

**SPRINGFIELD LOCAL SCHOOL DISTRICT**

**LUCAS COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**For The Year Ended June 30, 2002**





**Auditor of State  
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Springfield Local School District, Lucas County, prepared by LaVallee & Company, CPAs, for the audit period July 1, 2001 through June 30, 2002. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

April 24, 2003

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**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

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# *LaVallee & Company*

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*The CPA. Never under estimate The Value.™*

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Springfield Local School District, Lucas County, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Springfield Local School 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 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, Lucas County, as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types and non expendable trust funds 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 a report dated December 18, 2002 on our consideration of the 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.

Board of Education  
Springfield Local School District  
Lucas County  
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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 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 general purpose financial statements of Springfield Local School District, Lucas County. 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.

*LaVallee & Company CPAs*

December 18, 2002



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**Springfield Local School District  
Lucas County  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2002**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 857,359	\$ 268,190	\$ 2,167,347	\$ 248,879
Equity in Pooled Cash and Cash Equivalents- Non Expendable Trust Funds	-	-	-	-
Receivables:				
Taxes	20,591,750	-	1,888,206	996,650
Accounts	55,142	-	-	-
Intergovernmental	7,047	128,221	-	55,000
Interfund Receivable	-	-	250,000	-
Inventory Held for Resale	-	-	-	-
Prepaid Items	77,273	13,469	-	300,000
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	160,938	-	-	-
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	-	-	-	-
Amount Available in Debt Service Fund	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-
Total Assets and Other Debits	<u>\$ 21,749,509</u>	<u>\$ 409,880</u>	<u>\$ 4,305,553</u>	<u>\$ 1,600,529</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 214,326	\$ 46,826	\$ -	\$ 20,661
Accrued Salaries and Benefits	2,831,927	145,651	-	-
Intergovernmental Payable	299,036	14,833	-	-
Due to Students	-	-	-	-
Interfund Payable	-	-	-	250,000
Compensated Absences Payable	42,924	2,064	-	-
Deferred Revenue	19,703,796	-	1,792,059	944,884
Notes Payable	-	-	-	-
Capital Lease Payable	-	-	-	-
Total Liabilities	<u>23,092,009</u>	<u>209,374</u>	<u>1,792,059</u>	<u>1,215,545</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	-	-	-	-
Retained Earnings	-	-	-	-
Fund Balance:				
Reserved for Encumbrances	163,346	71,520	-	230,213
Reserve for Debt Service	-	-	2,417,347	-
Reserved for Prepaids	77,273	13,469	-	300,000
Reserved for Property Taxes	887,954	-	96,147	51,766
Reserved for Textbooks & Instructional Materials	33,037	-	-	-
Reserved for Budget Stabilization	127,901	-	-	-
Reserve for Endowments	-	-	-	-
Unreserved	(2,632,011)	115,517	-	(196,995)
Total Fund Equity and Other Credits	<u>(1,342,500)</u>	<u>200,506</u>	<u>2,513,494</u>	<u>384,984</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 21,749,509</u>	<u>\$ 409,880</u>	<u>\$ 4,305,553</u>	<u>\$ 1,600,529</u>

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

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 86,742	\$ 160,475	\$ -	\$ -	\$ 3,788,992
-	2,418	-	-	2,418
-	-	-	-	23,476,606
34	-	-	-	55,176
37,947	-	-	-	228,215
-	-	-	-	250,000
15,813	-	-	-	15,813
-	-	-	-	390,742
-	-	-	-	160,938
81,803	-	33,705,932	-	33,787,735
-	-	-	2,513,494	2,513,494
-	-	-	12,389,171	12,389,171
<u>\$ 222,339</u>	<u>\$ 162,893</u>	<u>\$ 33,705,932</u>	<u>\$ 14,902,665</u>	<u>\$ 77,059,300</u>

\$ 673	\$ 4,572	\$ -	\$ -	\$ 287,058
62,811	12	-	-	3,040,401
34,366	-	-	192,252	540,487
-	75,621	-	-	75,621
-	-	-	-	250,000
54,145	-	-	2,490,860	2,589,993
-	-	-	-	22,440,739
-	-	-	12,210,000	12,210,000
-	-	-	9,553	9,553
<u>151,995</u>	<u>80,205</u>	<u>-</u>	<u>14,902,665</u>	<u>41,443,852</u>

-	-	33,705,932	-	33,705,932
70,344	-	-	-	70,344
-	2,025	-	-	467,104
-	-	-	-	2,417,347
-	-	-	-	390,742
-	-	-	-	1,035,867
-	-	-	-	33,037
-	-	-	-	127,901
-	2,000	-	-	2,000
-	78,663	-	-	(2,634,826)
<u>70,344</u>	<u>82,688</u>	<u>33,705,932</u>	<u>-</u>	<u>35,615,448</u>
<u>\$ 222,339</u>	<u>\$ 162,893</u>	<u>\$ 33,705,932</u>	<u>\$ 14,902,665</u>	<u>\$ 77,059,300</u>

**Springfield Local School District  
Lucas County  
Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types and Similar Fiduciary Funds  
For the Fiscal Year Ended June 30, 2002**

