

# **Springfield Local School District**

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*Basic Financial Statements*

*Year Ended June 30, 2005*





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Springfield Local School District, Summit County, prepared by Ciuni & Panichi, for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

December 27, 2005

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# Springfield Local School District

For The Year Ended June 30, 2005

<u>Table of Contents</u>	<u>Page</u>
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	12
Statement of Activities .....	13
Fund Financial Statements:	
Balance Sheet–Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget (Non-GAAP Budgetary Basis) and Actual– General Fund .....	18
Statement of Fund Net Assets – Proprietary Funds.....	20
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	21
Statement of Cash Flows – Proprietary Funds.....	22
Statement of Fiduciary Net Assets – Fiduciary Funds .....	23
Notes to Basic Financial Statements.....	25

# Springfield Local School District

For The Year Ended June 30, 2005

<u>Table of Contents</u>	<u>Page</u>
Report on Internal Control Over Financial Reporting Based and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	51
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	53
Schedule of Expenditures of Federal Awards .....	55
Notes to Schedule of Expenditures of Federal Awards.....	56
Schedule of Findings OMB Circular A-133 Section .505 .....	57
Schedule of Prior Audit Findings OMB Circular A-133 Section .315(b).....	58
Response to Findings Associated with Audit Conducted in Accordance with <i>Government Auditing Standard</i> for the Year Ended June 30, 2005 .....	59

## Independent Auditors' Report

Board of Education  
Springfield Local School District  
Akron, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springfield Local School District (the "District") as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the *Table of Contents*. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2005, the District implemented Government Accounting Standards Board Technical Bulletin No. 2004-2, "Recognition of Pension and Other Post Employment Benefit Expenditures/Expense and Liability by Cost-Sharing Employers".

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2005, on our consideration of the Springfield Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financing reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Board of Education  
Springfield Local School District

The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Cini & Parichi, Inc.*

Cleveland, Ohio  
November 17, 2005

**Springfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
(Unaudited)

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The discussion and analysis of the Springfield Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key Financial Highlights for 2005 are as follows:

- q General Revenues accounted for \$23 million in revenue or 77% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6.8 million or 23% of total revenues of \$29.8 million.
- q Total program expenses were \$30.5 million.
- q In total, net assets decreased \$638,464 from 2004.

***Reporting the School District as a Whole***

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District activities are listed as Governmental:

- q Governmental Activities - All of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

The government-wide financial statements begin on page 12.

**Springfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*(Unaudited)*

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

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure compliance with finance-related legal requirements. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the general fund.

**Governmental Funds** - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements begin on page 14.

**Springfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*(Unaudited)*

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**Proprietary Funds** - The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Proprietary funds use full accrual accounting.

The proprietary fund financial statements begin on page 20.

**Fiduciary Funds** - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used to report proprietary funds.

The fiduciary fund financial statements begin on page 23.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25.

**Springfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
(Unaudited)

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**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2005 compared to 2004:

**(Table 1)**  
**Net Assets**

	Governmental Activities	
	2005	2004
<b>Assets</b>		
Current and Other Assets	\$ 17,876,663	\$ 18,509,601
Capital Assets	3,411,759	3,167,686
Total Assets	21,288,422	21,677,287
<b>Liabilities</b>		
Long-Term Liabilities	2,327,361	2,241,093
Other Liabilities	16,305,265	16,141,934
Total Liabilities	18,632,626	18,383,027
<b>Net Assets</b>		
Invested in Capital Assets Net of Debt	2,430,715	2,079,288
Restricted for:		
Capital Projects	0	118,147
Debt Service	10,928	4,976
Other Purposes	574,094	633,604
Budget Stabilization	107,978	107,978
Unrestricted (Deficit)	(467,919)	350,267
Total Net Assets	\$ 2,655,796	\$ 3,294,260

Total assets decreased by \$388,865. The decrease was partially due to a decrease in cash and cash equivalents. An increase of approximately \$244,000 in total capital assets reflects additional purchases exceeding depreciation. Total liabilities increased by approximately \$249,600. This increase was partially due to an increase in accrued wages and benefits.

**Springfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
(Unaudited)

Table 2 shows the changes in net assets for fiscal year 2005 as compared to fiscal year 2004.

**(Table 2)**  
**Governmental Activities**

	2005	2004
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 3,744,292	\$ 3,396,529
Operating Grants	3,133,216	1,760,198
<i>General Revenue:</i>		
Property Taxes	13,439,259	12,271,237
Grants and Entitlements	9,401,372	9,746,305
Other	168,253	100,529
<b>Total Revenues</b>	<b>29,886,392</b>	<b>27,274,798</b>
<b>Program Expenses</b>		
Instruction	18,833,604	17,221,680
Support Services	9,835,026	9,203,774
Operation of Non-Instructional	947,088	1,049,015
Extracurricular Activities	850,764	866,015
Interest and Fiscal Charges	58,374	63,859
<b>Total Expenses</b>	<b>30,524,856</b>	<b>28,404,343</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ (638,464)</b>	<b>\$ (1,129,545)</b>

Revenue increased by 9.5% in 2005 while expenditures increased by 7.5%. Medical claims were up by 13% which required additional deposits to the self insurance fund. Purchased services and the cost of utilities increased by 13.5%.

**Springfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
(Unaudited)

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental funds had total revenues of \$29.8 million and expenditures of \$30.5 million.

