notes issued by a corporation for profit incorporated under the laws of the United States or of any state thereof, with assets in excess of five hundred million dollars, provided:
- a) The notes are, by the most current ratings, rated in the highest classification by two standard ratings services;
 - b) The aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the corporation; and
 - c) The notes mature not later than one hundred eighty days after purchase.
- 8) Bankers' acceptances of banks which are members of the Federal Deposit Insurance Corporation provided:
- a) The obligations are eligible for purchase by the Federal Reserve System; and
 - b) The obligations mature not later than one hundred eighty days after purchase.

Protection of the School District's cash and investments is provided by the various federal deposit insurance corporations as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral generally must equal at least 110% of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

DEPOSITS

At year end, the carrying amount of the School District's deposits was \$(468,645) while the bank balance was \$9,207. Federal depository insurance covered the \$9,207 of the bank balance. The District also has \$1,000 in petty cash.

INVESTMENTS

The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counter-party's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party or by its trust department or agent but not in the School District's name.

	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 945,000	\$ 945,000	\$ 945,000
State Treasurer's Investment Pool	<u>0</u>	<u>2,513,322</u>	<u>2,513,322</u>
	<u>\$ 945,000</u>	<u>\$ 3,458,322</u>	<u>\$ 3,458,322</u>

The carrying amount of deposits and investments is presented on the Combined Balance Sheet as equity in pooled cash and cash equivalents. The State Treasurer's Investment Pool is an uncategorized investment.

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

NOTE 4 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a subsequent fiscal year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1, and are collected with real property taxes. Assessed values for real property are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 100% of true value (with certain exceptions) and on real property at 35% of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25% of true value. The assessed values upon which the fiscal year 2000 taxes were collected are:

	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 277,325,440	77.71%
Public Utility Personal	12,543,950	3.52%
Tangible Personal Property	<u>66,992,679</u>	<u>18.77%</u>
	<u>\$ 356,862,069</u>	<u>100.00%</u>

Tax Rate per \$1,000 of Assessed Valuation	\$ 48.30
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Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

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

The Summit County Treasurer collects property tax on behalf of all taxing districts within the county. The County Auditor periodically advances to the School District their portion of the taxes collected. The amount available to the School District as an advance at June 30, 2001 is available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available and measurable are recorded as revenue. The receivable

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount measurable and available to the School District at June 30, 2001, was \$622,777.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts (rent and student fees), interest, and intergovernmental entitlements and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<i>General Fund</i>	\$ 27,531
<i>Special Revenue Funds</i>	
E-Rate	<u>18,261</u>
	<u>18,261</u>
Total Intergovernmental Receivables	<u><u>\$ 45,792</u></u>

NOTE 6 – FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001 follows:

Furniture and Equipment	\$ 316,096
Less: Accumulated Depreciation	<u>306,770</u>
Net Fixed Assets	<u><u>\$ 9,326</u></u>

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

A summary of the changes in general fixed assets follows:

	Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2001</u>
Land and Improvements	\$ 921,127	\$ 0	\$ 0	\$ 921,127
Buildings and Improvements	10,066,013	0	0	10,066,013
Machinery, Equipment and Fixtures	1,821,969	235,214	5,284	2,051,899
Vehicles	328,362	20,054	0	348,416
Educational Media	<u>1,424,261</u>	<u>0</u>	<u>0</u>	<u>1,424,261</u>
Total	\$ <u>14,561,732</u>	\$ <u>255,268</u>	\$ <u>5,284</u>	\$ <u>14,811,716</u>

There was no significant construction in progress at June 30, 2001.

NOTE 7 - RISK MANAGEMENT

The School District insures its buildings and their contents through insurance that has a \$5,000 deductible and provides replacement cost for such items. An inventory of all loose equipment is conducted annually.

Appropriate liability insurance is maintained in the amount of \$100,000 for each occurrence and \$5,000,000 aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

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

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

The School District has established a limited risk management program for hospital/medical benefits. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2001, a total expense of \$1,380,318 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$75,000. The liability for unpaid claims cost of \$183,000 reported in the fund at June 30, 2001 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions.