	<b>Governmental Fund Types</b>	
	<u>General</u>	<u>Special Revenue</u>
<b>Revenues:</b>		
Taxes	\$ 18,183,307	\$ -
Tuition and Fees	215,330	30,307
Intergovernmental	7,430,596	1,993,138
Interest	169,519	2,871
Extracurricular Activities	-	313,996
Customer Services	33,326	-
Gifts and Donations	5,550	16,500
Rent	36,998	-
Miscellaneous	89,910	-
	<hr/>	<hr/>
Total Revenues	26,164,536	2,356,812
<b>Expenditures:</b>		
Current:		
Instruction:		
Regular	12,531,290	224,032
Special	2,317,775	672,163
Vocational	350,210	-
Other	1,067,177	-
Support Services:		
Pupils	1,175,726	258,230
Instruction	544,322	35,501
Board of Education	37,507	-
Administration	2,150,631	48,072
Fiscal	500,961	-
Operation and Maintenance	2,652,598	13,477
Transportation	1,517,007	9,076
Central Services	62,947	33,564
Non-Instructional Services	-	882,896
Extracurricular Activities	621,773	308,331
Capital Outlay	-	-
Debt Service:		
Principal	-	-
Interest	24,663	-
Intergovernmental	-	-
	<hr/>	<hr/>
Total Expenditures	25,554,587	2,485,342
Excess (Deficiency) of Revenues Over (Under) Expenditures	609,949	(128,530)
<b>Other Financing Sources (Uses):</b>		
Operating Transfers In	-	49,757
Proceeds from Sale of Fixed Assets	4,651	-
Proceeds from Sale of Long Term Notes	-	-
Other Financing Sources	10,890	5,000
Operating Transfers Out	(166,857)	-
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(151,316)	54,757
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	458,633	(73,773)
Restated Fund Balances (Deficits) at Beginning of Year	(1,801,133)	274,279
Fund Balances (Deficits) at End of Year	<u>\$ (1,342,500)</u>	<u>\$ 200,506</u>

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

<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	(Memorandum Only)
\$ 1,836,460	\$ 918,595	\$ -	\$ 20,938,362
-	-	-	245,637
213,783	203,747	-	9,841,264
-	-	3,279	175,669
-	-	7,463	321,459
-	-	-	33,326
-	-	76,886	98,936
-	-	-	36,998
-	-	-	89,910
<hr/> 2,050,243	<hr/> 1,122,342	<hr/> 87,628	<hr/> 31,781,561
-	335,436	-	13,090,758
-	-	-	2,989,938
-	-	-	350,210
-	-	-	1,067,177
-	-	21,332	1,455,288
-	-	-	579,823
-	-	-	37,507
23,853	18,526	-	2,241,082
-	12,758	-	513,719
-	495,061	-	3,161,136
-	55,625	-	1,581,708
-	-	18,815	115,326
-	-	13,594	896,490
-	-	-	930,104
-	90,200	-	90,200
1,075,000	-	-	1,075,000
760,059	-	-	784,722
-	-	38,752	38,752
<hr/> 1,858,912	<hr/> 1,007,606	<hr/> 92,493	<hr/> 30,998,940
<hr/> 191,331	<hr/> 114,736	<hr/> (4,865)	<hr/> 782,621
-	-	-	49,757
-	-	-	4,651
-	-	-	-
591	351	-	16,832
-	-	-	(166,857)
<hr/> 591	<hr/> 351	<hr/> -	<hr/> (95,617)
191,922	115,087	(4,865)	687,004
2,321,572	269,897	85,135	1,149,750
<hr/> <b>\$ 2,513,494</b>	<hr/> <b>\$ 384,984</b>	<hr/> <b>\$ 80,270</b>	<hr/> <b>\$ 1,836,754</b>

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**Lucas County**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual**  
**All Governmental Fund Types and Similar Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2002**

	<b>Governmental Fund Types</b>		
	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 18,539,000	\$ 18,091,111	\$ (447,889)
Intergovernmental	7,260,000	7,375,034	115,034
Interest	300,000	191,920	(108,080)
Extracurricular revenue	-	-	-
Tuition	276,100	173,070	(103,030)
Rent	40,000	33,541	(6,459)
Gifts and Donations	10,000	12,776	2,776
Customer Services	20,000	33,326	13,326
Miscellaneous	86,000	90,288	4,288
<b>Total Revenues</b>	<b>26,531,100</b>	<b>26,001,066</b>	<b>(530,034)</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	12,987,876	12,983,528	4,348
Special	2,391,208	2,385,757	5,451
Vocational	357,615	356,355	1,260
Other	1,089,220	1,088,876	344
Support Services:			
Pupils	1,210,849	1,208,121	2,728
Instruction staff	585,104	576,810	8,294
Board of education	37,940	37,626	314
School administration	2,317,548	2,313,851	3,697
Fiscal	517,916	516,099	1,817
Operation and maintenance	2,728,057	2,723,777	4,280
Pupil transportation	1,571,865	1,571,207	658
Central	66,515	63,749	2,766
Non-Instructional Services			
Extracurricular activities	634,070	625,998	8,072
Capital Outlay	-	-	-
Debt Service:			
Principal retirement	2,000,000	2,000,000	-
Interest and fiscal charges	23,585	22,750	835
Intergovernmental	-	-	-
<b>Total Expenditures</b>	<b>28,519,368</b>	<b>28,474,504</b>	<b>44,864</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,988,268)	(2,473,438)	(485,170)
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	1,190,080	1,180,350	(9,730)
Proceeds from interfund loan	2,000,000	2,000,000	-
Proceeds from sale of fixed assets	300	4,652	4,352
Refund of prior year expenditures	400	281,745	281,345
Other Financing Sources	10,000	10,890	890
Refund of prior year receipts	-	-	-
Operating transfers out	(1,357,208)	(1,347,207)	10,001
Interfund loan - out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,843,572</b>	<b>2,130,430</b>	<b>286,858</b>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(144,696)	(343,008)	(198,312)
Fund Balances (Deficit) at Beginning of Year	791,494	791,494	-
Unexpended Prior Year Encumbrances	308,860	308,860	-
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$ 955,658</b>	<b>\$ 757,346</b>	<b>\$ (198,312)</b>