**(Table 3)**  
**Governmental Activities**

	2005		2004	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 18,833,604	\$ (13,581,202)	\$ 17,221,680	\$ (13,607,075)
Support Services:				
Pupil and Instructional Staff	2,556,402	(2,474,815)	2,455,449	(2,366,131)
Board of Education, Administration, Fiscal and Business	2,740,799	(2,646,235)	2,555,549	(2,400,365)
Operation and Maintenance of Plant and Central Pupil Transportation	2,828,015	(2,828,015)	2,570,163	(2,568,888)
Operation of Non-Instructional	1,709,810	(1,709,804)	1,622,613	(1,622,613)
Extracurricular Activities	947,088	7,315	1,049,015	(174,738)
Interest and Fiscal Charges	850,764	(356,218)	866,015	(443,947)
	<u>58,374</u>	<u>(58,374)</u>	<u>63,859</u>	<u>(63,859)</u>
Total Expenses	<u>\$ 30,524,856</u>	<u>\$ (23,647,348)</u>	<u>\$ 28,404,343</u>	<u>\$ (23,247,616)</u>

Instruction and Student Support Services comprise 79% of governmental program expenses. Interest/Fiscal charges were less than 1%. Interest expense was attributable to the outstanding notes, and fiscal expenses include payments to the County Auditors for administrative fees. Pupil transportation and the operation/maintenance of facilities accounts for 18% of governmental program expenses.

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for Springfield Local School District students.

***General Fund Budgeting Highlights***

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, budget basis revenue was \$24.2 million, under original budget estimates of \$23.9 million. Of the more than \$200,000 increase, most was attributable to increased tuition and fees and intergovernmental.

**Springfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
(Unaudited)

Final appropriations of \$27.1 million were \$100,000 higher than the \$27 million in the original budget. The increase was due to higher medical claims for the self insurance fund.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2005, the School District had nearly \$3.4 million invested in land, buildings, equipment. Table 4 shows fiscal year 2005 balances compared with 2004.

**(Table 4)**  
**Capital Assets at June 30**  
**(Net of Depreciation)**

	Governmental Activities	
	2005	2004
Land	\$ 687,020	\$ 687,020
Buildings and Improvements	1,308,663	1,340,833
Furniture and Equipment	1,210,013	932,505
Vehicles	50,483	17,175
Educational Media	155,580	190,153
Totals	\$ 3,411,759	\$ 3,167,686

The \$244,073 increase in capital assets was attributable to additional purchases exceeding depreciation expense.

A change in Ohio law required school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2005, this amounted to \$431,750 for each set aside. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvements. For the textbooks, the School District disbursed \$470,046 with the remainder scheduled to be carried forward into the 2006 fiscal year.

**Debt**

At June 30, 2005, the School District had \$736,866 in bonds outstanding with \$56,141 due within one year. During fiscal year 2005, \$53,008 of general obligation bonds were retired. Table 5 summarizes bonds outstanding.

**(Table 5)**  
**Outstanding Debt, at June 30**

	Governmental Activities	Governmental Activities
	2005	2004
Energy Conservation Note: Rate 5.91% Due 12/1/2014	\$ 736,866	\$ 789,874

**Springfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
(Unaudited)

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***Current Issues***

The Springfield Local School District continues to receive strong support from the residents of the school district. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the district was in March, 2000. The Board of Education anticipates submitting a new operating levy to the residents of the district in 2006.

Real estate and personal property tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 50% of revenues for governmental activities for the Springfield Local School District in fiscal year 2005.

The School District has also been affected by changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that the last levy will be stretched for six years. This has been made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth (which is unlike our District). It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

The Springfield Local School District has not anticipated any meaningful growth in State revenue. The concern is that, to meet the requirements of the Court, the State may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on the School District. Another School District concern will be the State Legislative approval of the biennial budget, effective July 1, 2003. How the legislature plans to fund education programs during a weakened economy remains a concern.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

**Springfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*(Unaudited)*

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***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Donald Gambal, Treasurer of Springfield Local School District, 2960 Sanitarium Road Akron, Ohio 44312.

**Springfield Local School District**

*Statement of Net Assets*

*June 30, 2005*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 4,090,545
Receivables:	
Taxes	13,151,713
Accounts	3,603
Intergovernmental	592,503
Inventory	38,299
Nondepreciable Capital Assets	687,020
Depreciable Capital Assets (Net)	2,724,739
	<hr/>
<i>Total Assets</i>	21,288,422
	<hr/>
<b>Liabilities</b>	
Accounts Payable	92,578
Accrued Wages and Benefits	3,214,994
Vacation Benefits Payable	127,040
Intergovernmental Payable	790,966
Deferred Revenue	11,765,674
Claims Payable	305,917
Matured Compensated Absences	8,096
Long Term Liabilities:	
Due Within One Year	227,985
Due Within More Than One Year	2,099,376
	<hr/>
<i>Total Liabilities</i>	18,632,626
	<hr/>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	2,430,715
Restricted for:	
Debt Service	10,928
Other Purposes	574,094
Budget Stabilization	107,978
Unrestricted	(467,919)
	<hr/>
<i>Total Net Assets</i>	\$ 2,655,796
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See accompanying notes to the financial statements.