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

Changes in the fund's claims liability amount in 2000 and 2001 were:

		<u>Balance</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2000	\$	226,900	\$ 1,408,001	\$ 1,451,901	\$ 183,000
2001	\$	183,000	\$ 1,380,318	\$ 1,380,318	\$ 183,000

NOTE 8 - PENSION PLANS

(A) *SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)*

The Springfield Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple-employer public employee retirement defined benefit pension plan. SERS provides retirement, annual cost-of-living adjustments, disability, survivor and health care benefits. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and Springfield Local School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Springfield Local School District are established by and may be amended by the SERS Board of Trustees. The School District's contributions to SERS for the years ending June 30, 2001, 2000, and 1999 were \$375,678, \$539,424, and \$686,424, respectively; 28.83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal year 2000 and 1999. The amount representing the unpaid contribution for fiscal year 2001, \$267,372 is recorded as a liability within the respective funds and the general long-term obligations account group.

(B) *STATE TEACHERS RETIREMENT SYSTEM (STRS)*

The Springfield Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple-employer public employee retirement defined benefit pension plan operated by the State of Ohio. STRS provides retirement, annual cost-of-living adjustments, disability, survivor, and health care benefits. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes general purpose financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9.3% of their annual covered salary and Springfield Local School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Springfield Local School District are established by and may be amended by the STRS Board of Trustees. The School District's contributions to STRS for the years ending June 30, 2001, 2000, and 1999 were \$1,381,200, \$1,436,892, and \$1,524,144, respectively; 82.31 percent has been contributed for fiscal year 2001 and 100 percent for fiscal year 2000 and 1999. The amount representing the unpaid contribution for fiscal year 2001, \$244,348 is recorded as a liability within the respective funds.

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

NOTE 9 - POSTEMPLOYMENT BENEFITS

(A) *SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)*

The Ohio Revised Code gives SERS the discretionary authority to provide post retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients.

Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's contribution is allocated to providing health care benefits. At June 30, 2000, the allocation rate was 8.45%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2000, the minimum pay has been established as \$12,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, the Retirement System's net assets available for payment of health care benefits was \$252.3 million. The number of participants currently receiving health care benefits is approximately 50,000. The portion employer contributions that were used to fund postemployment benefits was \$235,354.

(B) *STATE TEACHERS RETIREMENT SYSTEM (STRS)*

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipient and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

The ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll.

The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$3.419 million at June 30, 2000. For the year ended June 30, 2000, the net health care costs paid by STRS were \$283,137,000. There were 99,011 eligible benefit recipients.

(C) *COMPENSATED ABSENCES*

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Non-certified employees earn ten to thirty days of vacation per year depending upon length of service. Vacation days are credited to non-certified employees on the anniversary of their employment and must be used within the next twelve months. Vacation may be carried forward beyond the twelve months period only with the approval of the Superintendent. Accumulated unused vacation time is paid to non-certified employees upon termination of employment. Teachers and administrators generally do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated for an unlimited number of days. Payment is made for one-fourth of the total sick

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

leave accumulation, up to a maximum accumulation of 180 days upon retirement for certified employees or upon termination with 10 years service for non-certified employees.

NOTE 10 - NOTES PAYABLE

(A) A detail of debt obligations is as follows:

	<u>Balance at July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2001</u>
<i>GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP</i>				
Energy Conservation Bond				
Interest Rate 5.5% due				
April 15, 2002	231,200	0	115,600	115,600
Interest Rate 5.91% due				
December 1, 2014	<u>955,578</u>	<u>0</u>	<u>23,776</u>	<u>931,802</u>
	1,186,778	0	139,376	1,047,402
Solvency Assistance Fund Advance				
Interest Rate 0% due				
June 2, 2002	1,800,000	0	900,000	900,000
Early Retirement Incentive	1,454,520	0	731,264	723,256
Inter-governmental Payable (SERS)	172,919	184,103	172,919	184,103
Compensated Absences	<u>1,107,042</u>	<u>0</u>	<u>268,049</u>	<u>838,993</u>
Totals	<u>\$ 5,721,259</u>	<u>\$ 184,103</u>	<u>\$ 2,211,608</u>	<u>\$ 3,693,754</u>