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

### Governmental Fund Types

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,795,000	\$ 1,816,137	\$ 21,137
2,154,912	1,910,984	(243,928)	210,000	213,783	3,783
6,500	2,871	(3,629)	-	-	-
355,750	313,996	(41,754)	-	-	-
28,000	30,307	2,307	-	-	-
-	-	-	-	-	-
15,000	16,500	1,500	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,560,162</u>	<u>2,274,658</u>	<u>(285,504)</u>	<u>2,005,000</u>	<u>2,029,920</u>	<u>24,920</u>
586,526	453,185	133,341	-	-	-
699,995	691,382	8,613	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
319,915	271,986	47,929	-	-	-
85,987	32,167	53,820	-	-	-
-	-	-	-	-	-
74,497	50,982	23,515	27,500	23,854	3,646
-	-	-	-	-	-
4,400	13,477	(9,077)	-	-	-
10,939	9,076	1,863	-	-	-
32,855	32,855	-	-	-	-
1,000,149	944,524	55,625	-	-	-
388,940	336,065	52,875	-	-	-
-	-	-	-	-	-
-	-	-	1,075,000	1,075,000	-
-	-	-	760,060	760,059	1
-	-	-	-	-	-
<u>3,204,203</u>	<u>2,835,699</u>	<u>368,504</u>	<u>1,862,560</u>	<u>1,858,913</u>	<u>3,647</u>
<u>(644,041)</u>	<u>(561,041)</u>	<u>83,000</u>	<u>142,440</u>	<u>171,007</u>	<u>28,567</u>
48,562	49,757	1,195	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,000	5,000	-	-	591	591
(7,496)	(3,507)	3,989	-	-	-
-	-	-	-	-	-
-	-	-	-	(250,000)	(250,000)
<u>46,066</u>	<u>51,250</u>	<u>5,184</u>	<u>-</u>	<u>(249,409)</u>	<u>(249,409)</u>
(597,975)	(509,791)	88,184	142,440	(78,402)	(220,842)
591,409	591,409	-	2,245,749	2,245,749	-
80,521	80,521	-	-	-	-
<u>\$ 73,955</u>	<u>\$ 162,139</u>	<u>\$ 88,184</u>	<u>\$ 2,388,189</u>	<u>\$ 2,167,347</u>	<u>\$ (220,842)</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**Lucas County**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual**  
**All Governmental Fund Types and Similar Fiduciary Funds (Continued)**  
**For the Fiscal Year Ended June 30, 2002**

	<b>Governmental Fund Types</b>		
	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 930,000	\$ 922,766	\$ (7,234)
Intergovernmental	165,000	148,747	(16,253)
Interest	-	-	-
Extracurricular revenue	-	-	-
Tuition	-	-	-
Rent	-	-	-
Gifts and Donations	-	-	-
Customer Services	-	-	-
Miscellaneous	-	-	-
<b>Total Revenues</b>	<b>1,095,000</b>	<b>1,071,513</b>	<b>(23,487)</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	638,326	636,967	1,359
Special	-	-	-
Vocational	-	-	-
Other	-	-	-
Support Services:			
Pupils	-	-	-
Instruction staff	-	-	-
Board of education	-	-	-
School administration	21,965	18,525	3,440
Fiscal	15,000	12,758	2,242
Operation and maintenance	546,398	532,597	13,801
Pupil transportation	246,775	246,772	3
Central	-	-	-
Non-Instructional Services	-	-	-
Extracurricular activities	-	-	-
Capital Outlay	90,200	90,200	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Intergovernmental	-	-	-
<b>Total Expenditures</b>	<b>1,558,664</b>	<b>1,537,819</b>	<b>20,845</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>(463,664)</b>	<b>(466,306)</b>	<b>(2,642)</b>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	-	-	-
Proceeds from interfund loan	250,000	250,000	-
Proceeds from sale of fixed assets	-	-	-
Refund of prior year expenditures	-	-	-
Other Financing Sources	350	350	-
Refund of prior year receipts	-	-	-
Operating transfers out	-	-	-
Interfund loan - out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>250,350</b>	<b>250,350</b>	<b>-</b>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<b>(213,314)</b>	<b>(215,956)</b>	<b>(2,642)</b>
Fund Balances (Deficit) at Beginning of Year	77,203	77,203	-
Unexpended Prior Year Encumbrances	136,757	136,757	-
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$ 646</b>	<b>\$ (1,996)</b>	<b>\$ (2,642)</b>

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



<b>Fiduciary Fund Types</b>			<b>Totals</b>		
<b>Expendable Trust Funds</b>			<b>(Memorandum Only)</b>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -	\$ 21,264,000	\$ 20,830,014	\$ (433,986)
-	-	-	9,789,912	9,648,548	(141,364)
4,675	3,279	(1,396)	311,175	198,070	(113,105)
6,100	7,463	1,363	361,850	321,459	(40,391)
-	-	-	304,100	203,377	(100,723)
-	-	-	40,000	33,541	(6,459)
73,000	76,886	3,886	98,000	106,162	8,162
-	-	-	20,000	33,326	13,326
-	-	-	86,000	90,288	4,288
<u>83,775</u>	<u>87,628</u>	<u>3,853</u>	<u>32,275,037</u>	<u>31,464,785</u>	<u>(810,252)</u>
-	-	-	14,212,728	14,073,680	139,048
-	-	-	3,091,203	3,077,139	14,064
-	-	-	357,615	356,355	1,260
-	-	-	1,089,220	1,088,876	344
24,600	23,850	750	1,555,364	1,503,957	51,407
-	-	-	671,091	608,977	62,114
-	-	-	37,940	37,626	314
-	-	-	2,441,510	2,407,212	34,298
-	-	-	532,916	528,857	4,059
-	-	-	3,278,855	3,269,851	9,004
-	-	-	1,829,579	1,827,055	2,524
25,000	18,815	6,185	124,370	115,419	8,951
18,055	15,619	2,436	1,018,204	960,143	58,061
-	-	-	1,023,010	962,063	60,947
-	-	-	90,200	90,200	-
-	-	-	3,075,000	3,075,000	-
-	-	-	783,645	782,809	836
<u>32,567</u>	<u>38,752</u>	<u>(6,185)</u>	<u>32,567</u>	<u>38,752</u>	<u>(6,185)</u>
<u>100,222</u>	<u>97,036</u>	<u>3,186</u>	<u>35,245,017</u>	<u>34,803,971</u>	<u>441,046</u>
<u>(16,447)</u>	<u>(9,408)</u>	<u>7,039</u>	<u>(2,969,980)</u>	<u>(3,339,186)</u>	<u>(369,206)</u>
-	-	-	1,238,642	1,230,107	(8,535)
-	-	-	2,250,000	2,250,000	-
-	-	-	300	4,652	4,352
5,000	-	(5,000)	5,400	281,745	276,345
-	-	-	15,350	16,831	1,481
-	-	-	(7,496)	(3,507)	3,989
-	-	-	(1,357,208)	(1,347,207)	10,001
-	-	-	-	(250,000)	(250,000)
<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	<u>2,144,988</u>	<u>2,182,621</u>	<u>37,633</u>
<u>(11,447)</u>	<u>(9,408)</u>	<u>2,039</u>	<u>(824,992)</u>	<u>(1,156,565)</u>	<u>(331,573)</u>
80,089	80,089	-	3,785,944	3,785,944	-
5,075	5,075	-	531,213	531,213	-
<u>\$ 73,717</u>	<u>\$ 75,756</u>	<u>\$ 2,039</u>	<u>\$ 3,492,165</u>	<u>\$ 3,160,592</u>	<u>\$ (331,573)</u>