**Springfield Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2005

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$ 12,640,052	\$ 2,754,917	\$ 707,146	\$ (9,177,989)
Special	3,978,610	0	1,775,566	(2,203,044)
Vocational	477,771	0	0	(477,771)
Other	1,737,171	0	14,773	(1,722,398)
Support services:				
Pupils	1,661,377	0	60,689	(1,600,688)
Instructional staff	895,025	0	20,898	(874,127)
Board of education	99,245	0	2,737	(96,508)
Administration	1,881,044	0	18,320	(1,862,724)
Fiscal	655,163	73,507	0	(581,656)
Business	105,347	0	0	(105,347)
Operation and maintenance of plant	2,751,944	0	0	(2,751,944)
Pupil transportation	1,709,810	0	6	(1,709,804)
Central	76,071	0	0	(76,071)
Operation of non-instructional services	982	0	1,066	84
Food Service Operations	933,332	407,912	532,015	6,595
Uniform Supplies	12,774	13,410	0	636
Extracurricular activities	850,764	494,546	0	(356,218)
Interest and fiscal charges	58,374	0	0	(58,374)
<i>Total Governmental Activities</i>	<u>\$ 30,524,856</u>	<u>\$ 3,744,292</u>	<u>\$ 3,133,216</u>	<u>(23,647,348)</u>
<b>General Revenues:</b>				
Property Taxes Levied for:				
				12,985,681
				104,077
				349,501
				9,401,372
				147,504
				20,749
				23,008,884
				(638,464)
				3,294,260
				<u>\$ 2,655,796</u>

See accompanying notes to the financial statements.

**Springfield Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2005*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 2,792,019	\$ 848,607	\$ 3,640,626
Receivables:			
Taxes	12,718,382	433,331	13,151,713
Accounts	3,603	0	3,603
Interfund	154,243	0	154,243
Intergovernmental	242,078	350,425	592,503
Inventory	0	38,299	38,299
<i>Total Assets</i>	<u>\$ 15,910,325</u>	<u>\$ 1,670,662</u>	<u>\$ 17,580,987</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 48,507	\$ 44,071	\$ 92,578
Accrued Wages and Benefits	2,927,046	287,948	3,214,994
Interfund Payable	0	154,243	154,243
Intergovernmental Payable	766,000	24,966	790,966
Deferred Revenue	11,851,539	749,286	12,600,825
Matured Compensated Absences	8,096	0	8,096
<i>Total Liabilities</i>	<u>15,601,188</u>	<u>1,260,514</u>	<u>16,861,702</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	308,245	353,324	661,569
Reserved for Tax Revenue Unavailable for Appropriation	866,843	29,567	896,410
Reserved for Budget Stabilization	107,978	0	107,978
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	(973,929)	0	(973,929)
Special Revenue Funds	0	(1,217)	(1,217)
Debt Service Fund	0	289	289
Capital Projects Funds	0	28,185	28,185
<i>Total Fund Balances</i>	<u>309,137</u>	<u>410,148</u>	<u>719,285</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 15,910,325</u>	<u>\$ 1,670,662</u>	<u>\$ 17,580,987</u>

See accompanying notes to the financial statements.

**Springfield Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets Governmental Activities*  
 June 30, 2005

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Total Governmental Fund Balances	\$	719,285
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*Amounts reported for governmental activities in the statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		3,411,759
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Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 345,522	
Delinquent Property Taxes	489,629	835,151

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		144,002
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
General Obligation Bonds	(736,866)	
Capital Lease Payable	(438,328)	
Compensated Absences	(1,152,167)	
Vacation Benefits Payable	(127,040)	(2,454,401)

Net Assets of Governmental Activities	\$	2,655,796
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See accompanying notes to the financial statements.

**Springfield Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2005*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 12,667,953	\$ 453,604	\$ 13,121,557
Intergovernmental	10,110,262	2,439,208	12,549,470
Investment income	146,227	1,277	147,504
Tuition and fees	2,749,579	0	2,749,579
Extracurricular activities	0	489,116	489,116
Rentals	73,507	0	73,507
Charges for services	0	421,322	421,322
Gifts and Donations	2,000	10,768	12,768
Miscellaneous	18,749	0	18,749
<i>Total Revenues</i>	<u>25,768,277</u>	<u>3,815,295</u>	<u>29,583,572</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	11,713,538	427,311	12,140,849
Special	2,935,091	1,025,066	3,960,157
Vocational	470,694	0	470,694
Other	1,694,452	42,719	1,737,171
Support services:			
Pupils	1,578,732	79,828	1,658,560
Instructional staff	846,282	21,000	867,282
Board of education	44,635	3,044	47,679
Administration	1,849,696	25,835	1,875,531
Fiscal	597,568	458	598,026
Business	103,228	0	103,228
Operation and maintenance of plant	2,738,398	0	2,738,398
Pupil transportation	1,717,776	0	1,717,776
Central	76,071	0	76,071
Operation of non-instructional services	0	982	982
Food Service Operations	0	937,851	937,851
Uniform Supplies	0	12,774	12,774
Extracurricular activities	297,155	551,577	848,732
Capital outlay	62,470	639,674	702,144
Debt service:			
Principal retirement	54,346	152,858	207,204
Interest and fiscal charges	13,257	45,117	58,374
<i>Total Expenditures</i>	<u>26,793,389</u>	<u>3,966,094</u>	<u>30,759,483</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,025,112)	(150,799)	(1,175,911)
<b>Other Financing Sources (Uses):</b>			
Proceeds from sales of capital assets	2,321	0	2,321
Transfers in	0	44,105	44,105
Transfers out	(44,105)	0	(44,105)
Inception of capital lease	0	294,000	294,000
<i>Total Financing Sources and (Uses)</i>	<u>(41,784)</u>	<u>338,105</u>	<u>296,321</u>
<i>Net Change in Fund Balance</i>	(1,066,896)	187,306	(879,590)
<i>Fund balance (deficit) at beginning of year, restated (see Note 3)</i>	<u>1,376,033</u>	<u>222,842</u>	<u>1,598,875</u>
<i>Fund balance (deficit) at end of year</i>	<u>\$ 309,137</u>	<u>\$ 410,148</u>	<u>\$ 719,285</u>

See accompanying notes to the financial statements.