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

The schedule for principal and interest payments on long-term borrowing for the next five years and thereafter follows:

Year Ending June 30,	<u>Solvency Assistance Fund</u>	<u>Energy Conservation</u>	<u>Totals</u>
2002	\$ 900,000	\$ 220,329	\$ 1,120,329
2003	0	98,293	98,293
2004	0	98,211	98,211
2005	0	98,124	98,124
2006	0	98,031	98,031
Thereafter	<u>0</u>	<u>877,094</u>	<u>877,094</u>
Total Principal and Interest	900,000	1,490,082	2,390,082
Less: Interest	<u>0</u>	<u>442,680</u>	<u>442,680</u>
Total Principal	<u>\$ 900,000</u>	<u>\$ 1,047,402</u>	<u>\$ 1,947,402</u>

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

NOTE 11 - CONTRACTS

The District has renewed their transportation contract with Settle Services. The company furnishes bus transportation service for students attending the facilities and all other children for whom the District has an obligation to provide transportation in accordance with all applicable rules and regulations set forth by the Ohio Department of Education, the Ohio Revised Code and the Ohio Administrative Code. The company provides transportation services by utilizing the District buses and company buses. As District buses are required to be replaced, the company replaces them with company buses. The District is charged a rate based per trip and whether a District or company bus is utilized. The contract is in effect until November 15, 2001. The contract can be renewed for one additional five year term upon the mutual consent and negotiation of the company and District.

NOTE 12 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2001 consist of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 33,900	\$ 0
Special Revenue Funds		
Title I		27,000
Title VI		6,900
	<u>0</u>	<u>33,900</u>
Total All Funds	<u>\$ 33,900</u>	<u>\$ 33,900</u>

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains five enterprise funds: the lunchroom operated on a sales basis, the community education program and the Reach-Out summer program operated on tuition basis, the uniform school supply operated on a sales basis, and the S.W.I.M. program operated on a fee basis. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the Springfield Local School District for the year ended June 30, 2001:

	<u>Lunchroom</u>	<u>Uniform School Supply</u>	<u>Community Education</u>	<u>Recreation (S.W.I.M.)</u>	<u>Reach-Out Summer Enrichment</u>	<u>Total</u>
Operating Revenues	\$ 405,759	\$ 10,880	\$ 0	\$ 6,896	\$ 0	\$ 423,535
Operating Expenses Before Depreciation	730,432	12,564	0	6,907	0	749,903
Depreciation	<u>1,293</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,293</u>
Operating Income (Loss)	<u>(325,966)</u>	<u>(1,684)</u>	<u>0</u>	<u>(11)</u>	<u>0</u>	<u>(327,661)</u>
Operating Grants	329,712	0	0	0	0	329,712
Operating Transfers In	<u>0</u>	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000</u>
Non-Operating Revenue	<u>329,712</u>	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>331,712</u>
Net Income (Loss)	<u>\$ 3,746</u>	<u>\$ 316</u>	<u>\$ 0</u>	<u>\$ (11)</u>	<u>\$ 0</u>	<u>\$ 4,051</u>
Net Working Capital	<u>\$ (56,908)</u>	<u>\$ 476</u>	<u>\$ 1,032</u>	<u>\$ (9)</u>	<u>\$ 131</u>	<u>\$ (55,278)</u>
TOTAL ASSETS	<u>\$ 58,795</u>	<u>\$ 476</u>	<u>\$ 1,032</u>	<u>\$ 11</u>	<u>\$ 131</u>	<u>\$ 60,445</u>
TOTAL EQUITY	<u>\$ (47,582)</u>	<u>\$ 476</u>	<u>\$ 1,032</u>	<u>\$ (9)</u>	<u>\$ 131</u>	<u>\$ (45,952)</u>