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**Springfield Local Schools  
 Lucas County  
 Combined Statement of Revenues,  
 Expenses and Changes In Fund Equity  
 All Proprietary Fund Types and Similar Fiduciary Funds  
 For the Fiscal Year Ended June 30, 2002**

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund Types</b>	Totals
	<u>Enterprise</u>	Non-Expendable <u>Trust</u>	(Memorandum Only)
<b>Operating Revenues:</b>			
Sales	\$ 671,003	\$ -	\$ 671,003
Other Revenue	22,697	-	22,697
Total Operating Revenue	<u>693,700</u>	<u>-</u>	<u>693,700</u>
<b>Operating Expenses:</b>			
Salaries	434,151	-	434,151
Fringe Benefits	107,596	-	107,596
Purchased Services	74,781	-	74,781
Materials and Supplies	438,921	-	438,921
Other	92	-	92
Depreciation	13,481	-	13,481
Total Operating Expenses	<u>1,069,022</u>	<u>-</u>	<u>1,069,022</u>
Operating Income (Loss)	<u>(375,322)</u>	<u>-</u>	<u>(375,322)</u>
<b>Non-Operating Revenues:</b>			
Operating Grants	281,303	-	281,303
Federal Donated Commodities	41,586	-	41,586
Interest	-	64	64
Total Non-Operating Revenues	<u>322,889</u>	<u>64</u>	<u>322,953</u>
Net Income (Loss) Before Transfers	(52,433)	64	(52,369)
Operating Transfers	<u>117,100</u>	<u>-</u>	<u>117,100</u>
Net Income	64,667	64	64,731
Restated Retained Earnings/Fund Balance at Beginning of Year	<u>5,677</u>	<u>2,354</u>	<u>8,031</u>
Retained Earnings/Fund Balance at End of Year	<u>\$ 70,344</u>	<u>\$ 2,418</u>	<u>\$ 72,762</u>

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

**Springfield Local School District  
Lucas County  
Combined Statement of Revenues, Expenses and Changes in  
Fund Equity - Budget (Non-GAAP Basis) and Actual  
All Proprietary Fund Types and Similar Fiduciary Funds  
For the Fiscal Year Ended June 30, 2002**

	<b>Proprietary Fund Types</b>		
	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Sales	\$ 673,050	\$ 671,003	\$ (2,047)
Intergovernmental	292,000	280,845	(11,155)
Interest	-	-	-
Gifts and Donations	-	-	-
Miscellaneous	20,000	22,671	2,671
<b>Total Revenues</b>	<b>985,050</b>	<b>974,519</b>	<b>(10,531)</b>
<b>Expenses:</b>			
Salaries	403,100	403,259	(159)
Fringe Benefits	184,100	178,958	5,142
Purchased Services	33,908	36,384	(2,476)
Materials and Supplies	460,200	438,596	21,604
Other	900	92	808
<b>Total Expenses</b>	<b>1,082,208</b>	<b>1,057,289</b>	<b>24,919</b>
Excess of Revenues Over (under) Expenses	(97,158)	(82,770)	14,388
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	45,000	117,100	72,100
<b>Total Other Financing Sources (Uses):</b>	<b>45,000</b>	<b>117,100</b>	<b>72,100</b>
<b>Total Revenues and Other Financing Sources (Uses) Over/(Under) Expenses</b>	<b>(52,158)</b>	<b>34,330</b>	<b>86,488</b>
Fund Equity (Deficit) at Beginning of Year	51,182	51,182	-
Prior Year Encumbrances Appropriated	1,108	1,108	-
<b>Fund Equity (Deficit) at End of Year</b>	<b>\$ 132</b>	<b>\$ 86,620</b>	<b>\$ 86,488</b>

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

**Fiduciary Fund Types**

Non-Expendable Trust Funds

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
125	64	(61)
-	-	-
-	-	-
<u>125</u>	<u>64</u>	<u>(61)</u>
-	-	-
-	-	-
350	-	350
-	-	-
<u>350</u>	<u>0</u>	<u>350</u>
(225)	64	289
-	-	-
-	-	-
(225)	64	289
2,354	2,354	-
-	-	-
<u>\$ 2,129</u>	<u>\$ 2,418</u>	<u>\$ 289</u>

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 673,050	\$ 671,003	\$ (2,047)
292,000	280,845	(11,155)
125	64	(61)
-	-	-
20,000	22,671	2,671
<u>985,175</u>	<u>974,583</u>	<u>(10,592)</u>
403,100	403,259	(159)
184,100	178,958	5,142
33,908	36,384	(2,476)
460,550	438,596	21,954
900	92	808
<u>1,082,558</u>	<u>1,057,289</u>	<u>25,269</u>
(97,383)	(82,706)	14,677
45,000	117,100	72,100
45,000	117,100	72,100
(52,383)	34,394	86,777
53,536	53,536	-
1,108	1,108	-
<u>\$ 2,261</u>	<u>\$ 89,038</u>	<u>\$ 86,777</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**Lucas County**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types and Similar Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2002**