**Springfield Local School District**  
*Reconciliation of the Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2005*

Net Change in Fund Balances - Total Governmental Funds	\$	(879,590)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital additions in the current period.		
Capital Asset Additions	\$ 625,259	
Current Year Depreciation	<u>(381,186)</u>	244,073
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	(14,883)	
Delinquent Property Taxes	<u>317,702</u>	302,819
 Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond Principal	53,008	
Capital Leases	<u>154,196</u>	207,204
 The issuance of a long term lease provides current financial resources to governmental funds and is, therefore, not reported as revenue in the statement of activities.		
		(294,000)
 Some expenses reported in the statement of net activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Increase in Compensated Absences	(102,306)	
Increase in Vacation Benefits Payable	<u>(24,205)</u>	(126,511)
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.		
		<u>(92,459)</u>
 Change in Net Assets of Governmental Activities	 \$	 <u><u>(638,464)</u></u>

See accompanying notes to the financial statements.

**Springfield Local School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 12,254,219	\$ 12,141,800	\$ 12,258,892	\$ 117,092
Intergovernmental	9,441,002	9,602,000	9,869,229	267,229
Investment Income	108,982	130,000	146,227	16,227
Tuition and Fees	1,876,903	2,013,380	2,518,346	504,966
Miscellaneous	285,190	317,500	382,655	65,155
<i>Total Revenues</i>	<u>23,966,296</u>	<u>24,204,680</u>	<u>25,175,349</u>	<u>970,669</u>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	16,404,599	16,931,466	16,758,546	172,920
Support Services				
Pupils	1,495,062	1,567,542	1,518,727	48,815
Instructional Staff	1,176,700	857,764	836,167	21,597
Board of Education	61,796	63,295	47,704	15,591
Administration	1,790,860	1,850,235	1,812,109	38,126
Fiscal	741,584	571,784	553,453	18,331
Business	144,329	113,279	99,443	13,836
Operation and Maintenance of Plant	3,035,595	2,866,634	2,791,449	75,185
Pupil Transportation	1,739,136	1,754,236	1,716,438	37,798
Central	85,000	85,000	76,071	8,929
Extracurricular Activities	408,000	412,500	362,376	50,124
Capital Outlay	2,989	104,915	65,691	39,224
<i>Total Expenditures</i>	<u>27,085,650</u>	<u>27,178,650</u>	<u>26,638,174</u>	<u>540,476</u>
Excess of Revenues Over (Under) Expenditures	(3,119,354)	(2,973,970)	(1,462,825)	1,511,145
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Assets	1,730	0	2,321	2,321
Refund of Prior Year Expenditures	159	0	213	213
Advances In	127,037	0	170,455	170,455
Advances Out	(175,000)	(157,000)	(154,243)	2,757
Transfers Out	(25,000)	(45,000)	(44,105)	895
<i>Total Other Financing Sources (Uses)</i>	<u>(71,074)</u>	<u>(202,000)</u>	<u>(25,359)</u>	<u>176,641</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(3,190,428)	(3,175,970)	(1,488,184)	1,687,786
<i>Fund Balance (Deficit) at Beginning of Year, Restated (See Note 3)</i>	3,571,532	3,571,532	3,571,532	0
Prior Year Encumbrances Appropriated	385,649	385,649	385,649	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 766,753</u>	<u>\$ 781,211</u>	<u>\$ 2,468,997</u>	<u>\$ 1,687,786</u>

See accompanying notes to the financial statements.

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**Springfield Local School District**

*Statement of Net Assets*

*Proprietary Funds*

*June 30, 2005*

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	Governmental Activities - Internal Service Fund
	<hr/>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 449,919
	<hr/>
<b>Liabilities</b>	
Claims Payable	305,917
	<hr/>
<b>Net Assets</b>	
Unrestricted	144,002
	<hr/>
<b>Total Net Assets</b>	\$ 144,002
	<hr/> <hr/>

See accompanying notes to the financial statements.

**Springfield Local School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Funds*  
For the Fiscal Year Ended June 30, 2005

	Governmental Activities - Internal Service Fund
<hr/>	
<b>Operating Revenues:</b>	
Other operating revenues	\$ 2,645,890
<b>Operating Expenses:</b>	
Administrative fees	446,593
Claims expense	2,291,756
<i>Total Operating Expenses</i>	<u>2,738,349</u>
 <i>Change in Net Assets</i>	 (92,459)
 <i>Net Assets Beginning of Year</i>	 <u>236,461</u>
 <i>Net Assets End of Year</i>	 <u>\$ 144,002</u>

See accompanying notes to the financial statements.

**Springfield Local School District**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Fiscal Year Ended June 30, 2005

	Governmental Activities - Internal Service Fund
<b>Cash Flows From Operating Activities:</b>	
Cash Received for Charges for Services	\$ 2,645,890
Cash Paid for Claims	(2,258,339)
Cash Paid for Administration Fees	(446,593)
	(59,042)
<i>Net Cash Used For Operating Activities</i>	(59,042)
<i>Net Decrease in Cash and Cash Equivalents</i>	(59,042)
<i>Cash and Cash Equivalents at Beginning of Year</i>	508,961
	508,961
<i>Cash and Cash Equivalents at End of Year</i>	\$ 449,919
	449,919
<b>Reconciliation of Operating Loss to Net Cash Used For Operating Activities:</b>	
Operating Loss	\$ (92,459)
Adjustments:	
Claims Payable	33,417
	33,417
<i>Total Adjustments</i>	33,417
	33,417
<i>Net Cash Used For Operating Activities</i>	\$ (59,042)
	(59,042)

See accompanying notes to the financial statements.