NOTE 14 - NORTHEASTERN OHIO NETWORK

The Northeastern Ohio Network (NEONET) is a jointly governed organization comprised of 17 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports NEONET based on a per pupil charge dependent upon the software package utilized. The NEONET assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. NEONET is governed by a board of directors chosen from the general membership of the NEONET assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center which serves as fiscal agent, located at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221. During the year ended June 30, 2001, the District paid approximately \$35,767 to NEONET for basic service charges.

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

NOTE 15 - OTHER MATTERS

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of September 20, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

SPRINGFIELD LOCAL SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2001

NOTE 16 – STATUTORY RESERVES

Substitute House Bill 412, as amended, required the District to “set aside” certain percentages of defined revenues for (1) textbook and instructional materials purchases and (2) capital and maintenance expenditures. As of April 10, 2001, any money on hand in a School District’s budget reserve setaside account may at the discretion of the Board be left in the account and used by the Board to offset any budget deficit the District may experience in future years. The amendment places special conditions on any refunds or rebates from the Bureau of Workers’ Compensation. These monies are to be used to offset a budget deficit; for school facility construction, renovation or repair; for textbooks or instructional materials; for purchases of school buses; or for teachers’ professional development. It also required five year budget projections, amended the fiscal watch and fiscal emergency statutes, created a state school district solvency fund, and amended “spending reserve” provisions. During the fiscal year June 30, 2001, the reserve activity (GAAP-basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Reserve	Total
Set-Aside Cash Balance as of June 30, 2000	\$ 23,946	\$ 0	\$ 107,978	\$ 131,924
Current Year Set-Aside Requirement	461,467	461,467	0	922,934
Additional Set-Aside	0	0	0	0
Qualifying Disbursements	<u>(452,806)</u>	<u>(389,480)</u>	<u>0</u>	<u>(842,286)</u>
Total	<u>\$ 32,607</u>	<u>\$ 71,987</u>	<u>\$ 107,978</u>	<u>\$ 212,572</u>
Cash Balance Carried Forward FY 2001	<u>\$ 32,607</u>	<u>\$ 71,987</u>	<u>\$ 107,978</u>	
Amount Restricted for Set-Asides				<u>\$ 212,572</u>
Total Restricted Assets				<u>\$ 212,572</u>

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

September 20, 2001

The Board of Education
Springfield Local School District
Akron, Ohio 44312

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the general purpose financial statements of Springfield Local School District as of and for the year then ended June 30, 2001, and have issued our report thereon dated September 20, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether Springfield Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Springfield Local School District in a separate letter dated September 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Springfield Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Springfield Local School District in a separate letter dated September 20, 2001.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

September 20, 2001

The Board of Education
Springfield Local School District
Akron, Ohio 44312

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Springfield Local School District with the type of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Springfield Local School District's major federal program is identified in the summary of the 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 its major federal program is the responsibility of Springfield Local School District's management. Our responsibility is to express an opinion on Springfield Local School District's compliance based on our audit.

We conducted our audit of compliance with those requirements 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 material 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 Springfield Local School 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 Springfield Local School District's compliance with those requirements.

In our opinion, Springfield Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control over Compliance

The management of Springfield Local School 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 Springfield Local School 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards - Non-GAAP Budgetary Basis

We have audited the general purpose financial statements of Springfield Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated September 20, 2001. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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

Kea & Associates, Inc.

SPRINGFIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - NON-GAAP BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Program Amount	Federal Receipts	Federal Disbursements	Non-Cash Transactions
U. S. Department of Education						
(Passed Through State Department of Education):						
Title 1 Delinquent	84.010	C1-SD-00	\$ 23,693	\$ 19,192	\$ 14,691	\$ 0
Title 1 Delinquent	84.010	C1-SD-01	26,088	4,957	0	0
Title 1	84.010	C1-S1-00	340,129	139,590	85,888	0
Title 1	84.010	C1-S1-01	340,129	164,058	186,704	0
<i>Total Title 1</i>				327,797	287,283	0
Title VI-B	84.027	6B-SF-00P	222,072	53,256	41,319	0
Title VI-B	84.027	6B-SF-01P	275,028	263,910	230,472	0
<i>Total Title VI-B</i>				317,166	271,791	0
Preschool Grant	84.173	PG-SC-2000P	4,022	4,022	4,022	0
Preschool Grant	84.173	PG-SI-2000P	16,938	0	6,496	0
Preschool Grant	84.173	PG-SI-2001P	16,836	16,836	16,740	0
<i>Total Preschool Grant</i>				20,858	27,258	0
Innovative Education Program Strat.	84.298	C2-S1-99	14,153	2,122	2,122	0
Innovative Education Program Strat.	84.298	C2-S1-00	16,603	11,871	0	0
Innovative Education Program Strat.	84.298	C2-S1-01	18,876	18,778	18,000	0
<i>Total Title VI</i>				32,771	20,122	0
Class Reduction	84.340	CR-S1-01	59,883	32,965	16,342	0
Class Reduction	84.340	CR-S1-00	68,830	27,532	13,634	0
<i>Total class reduction</i>				60,497	29,976	0
Drug Free Schools	84.186	DR-S1-01	13,605	4,082	10,902	0
Drug Free Schools	84.186	DR-S1-00	14,317	10,022	323	0
Drug Free Schools	84.186	DR-S1-99C	17,126	0	4,610	0
Drug Free Schools	84.186	DR-S1-98	17,869	0	594	0
<i>Total Drug Free Schools</i>				14,104	16,429	0
Eisenhower Professional Develop	84.281	MS-SI-98	13,880	0	80	0
Eisenhower Professional Develop	84.281	MS-SI-00	9,591	6,714	4,033	0
Eisenhower Professional Develop	84.281	MS-SI-00P	14,325	0	211	0
Eisenhower Professional Develop	84.281	MS-SI-01	12,498	11,248	5,898	0
<i>Total Eisenhower Prof. Develop.</i>				17,962	10,222	0
Technology Challenge Grant	84.303A	R303A50380-01	11,644	11,644	10,030	0
Technology Challenge Grant	84.303A	R303A50380-99	17,881	3,576	1,071	0
<i>Total Goals 2000</i>				15,220	11,101	0
Goals 2000	84.276	G2-S2-01	18,000	18,000	4,581	0
Goals 2000	84.276	G2-S2-00	27,000	27,000	14,320	0
Goals 2000	84.276	G2-S2-99	15,000	0	3,304	0
Goals 2000	84.276	G2-S8-00	3,000		19	0
<i>Total Goals 2000</i>				45,000	22,224	0
Total U.S. Department of Education				851,375	696,406	0
U. S. Department of Agriculture						
(Passed Through State Department of Education):						
<i>Nutrition Cluster</i>						
Food Distribution Program (A) (B)	10.550			54,973	0	54,799
National School Breakfast Program	10.553			40,631	40,631	0
National School Lunch Program	10.555			270,290	270,290	0
Total U.S. Department of Agriculture - Nutrition Cluster				365,894	310,921	54,799
U. S. Health and Human Services						
(Passed Through Ohio Dept. of MRDD):						
Medical Assistance Program/CAFS	93.778			146,598	146,598	0
Total U. S. Health and Human Services				146,598	146,598	0
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 1,363,867	\$ 1,153,925	\$ 54,799

(A) Federal money commingled with state subsidy reimbursements. It is assumed the money was spent on a first-in, first-out basis.
(B) Represents market value less cost.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , Section .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non- compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Title VI-B, CFDA 84.027 Technology Challenge Grant, CFDA #84.303 Preschool Grant, CFDA 84.173
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

SPRINGFIELD LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 10, 2002**