	<u>Proprietary</u> <u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Type</u>	Totals
	<u>Enterprise</u>	Nonexpendable <u>Trust</u>	(Memorandum <u>Only</u> )
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash received from Customers	\$ 693,673	\$ -	\$ 693,673
Cash payments to suppliers for goods and services	(474,950)	-	(474,950)
Cash payments to employees for services	(403,259)	-	(403,259)
Cash payments for employee benefits	(178,958)	-	(178,958)
Net Cash Provided by (Used for) Operating Activities	<u>(363,494)</u>	-	<u>(363,494)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash received from grants (State)	16,894	-	16,894
Cash received from grants (Federal)	263,952	-	263,952
Transfers in (out) from (to) other funds	117,100	-	117,100
Interest	-	64	64
Net Cash Provided by (Used for) Financing Activities	<u>397,946</u>	<u>64</u>	<u>398,010</u>
Net Increase (Decrease) in Cash and Cash Equivalents	34,452	64	34,516
Cash and Cash Equivalents at Beginning of Year	52,290	2,354	54,644
Cash and Cash Equivalents at End of Year	<u>\$ 86,742</u>	<u>\$ 2,418</u>	<u>\$ 89,160</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss)	\$ (375,322)	\$ -	\$ (375,322)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Depreciation	13,481	-	13,481
Federal Donated Commodities	41,586	-	41,586
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(28)	-	(28)
(Increase)/Decrease in Commodities Inventory	(3,067)	-	(3,067)
Increase/(Decrease) in Accrued Salaries and Benefits	(1,056)	-	(1,056)
Increase/(Decrease) in Compensated Absences Payable	5,183	-	5,183
Increase/(Decrease) in Accounts Payable	(1,908)	-	(1,908)
Increase/(Decrease) in Intergovernmental Payable	(42,363)	-	(42,363)
Total Adjustments	<u>11,828</u>	-	<u>11,828</u>
Net Cash Provided by Operating Activities	<u>\$ (363,494)</u>	<u>\$ -</u>	<u>\$ (363,494)</u>

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1881 through the consolidation of existing land areas and school districts. The School 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 School District is the 122nd largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by 153 non-certificated employees and 281 certificated full-time teaching personnel who provide services to 3,583 students and other community members. The School District currently operates 6 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 of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Springfield Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

The following activities are included within the reporting entity:

Parochial Schools - Within the School 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 School District, as directed by the parochial schools. The activity of these State monies by the School District are reflected in a special revenue fund for financial reporting purposes.

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

The School District is associated with three organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations include the Northwest Ohio Computer Association, Penta County Vocational School District, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

NOTE 2 - 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 governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. 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 defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.



**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Governmental Fund Types

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 funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

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

Proprietary Fund Types

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent 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 where it has been 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 - Internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between 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 or trust funds.

General Long-Term Obligations 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 or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 funds and nonexpendable trust funds 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 and nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and 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. The available period for the School District is sixty days after fiscal year end.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, 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 fiscal 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 the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2002, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2003 operations, have been recorded as deferred 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 the governmental funds.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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.

By no later than January 20, the Board-adopted budget is filed with the Lucas County Budget Commission for rate determination.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash 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 in the final amended certificate issued during fiscal year 2002.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level 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. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations 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 supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

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. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

To improve cash management, cash received by the Springfield Local 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 balance sheet.

During fiscal year 2002, investments were limited to STAROhio, treasury notes, federal agency securities and non-negotiable certificates of deposit.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The Springfield Local School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2002. 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, 2002.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments (Continued)

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$191,920.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of one year or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than one year are reported as investments.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. The School District is required by State Statute to have a budget stabilization reserve of \$127,901. A fund balance reserve has been established.

F. Estimates

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

G. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used. There was no inventory in the governmental funds at June 30, 2002.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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 capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements grants awarded on a non-reimbursement basis, and grants awarded on a reimbursement basis, are recorded as receivables and revenues when measurable and available. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Intergovernmental Revenues (Continued)

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services

Teacher Development

Education Management Information Systems

Disadvantaged Pupil Impact Aid

School Net Professional Development

Textbooks/Instructional Material Subsidy

Ohio Reads

Summer Intervention

Alternative Schools

Character Education

Truancy Mediation

Education for Economic Security Act

Eisenhower Act

Title VI-B

Chapter 1

Chapter 2

Drug Free School

Goals 2000

Class Size Reduction Subsidy

Reimbursable Grants

Proprietary Funds

National School Lunch Program

National School Breakfast Program

Government Donated Commodities

J. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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 School 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for employees after 20 years of current service with the School District, or after 15 years of service and at least 45 years of age, or after 5 years of service and at least 50 years of age. 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.

L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds and capital leases are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and 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.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances and contributions to the nonexpendable trust fund that must be kept intact. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

O. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (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.

P. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Q. Bond Premiums and Discounts

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 3 - RESTATEMENT DUE TO PRIOR PERIOD ADJUSTMENTS

The fund balances of the General Fund, Ohio Reads Fund, Title VIB Fund, Title I Fund, Title VI Fund, Drug Free Schools Fund, and Miscellaneous Federal Grants Fund have been restated due to a miscoding of expenditures in the prior year. The General Fund is restated to (\$1,801,133) from (\$2,022,300), the Ohio Reads Fund to \$60,485 from \$120,835, Title VIB Fund to \$57,598 from \$125,014, Title I Fund to (\$21,216) from (\$17,184), Title VI Fund to \$3,804 from \$7,793, Drug Free Schools Fund to (\$5,670) from \$4,136 and Misc. Federal Grants Fund to (\$43,588) from \$31,986.

Due to an appraisal, the General Fixed Assets Account Group was restated to \$33,026,422 from \$32,203,563 as previously reported June 30, 2001.

In fiscal year 2001, the School District recognized donated commodities when used instead of when received. For the Enterprise Fund, this correction increased retained earnings \$7,313. Due to an appraisal, the Enterprise Fund was reduced by \$40,390. The retained earnings was restated by these two adjustments from \$38,754 to \$5,677.