**Springfield Local School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Funds*  
*June 30, 2005*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 52,479
	<hr/> <hr/>
<b>Liabilities</b>	
Undistributed Monies	\$ 133
Due to Students	52,346
	<hr/> <hr/>
<i>Total Liabilities</i>	\$ 52,479

See accompanying notes to the financial statements.

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**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**Note 1 - Description of The School District**

Springfield Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies. Each member is elected to a four year term. The Board of Education controls the School District's seven instructional support facilities staffed by 148 classified employees, 215 certified full-time teaching personnel and 14 administrators who provide services to 2,924 students and other community members.

The School District is located in both Summit and Portage counties in northeastern Ohio. The District operates one kindergarten center, three elementary schools (1-4), an intermediate (5-6), one middle school (7-8) and a high school (9-12).

***Reporting Entity***

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements of the School District are not misleading. The primary government of the School District 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 their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

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

The School District participates in one jointly governed organization, the Northeastern Ohio Network (NEOnet), which is presented in Note 21 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

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

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**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. For the year ended June 30, 2005, the School District has implemented GASB Statement No. 40 “*Deposit and Investment Risk Disclosures.*” There was no effect on fund balances as a result of this implementation. Also, the School District has implemented GASB Technical Bulletin No. 2004-2 “*Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers.*” See Note 3 to the Financial Statements for effect on fund balances. The most significant of the School District's accounting policies are described below.

**A. Basis of Presentation**

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

**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

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

**Fund Financial Statements** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

**General Fund** The general fund accounts 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.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Fund** Proprietary fund reporting focuses on the determination of operating income, changes in net asset, financial position and cash flows. The following is the School District's proprietary fund:

**Internal Service Fund** The 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. The School District's only internal service fund accounts for a self-insurance program for employee prescription drug benefits.

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are agency funds. The School District's agency funds account for student advance placement testing and student activities.

### **C. Measurement Focus**

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

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Non-Exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account.

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

***E. Cash and Cash Equivalents***

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District 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 2005, investments were limited to STAROhio, (the State Treasurer's Investment Pool), and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

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 STAR Ohio's share price which is the price the investment could be sold for on June 30, 2005. Repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$146,227 which includes \$23,310 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

***F. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, or laws of other governments or by enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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construction of capital assets. Restricted assets may also include amounts set aside as reserve for budget stabilization, which is now optional as determined by the School District. The School District did not spend all restricted assets in accordance with specific restrictions during the fiscal year. See Note 22 for calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**G. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of fifteen hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land	N/A
Buildings and Improvements	10 - 40 Years
Furniture and Fixtures	5 - 20 Years
Vehicles	13 Years
Textbooks	5 Years

**H. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, 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 consumed. Inventories of the enterprise fund are expensed when used.

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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***I. Interfund Balances***

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

***J. Compensated Absences***

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

***K. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

***L. Net Assets***

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

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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governments. Net assets restricted for other purposes primarily include extracurricular activities, operation and maintenance of plant, and special education instruction.

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

***M. Fund Balance Reserves***

The School District reserves those 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 appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances, property taxes, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

***N. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

***O. Contributions of Capital***

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during the current fiscal year.

***P. Interfund Activity***

Transfers between governmental activities on the government-wide statements are eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2005.

***R. 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.

***S. Budgetary Data***

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. Throughout the fiscal year, the primary level of budgetary control for the general fund was at the fund, function and object level, all other funds were at the fund level. Budgetary modifications changing total fund appropriations may only be made by resolution of the Board of Education.

***Estimated Resources*** The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2005.

***Appropriations*** A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts 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.

**Note 3 - Restatement of Fund Balances**

A. Budgetary Basis

The following is a summary of an adjustment needed to the beginning balance of the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual for the general fund, which is needed to agree with the actual cash balances of the School District:

	<u>General Fund</u>
Fund Balance June 30, 2004	\$ 3,496,145
Adjustment	75,387
Restated Fund Balance July 1, 2004	<u><u>\$ 3,571,532</u></u>

B. Modified Accrual Basis of Accounting

Based on guidance issued in GASB Technical Bulletin No. 2004-2 “Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers”, it was determined that unpaid pension expenditures due at year-end should be recorded as a fund liability on the balance sheet. As a result, fund balances have been restated as follows:

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
Fund Balance June 30, 2004	\$ 1,628,705	\$ 283,444	\$ 1,912,149
Addition of intergovernmental payables	<u>(252,672)</u>	<u>(60,602)</u>	<u>(313,274)</u>
Restated Fund Balance July 1, 2004	<u><u>\$ 1,376,033</u></u>	<u><u>\$ 222,842</u></u>	<u><u>\$ 1,598,875</u></u>

**Note 4 – Fund Deficits**

Fund balances and net assets at June 30, 2005 included the following individual fund deficits:

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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	Deficit	
	Fund Balance	Net Assets
General Fund	\$ 0	\$ 472,605
Nonmajor Governmental Funds:		
Food Service	34,710	58,696
Title VI-B	127,068	11,311
Title I	20,711	0
Title VI-R	25,003	146
Miscellaneous Federal Grants	5,956	0

These deficits are the result of adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

**Note 5 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings 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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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<b>Net Change in Fund Balance</b>	<u>General</u>
GAAP Basis	\$ (1,066,896)
Net Adjustment for Revenue Accruals	(592,713)
Advance In	170,453
Advance Out	(154,247)
Net Adjustment for Expenditure Accruals	478,241
Adjustment for Encumbrances	<u>(323,022)</u>
Budget Basis	<u><u>\$ (1,488,184)</u></u>

**Note 6 - Deposits 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 (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

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

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in 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 (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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.

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

**Cash on Hand** At year end, the School District had \$350 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.

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$316,377 and the bank balance was \$663,917. Of the bank balance:

1. \$113,917 of the bank balance was covered by depository insurance; and
2. \$550,000 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Investments**

Investments are reported at fair value. As of June 30, 2005, the School District had the following investments:

	Fair Value	Investment Maturities (in months) 0-6
First Merit Repurchase Agreement	\$ 495,000	\$ 495,000
STAROhio	3,331,297	3,331,297
Totals	\$ 3,826,297	\$ 3,826,297

**Interest Rate Risk:** The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the District.

**Credit Risk:** The School District's investments at June 30, 2005 include sweep accounts, and STAROhio which are rated AAA by Standard & Poor's.

**Concentration of Credit Risk:** The School District places no limit on the amount the School District may invest in any one issuer. More than 5 percent of the School District's investments are in STAROhio. This investment is 87.1% of the School District's total investments for the amounts listed above.

**Note 7 – Property Taxes**

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

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

of December 31 of the current year. Tangible personal property assessments are 25% of true value for capital assets and 23% of true value for inventory. The assessed values upon which the fiscal year 2005 taxes were collected are:

	<i>2004 Assessed Value</i>		<i>2003 Assessed Value</i>	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 347,656,500	84.47%	\$ 342,719,870	84.47%
Public Utility Personal	8,447,650	2.05%	8,649,200	2.05%
Tangible Personal Property	55,482,956	13.48%	56,347,756	13.48%
	\$ 411,587,106	100.00%	\$ 407,716,826	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$	48.29		

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

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

The Summit County Treasurer collects property tax on behalf of all taxing districts within the county. The County Auditor periodically advances to the District their portion of the taxes collected. The amount available to the School District as an advance at June 30, 2005 is available to finance fiscal year 2005 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, personal property and public utility taxes which became measurable as of June 30, 2005. Although total property tax collections for the next fiscal year are measurable, only the amount available and measurable are recorded as revenue. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount measurable and available to the School District at June 30, 2005 was \$896,410.

**Note 8 - Interfund Transfers**

Transfers made during fiscal year 2005 were \$40,000 to the food service fund from the general fund and \$4,105 to the public school fund from the general fund. These transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**Note 9 - Interfund Balances**

On the fund financial statements, the general fund reported an interfund receivable at June 30, 2005 of \$154,243. This receivable is made up of the following: the athletics fund had an interfund payable of \$30,000, the Ohio reads fund had \$2,971, the student intervention fund had \$13,709, the Idea, Part B fund had \$19,577, the Title I fund had \$65,000, Title VI fund had \$2,392, the drug free grant fund had \$10,004, and the miscellaneous federal grants fund had an interfund payable of \$10,590.

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2005, all interfund loans outstanding are anticipated to be repaid in fiscal year 2006.

**Note 10 – Receivables**

Receivables at June 30, 2005 consisted of taxes, accounts (rent and student fees), interest, and intergovernmental entitlements and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	Amount
<i>General Fund</i>	\$ 242,078
<i>Nonmajor Governmental Funds</i>	
IDEA	115,757
Title I	166,271
Title V	4,334
Drug Free	10,004
Title II-A	24,857
Title II-D	10,590
Management Information Systems	1,932
Intervention 1-4	13,709
Ohio Reads	2,971
	350,425
Total Intergovernmental Receivables	\$ 592,503

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2005

**Note 11 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Balance 6/30/04	Additions	Reductions	Balance 6/30/05
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 687,020	\$ 0	\$ 0	\$ 687,020
<i>Capital Assets, being depreciated:</i>				
Land Improvements	882,743	8,448	0	891,191
Buildings and Improvements	10,162,230	53,791	0	10,216,021
Furniture and Equipment	2,469,493	523,070	(113,941)	2,878,622
Vehicles	311,322	39,950	(14,715)	336,557
Textbooks	906,811	0	0	906,811
	<u>14,732,599</u>	<u>625,259</u>	<u>(128,656)</u>	<u>15,229,202</u>
Total Capital Assets, being depreciated				
Less Accumulated Depreciation:				
Land Improvements	(776,596)	(6,247)	0	(782,843)
Buildings and Improvements	(8,927,544)	(88,162)	0	(9,015,706)
Furniture and Equipment	(1,536,988)	(245,562)	113,941	(1,668,609)
Vehicles	(294,147)	(6,642)	14,715	(286,074)
Textbooks	(716,658)	(34,573)	0	(751,231)
	<u>(12,251,933)</u>	<u>(381,186)</u>	<u>128,656</u>	<u>(12,504,463)</u>
Total Accumulated Depreciation				
Total Capital Assets being depreciated, net	<u>2,480,666</u>	<u>244,073</u>	<u>0</u>	<u>2,724,739</u>
Governmental Capital Assets, net	<u>\$ 3,167,686</u>	<u>\$ 244,073</u>	<u>\$ 0</u>	<u>\$ 3,411,759</u>

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 221,780
Support Services:	
Pupil	1,104
Instructional Staff	12,234
Board of Education	54,259
Administration	3,748
Fiscal	58,198
Operation and Maintenance of Plant	989
Pupil Transportation	8,391
Food Service	16,670
Extracurricular Activities	<u>3,813</u>
Total Depreciation	<u><u>\$ 381,186</u></u>

**Note 12 – Risk Management**

The District insures its buildings and their contents through insurance having a \$2,500 deductible and providing replacement costs for such items. An inventory of all loose equipment is conducted annually.

Appropriate liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$3,000,000 aggregate. The School District also has an excess policy in the amount of \$2,000,000. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

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

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

The School District has established a limited risk management program for hospital/medical benefits. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2005, a total expense of \$2,738,349 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$75,000. The liability for unpaid claims cost of \$305,917 reported in the fund at June 30, 2005 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions.