NOTE 4 - ACCOUNTABILITY

At June 30, 2002, the General Fund and several special revenue funds had deficit fund balances. The deficits in the General Fund and the special revenue funds resulted from the application of generally accepted accounting principles.

<u>Fund</u>	<u>Fund Description</u>	<u>Deficit Balance</u>
001	General Fund	\$1,342,500
Special Revenue		
402	DPPF	66
432	Manage. Info. Sys.	5,311
447	DPIA	13,682
460	Summer School Subsidy	296
463	Alt. schools grant	591
465	Extended Learning Opportunity	996
516	Title VIB	6,431
572	Title I	14,223
584	Drug Free Schools	293
599	Misc. Federal Grants	23,428

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Similar Fiduciary Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Similar Fiduciary Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

The major differences between the budget basis and 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. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP basis-fund balance	\$ (1,342,500)	\$ 200,506	\$ 2,513,494	\$ 384,984	\$80,270
Adjustment for GAAP basis:					
Accrued revenues/prepaid expenses	(20,731,212)	(141,690)	(2,138,206)	(1,351,650)	-
Accrued expenditures/deferred revenue	23,092,009	209,374	1,792,059	1,215,545	12
Encumbrances outstanding (budget basis)	<u>(260,951)</u>	<u>(106,051)</u>	<u>-</u>	<u>(250,875)</u>	<u>(4,526)</u>
Budget basis-fund balance	<u>\$ 757,346</u>	<u>\$ 162,139</u>	<u>\$ 2,167,347</u>	<u>\$ (1,996)</u>	<u>\$75,756</u>

	<u>Enterprise</u>	<u>Non-Expendable Trust</u>
GAAP basis - retained earnings	\$ 70,344	\$ 2,418
Adjustment for GAAP basis:		
Accrued revenues/prepaid expenses	(119,784)	-
Accrued expenses/deferred revenue	151,995	-
Inventory held for resale	(15,813)	-
Prior year encumbrances appropriated	<u>(122)</u>	<u>-</u>
Budget basis - fund balance	<u>\$ 86,620</u>	<u>\$ 2,418</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE 6 - CASH AND INVESTMENTS

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

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

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

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

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation, 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.

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

1. United/States Treasury notes, bills bonds, or other obligations or security issued by the United States 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 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 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;

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 6 - CASH AND INVESTMENTS (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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

Cash on Hand - At fiscal year end, the School District had \$5,140 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits - At fiscal year end, the carrying amount of the School District's deposits was \$1,443,257 and the bank balance was \$1,742,310. Of the bank balance, \$131,000 was covered by federal depository insurance and \$1,611,310 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 6 - CASH AND INVESTMENTS (Continued)

Investments - The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal 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 counterparty'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 counterparty, or by its trust department or agent but not in the School District's name. The School District's investments are in STAROhio, an investment pool operated by the Ohio State Treasurer, and are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying/Market Value</u>
Federal Agency Securities	\$1,311,693	\$ -	\$ -	\$1,311,693
Investments not subject to categorization:				
STAROhio				<u>1,192,258</u>
Total Investments				<u>\$2,503,951</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$ 3,952,348	\$ -
Cash on Hand	(5,140)	-
Investments:		
Federal Agency Securities	(1,311,693)	1,311,693
STAR Ohio	<u>(1,192,258)</u>	<u>1,192,258</u>
GASB Statement 3	<u>\$ 1,443,257</u>	<u>\$2,503,951</u>



**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (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 taxes are established by State law at 35 percent 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 88 percent of true value (with certain exceptions) and on real property at 35 percent 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 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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.

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; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Lucas County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are 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 represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002, was \$887,954 in the General Fund, \$96,147 in the Bond Retirement Debt Service Fund, and \$51,766 in the Capital Projects Fund.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 7 - PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2002 taxes were collected are:

	2001 Second-Half Collections		2002 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$555,691,360	88%	\$574,450,670	89%
Tangible Personal Property	53,346,326	8	54,717,542	8
Public Utility	<u>23,204,240</u>	<u>4</u>	<u>16,713,340</u>	<u>3</u>
Total Assessed Value	<u>\$632,241,926</u>	<u>100%</u>	<u>\$645,881,552</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$66.30		\$70.30	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2002, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental 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 fiscal year guarantee of federal funds.

A summary of the principal items of the intergovernmental receivables follows:

	<u>Amounts</u>
General Fund	
Taxes	\$20,591,750
Intergovernmental	7,047
Special Revenue Fund	
Intergovernmental	128,221
Debt Service Fund	
Taxes	1,888,206
Capital Projects Fund	
Taxes	996,650
Intergovernmental	55,000
Enterprise Funds	
Intergovernmental	<u>37,947</u>
Total Receivables	<u>\$23,704,821</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 9 - INTERFUND TRANSACTIONS

The following is a reconciliation of the District's operating transfers for fiscal year 2002:

	<u>Transfer In</u>	<u>Transfer Out</u>	
General Fund	\$ -	\$(166,857)	
Special Revenue Funds			
Teacher Development	2,657	-	
Education Management			
Information Systems	15,650	-	
Eisenhower Act	520	-	
Title VI-B	2,269	-	
Chapter I	28,164	-	
Drug Free School	497	-	
Enterprise Funds			
Food Services	<u>117,100</u>	<u>-</u>	
Totals	<u>\$166,857</u>	<u>\$(166,857)</u>	

Interfund balances at June 30, 2002 consist of the following individual loans receivable and payable:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loan Payable</u>	
Debt Service Fund	\$250,000	\$ -	
Capital Projects	-	(250,000)	

NOTE 10 - FIXED ASSETS

A summary of the Enterprise Funds' fixed assets at June 30, 2002, follows:

	<u>Balance June 30, 2002</u>
Furniture and Equipment	\$ 429,860
Less: Accumulated Depreciation	<u>(348,057)</u>
Net Fixed Assets	<u>\$ 81,803</u>

A summary of the changes in general fixed assets during fiscal year 2002 follows:

	<u>Restated Balance at 6/30/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/02</u>
Land and Improvements	\$ 1,203,970	\$ 90,000	\$ -	\$ 1,293,970
Buildings and Improvements	26,155,800	13,055	-	26,168,855
Furniture and Equipment	3,302,855	503,463	-	3,806,318
Vehicles	<u>2,363,797</u>	<u>72,992</u>	<u>-</u>	<u>2,436,789</u>
Total	<u>\$33,026,422</u>	<u>\$679,510</u>	<u>\$ -</u>	<u>\$33,705,932</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 11 - RISK MANAGEMENT

The School District is exposed to various risks related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees and natural disasters. During fiscal year 2002, the School District's insurance coverage was as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents - replacement cost	\$1,000	\$21,934,800
Inland Marine Coverage	100	200,000
Crime Insurance	-	15,000
Automobile Liability	-	2,000,000
Uninsured Motorists	-	2,000,000
General Liability		
Per Occurrence	-	1,000,000
Per Year	-	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pay its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District participates in the State Teachers Retirement System (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 E. Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 10.5 percent was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$2,058,941, \$1,861,456, and \$1,713,932, respectively.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code, SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$528,338, \$482,025, and \$303,814, respectively.

C. Social Security System

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. As of July 1, 2001, eligible benefit recipients totaled 102,132. For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000.

For SERS, coverage is made available to service retirees with ten or more fiscal 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 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2001, net health care costs paid by SERS were \$161,439,934.

NOTE 14 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty 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. Teachers do not earn vacation time.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 14 - EMPLOYEE BENEFITS (Continued)

A. Compensated Absences (Continued)

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. 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% of accrued, but unused sick leave credit to a maximum of 72 days for classified employees, 75 days for certified employees, and 81.25 days for administrators. Upon retirement, payment is made for up to 31.25% of accrued, but unused sick leave credit to a maximum of 81.25 days for administrative employees.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the general fund assets account group in the amount of \$98,795. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2002 totaled \$22,401 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2002.

<u>Fiscal Year Ending June 30,</u>	<u>Copiers</u>
2003	\$ 8,725
2004	<u>1,176</u>
TOTAL	\$ 9,901
Less: Amount Representing Interest	<u>348</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 9,553</u></u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 16 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	Balance at <u>6/30/01</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>6/30/02</u>
School Improvement Bonds	\$ 4,300,000	\$ -	\$ 430,000	\$ 3,870,000
School Improvement Bonds	<u>8,985,000</u>	<u>-</u>	<u>645,000</u>	<u>8,340,000</u>
Long-Term Bonds	13,285,000	-	1,075,000	12,210,000
Capital Leases	31,954	-	22,401	9,553
Pension Obligation	152,657	39,595	-	192,252
Compensated Absences	<u>2,108,669</u>	<u>382,191</u>	<u>-</u>	<u>2,490,860</u>
Total Long-Term Obligations	<u>\$15,578,280</u>	<u>\$421,786</u>	<u>\$1,097,401</u>	<u>\$14,902,665</u>

General Obligation Bonds - In March 1987, the Springfield Local School District issued voted general obligation bonds for additions and improvements to the school buildings. The bonds were issued for a twenty-three year period with final maturity at December 2010. The bonds will be retired from the debt service fund.

In March 1992, the Springfield Local School District issued voted general obligation bonds for additions and improvements to the school buildings. The bonds were issued for a twenty-three year period with final maturity at December 2014. The bonds will be retired from the debt service fund.

General Obligation Bonds - Capital leases will be paid from the General Fund and School Net Fund. Compensated absences and the pension obligation will be paid from the fund from which the employee's salaries are paid.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2002, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 1,075,000	\$ 695,666	\$ 1,770,666
2004	1,075,000	630,305	1,705,305
2005	1,075,000	564,301	1,639,301
2006	1,075,000	497,812	1,572,812
2007	1,070,000	431,319	1,501,319
2008	1,070,000	364,981	1,434,981
2009 - 2011	3,210,000	705,717	3,915,717
2012 - 2015	<u>2,560,000</u>	<u>281,600</u>	<u>2,841,600</u>
Total	<u>\$12,210,000</u>	<u>\$4,171,701</u>	<u>\$16,381,701</u>



**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 17- SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains one enterprise fund to account for the operations of food service. The table below reflects the more significant financial data relating to the enterprise fund of the Springfield Local School District as of and for the fiscal year ended June 30, 2002.

	<u>Food Service</u>
Operating Revenues	\$ 693,700
Operating Expenses before Depreciation	1,055,541
Depreciation Expense	13,481
Operating Income (Loss)	(375,322)
Donated Commodities	37,606
Grants	281,303
Operating Transfers-In	117,100
Net Income (Loss)	60,687
Net Working Capital	31,393
Total Assets	222,339
Total Liabilities	163,288
Total Equity	59,051
Encumbrances Outstanding at June 30, 2002	122

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

NorthWest Ohio Computer Association

The School District is a participant with 40 other public education entities and 50 non-public education entities in a jointly governed organization to operate the NorthWest Ohio Computer Association (NWOCA). NWOCA 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. Each of the governments of these districts supports NWOCA based upon a per pupil charge dependent upon the software package utilized. NWOCA is governed by a Board of Directors consisting of an appointed representative of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. In accordance with GASB Statement No. 14, the District does not have an equity interest in NWOCA as the residual interest in the net resources of the joint venture upon dissolution is not equivalent to an equity interest. Financial information can be obtained at 22-900 SR 34, Archbold, Ohio 43502.

Penta County Vocational School District

The Penta County Vocational School District 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 Penta County Vocational School District, Carrie Herringshaw, Treasurer, 30095 Oregon Road, Perrysburg, Ohio 43551.