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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Changes in the fund's claims liability amount in 2005 and 2004 were:

	<u>Balance</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2004	\$ 205,300	2,416,157	2,348,957	\$ 272,500
2005	\$ 272,500	2,291,756	2,258,339	\$ 305,917

**Note 13 – Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to thirty days of vacation per year, depending upon length of service and hours worked. Vacation days are credited to non-certified employees on the anniversary of their employment and must be used within the next twelve months. Vacation may be carried forward beyond the twelve month period only with the approval of the superintendent. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to an unlimited number of days. Payment is made of one-fourth of the total sick leave accumulation, up to a maximum accumulation of 180 days upon retirement for certified employees or upon termination with 10 years of service for non-certified employees.

**Note 14 - Pension Plans**

***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System of Ohio (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 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, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 9.09% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$513,228, \$556,032, and \$574,104, respectively; 45% has been contributed for fiscal year 2005 and 100% for the fiscal years 2004 and 2003. \$281,280 represents the unpaid contribution for fiscal year 2005, and is recorded as a liability within the respective funds.

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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***B. State Teachers Retirement System***

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2005, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,777,456, \$1,704,572, and \$1,608,344, respectively; 84% has been contributed for fiscal year 2005 and 100% for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$1,663 made by the School District and \$11,467 made by the plan members. \$281,812 represents the unpaid contribution for fiscal year 2005, and is recorded as a liability within the respective funds.

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**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% of wages paid.

**Note 15 - 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 on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$127,080 during the 2005 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, the health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. Premiums are reduced by 50% for those retirees whose household income falls below federal poverty levels.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2005, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$25,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2005 fiscal year equaled \$212,086.

The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

payment of health care benefits of \$300.8 million. SERS had approximately 62,000 participants currently receiving health care benefits.

**Note 16 – Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2005.

**B. Litigation**

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

**Note 17 - Long - Term Obligations**

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 6/30/04	Additions	Reductions	Outstanding 6/30/05	Amounts Due in One Year
<b>Governmental Activities:</b>					
Energy Conservation Note					
Interest Rate 5.91%					
Due 12/1/2014	\$ 789,874	\$ 0	\$ 53,008	\$ 736,866	\$ 56,141
Capital Lease	298,524	294,000	154,196	438,328	153,063
Compensated Absences, Restated	1,049,861	142,528	40,222	1,152,167	18,781
<b>Total Governmental Activities</b>					
Long-Term Liabilities	<u>\$ 2,138,259</u>	<u>\$ 436,528</u>	<u>\$ 247,426</u>	<u>\$ 2,327,361</u>	<u>\$ 227,985</u>

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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In 1999, the School District received \$955,578 for energy conservation capital improvements. The note matures in December 2014.

In 2003, the School District entered into a \$400,000 lease for a telephone system. The lease continues until October 2009.

In 2005, the School District entered into a \$294,000 lease for computers. The lease continues until August 2006.

The energy conservation note will be paid from the debt service fund. The lease will be paid from the general fund. The compensated absences will be paid from the general fund and the food service enterprise fund.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2005 are as follows:

Fiscal Year Ending June 30,	Energy Conservation Note		
	Principal	Interest	Total
2006	\$ 56,141	\$ 43,549	\$ 99,690
2007	59,459	40,231	99,690
2008	62,973	36,717	99,690
2009	66,695	32,995	99,690
2010	70,637	29,053	99,690
2011-2015	420,961	77,489	498,450
Total	\$ 736,866	\$ 260,034	\$ 996,900

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

**Note 18 – Capitalized Leases**

Capital lease obligations relate to telephone equipment and computers which are leased under long-term agreements. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". Capital lease payments in the general fund have been reclassified and are reflected as debt service in the basic financial statements for the general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. The following schedule of future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2005 is summarized below.

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

Fiscal Year Ending June, 30	Capital Lease		
	Principal	Interest	Total
2006	153,063	14,389	167,452
2007	157,568	9,885	167,453
2008	62,381	5,221	67,602
2009	65,316	2,286	67,602
Total	<u>\$ 438,328</u>	<u>\$ 31,781</u>	<u>\$ 470,109</u>

**Note 19 – Deferred Revenue**

Deferred revenue at June 30, 2005 consisted of the following:

	Statement of Net Assets	Balance Sheet
Property Taxes Receivable	\$ 11,765,674	\$ 12,255,303
Grants Receivable	<u>0</u>	<u>345,522</u>
Deferred Revenue	<u>\$ 11,765,674</u>	<u>\$ 12,600,825</u>

**Note 20 - Contracts**

The School District has renewed their transportation contract with Laidlaw Transit, Inc. The company furnishes bus transportation service for students attending the facilities and all other children for whom the School District has an obligation to provide transportation in accordance with all applicable rules and regulations set forth by the Ohio Department of Education, the Ohio Revised Code and the Ohio Administrative Code. The company provides transportation services by utilizing the School District buses and company buses. As School District buses are required to be replaced, the company replaces them with company buses. The School District is charged a rate based per trip and whether a School District or company bus is utilized. The contract is in effect until July 31, 2005. The contract can be renewed for one additional three year term upon the mutual consent and negotiation of the company and School District.

**Note 21 – Northeastern Ohio Network**

The Northeastern Ohio Network (NEOnet) is a jointly governed organization comprised of 17 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports NEOnet based on a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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district and a representative from the fiscal agent. NEOnet is governed by a board of directors chosen from the general membership of the NEOnet assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center which serves as fiscal agent, located at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221. During the year ended June 30, 2005, the District paid approximately \$40,124 to NEOnet for basic service charges.