**SPRINGFIELD LOCAL SCHOOL DISTRICT**  
**LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 19 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

NOTE 20 - CONTINGENCIES

A. Grants

The School 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B. Litigation

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

NOTE 21 - STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2002

NOTE 22 - STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During fiscal year ended June 30, 2002, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, 7/1/2001	\$ 213,417	\$ -	\$127,901
Required Set-Aside	468,919	468,919	-
Qualifying Expenditures	<u>(649,299)</u>	<u>(468,919)</u>	<u>-</u>
Balance, 6/30/2002	<u>\$ 33,037</u>	<u>\$ -</u>	<u>\$127,901</u>

SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2002

Federal Grantor Pass-Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Receipts	Non-cash Receipts	Federal Disbursements	Non-cash Disbursements
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>						
Passed Through Ohio Department of Education						
Food Distribution Program	Not Available	10.550		\$41,586		\$37,606
School Breakfast Program	05-PU	10.553	\$26,057		\$26,057	
School Lunch Program	LLP1 & LLP4	10.555	237,894		237,894	
Total Department of Agriculture - Nutrition Cluster			263,951	41,586	263,951	37,606
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>						
Passed Through Ohio Department of Education						
Title I Grants to Local Educational Agencies	C1-S1	84.010	289,996		425,491	
Special Education - Grants to States	6B-SF	84.027	353,726		349,051	
Drug Free Schools	DR-S1	84.186	15,015		4,097	
Goals 2000	G2-S9	84.276	15,000		689	
Eisenhower Professional Development State Grants	MS-S1	84.281	26,790		5,680	
Innovative Education Program Strategy	C2-S1	84.298	23,826		22,729	
Class Reduction Size	CR-S1	84.340	22,852		40,071	
Total Department of Education			747,205		847,808	
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Passed Through Ohio Department of Mental Retardation and Development Disabilities						
Title XIX - Medical Assistance Program - Community Alternative Funding System		93.778	55,236		55,236	
Total Federal Financial Assistance			\$1,066,392	\$41,586	\$1,166,995	\$37,606

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2002

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are co-mingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had \$11,293 in food commodity inventory.

NOTE C - MATCHING REQUIREMENTS

Certain federal programs require that the School District contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds is not included on the Schedule.

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# LaVallee & Company

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Alan L. LaVallee, CPA  
Neil J. Reichenbach, CPA

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

Board of Education  
Springfield Local Schools  
Holland, Ohio 43528

We have audited the general purpose financial statements of the Springfield Local School District, Lucas County, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 18, 2002. 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 the 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2002-02 and 2002-03. We noted certain immaterial instances of noncompliance that we have noted to the management of Springfield Local School District in a separate letter dated December 18, 2002.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Springfield Local School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2002-01.

Board of Education  
Springfield Local School District  
Lucas County  
Page 2

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, we believe the reportable condition described above is a material weakness. We also 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 December 18, 2002.

This report is intended solely for the information and use of the audit committee, management, others within the organization, 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.

*LaVallee & Company CPAs*

December 18, 2002



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

Board of Education  
Springfield Local School District  
Holland, Ohio 43528

Compliance

We have audited the compliance of Springfield Local School District, Lucas County, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. 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, Springfield Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The 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.

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.

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

*LaVallee & Company CPAs*

December 18, 2002

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2002

1. SUMMARY OF AUDITORS' RESULTS

- |   |  |
|---|--|
| a. Type of Financial Statement Opinion  | Unqualified  |
| b. Were there any material control weakness conditions reported at the financial statement level (GAGAS)?         | Yes  |
| c. Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No   |
| d. Was there any reported material non-compliance at the financial statement level (GAGAS)?                       | Yes  |
| e. Were there any material internal control weakness conditions reported for major federal programs?              | No   |
| f. Were there any other reportable internal control weakness conditions reported for major federal programs?      | No   |
| g. Type of Major Programs' Compliance Opinion   | Unqualified  |
| h. Are there any reportable findings under .510?  | No   |
| i. Major Programs:  | United States<br>Department<br>of Agriculture:<br>Nutrition Cluster  |
|   | United States<br>Department<br>of Education: Title I<br>Grants to Local<br>Education Agencies<br>CFDA # 84.010 |
|   | United States<br>Department of<br>Education: Special<br>Education Grants to<br>States CFDA # 84.027            |
| j. Dollar Threshold: Type A\B Programs  | Type A: > \$300,000<br>Type B: all others  |
| k. Low Risk Auditee?  | No   |

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
June 30, 2002

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

2002-01 Internal control problem was noted in the review of the equipment listing of fixed assets. Additions have been verified but deletions of equipment were unable to be verified.

We recommend that physical inventories be taken and verified to a master listing on an annual basis.

The District completed an appraisal of the equipment throughout the District. The procedure to track additions and deletions is not in place.

2002-02 Ohio Revised Code Section 5705.10 states that all revenue paid into a fund must be used only for the purposes for which such fund has been established, except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code. The following funds have had negative fund balances during the fiscal year on the cash basis indicating that money from one fund was used to cover the expenses of another fund.

Permanent Improvement Fund	\$ 3,353
Title I Fund	76,238
Title VI Fund	3,162
Miscellaneous Federal Grants	60,021
Food Service Fund	52,641

The School District should review Ohio Revised Code Section 5705.10 and implement procedures for advancing money through board action to eliminate any negative fund balances.

2002-03 Code of Federal Regulations 7 Part 210.14(a) states that all monies received by or accruing to the non-profit school food service in accordance with the state agency's established accounting system, includes but is not limited to children's payments, earnings on investments, other local revenues, state revenues and federal cash reimbursements. Board of Education Policy 6144 Investments does not indicate any allocation of earnings on investments to the food service fund.

The School District should modify policy 6144 Investments so that it is compliant with the regulation.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
LUCAS COUNTY**

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2002

Finding Number	Finding Summary	Fully Corrected	Not corrected; Partially Corrected; Significantly Different Corrective Action Plan Taken; or Finding No Longer Valid; Explain
2001 - 01	Fixed Assets	No	Partially corrected, physical inventory completed. Listed as 2002-01 on current year schedule of findings and questioned costs
2001 - 02	Food Service Free and Reduced Program	Yes	





**Auditor of State  
Betty Montgomery**

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**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  
MAY 8, 2003**