**Note 22 – Statutory Reserves**

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

Effective April 10, 2001, Senate Bill 345, eliminated the requirement that the School Districts' establish and maintain a budget stabilization reserve. The monies which do not represent BWC refunds may be left in the budget reserve set-aside, or returned to the general fund and used at the discretion of the of the School District's Board of Education.

The following cash basis information describes the change in the year end set-aside amounts for textbooks and capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

	BWC Refund	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
Set-Aside Cash Balance as of June 30, 2004	\$ 107,978	\$ 0	\$ 0	\$ 107,978
Set-Aside Carryover Balance as of June 30, 2004	0	0	(70,671)	(70,671)
Current Year Set-Aside Requirement	0	431,750	431,750	863,500
Qualifying Disbursements	0	(461,446)	(470,046)	(931,492)
<b>Total</b>	<u><u>\$ 107,978</u></u>	<u><u>\$ (29,696)</u></u>	<u><u>\$ (108,967)</u></u>	<u><u>\$ (30,685)</u></u>
Cash Balance Carried Forward FY 2006	<u><u>\$ 107,978</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (108,967)</u></u>	
Amount for Set-Asides	<u><u>\$ 107,978</u></u>			

The School District had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides below zero. These extra amounts may only be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. Negatives are therefore not presented as being carried forward to the next fiscal year for the other set-asides. The total reserve balance for the set-asides at the end of the fiscal year was \$107,978.

**Springfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**Note 23 – 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.

**Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Education  
Springfield Local School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springfield Local School District, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 17, 2005, wherein we noted that the District adopted Government Accounting Standards Board Technical Bulletin No. 2004-2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Springfield Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Education  
Springfield Local School District

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the Finance Committee, Board of Education, management, 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.

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
November 17, 2005

**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

**Compliance**

We have audited the compliance of the Springfield Local School District, 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, 2005. The Springfield Local School District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Springfield Local School District's management. Our responsibility is to express an opinion on the Springfield Local School 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 Springfield Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Springfield Local School District's compliance with those requirements.

In our opinion, the Springfield Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

### **Internal Control over Compliance**

The management of the Springfield Local School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Springfield Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the 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 reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springfield Local School District as of and for the year ended June 30, 2005, and have issued our report thereon dated November 17, 2005, wherein we noted the District adopted Government Accounting Standards Board Technical Bulletin No. 2004-2.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Springfield Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Finance Committee, Board of Education, management, 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.

*Cini & Parichi, Inc.*

Cleveland, Ohio  
November 17, 2005

# Springfield Local School District

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Program Amounts	Federal Receipts	Federal Disbursements	Non-Cash Transactions
U.S. Department of Education:						
Passed-Through Ohio Department of Education:						
Title I	84.010	C1-S1-04	\$ 527,341	\$ 152,459	\$ 181,384	\$ -
Title I	84.010	C1-SK-05	22,929	22,929	17,573	-
Title I	84.010	C1-S1-05	424,847	285,647	273,722	-
Total Title I				<u>461,035</u>	<u>472,679</u>	<u>-</u>
IDEA Part B	84.027	6B-SF-04P	452,573	37,591	80,014	-
IDEA Part B	84.027	6B-SF-05P	670,589	554,832	541,775	-
Preschool Grant	84.173	PG-D7-04P	17,507	3,427	3,684	-
Preschool Grant	84.173	PG-S1-05	23,867	23,867	23,867	-
Total Special Education Cluster				<u>619,717</u>	<u>649,340</u>	<u>-</u>
Title V	84.298	C2-S1-05	16,180	11,847	12,711	-
Title II-A	84.367	TR-S1-04	234,067	12,362	36,725	-
Title II-A	84.367	TR-S1-05	166,756	141,899	137,253	-
Total Title II-A				<u>154,261</u>	<u>173,978</u>	<u>-</u>
Title IV-A	84.186	DR-S1-04	17,401	6,518	6,238	-
Title IV-A	84.186	DR-S1-05	18,346	8,342	6,017	-
Total Title IV-A				<u>14,860</u>	<u>12,255</u>	<u>-</u>
Title II-D	84.318	TJ-S1-2004	18,860	630	982	-
Title II-D	84.318	TJ-S1-2005	21,760	11,171	9,523	-
Total Title II-D				<u>11,801</u>	<u>10,505</u>	<u>-</u>
Total U.S. Department of Education				<u>1,273,521</u>	<u>1,331,468</u>	<u>-</u>
U.S. Department of Agriculture:						
Passed-Through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution	10.550			112,037	-	112,037
National School Breakfast Program	10.553			82,385	82,385	-
School Lunch Program	10.555			361,494	361,494	-
Total U.S. Department of Agriculture - Nutrition Cluster				<u>555,916</u>	<u>443,879</u>	<u>112,037</u>
U.S. Health and Human Services						
Passed Through Ohio Dept. of MRDD:						
Medical Assistance Program/CAFS	93.778			248,315	248,315	-
State Children Health Insurance Program	93.767			10,283	10,283	-
Total U.S. Health and Human Services				<u>258,598</u>	<u>258,598</u>	<u>-</u>
Total Federal Financial Assistance				<u>\$ 2,088,035</u>	<u>\$ 2,033,945</u>	<u>\$ 112,037</u>

The accompanying notes are an integral part of this schedule

## Springfield Local School District

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2005

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### **Note 1: Significant Accounting Policies**

#### **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented 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 general purpose financial statements.

#### **Non-Cash Support**

The District receives non-cash support in the form of food subsidies from the National School Lunch Program (“NSLP”), CFDA 10.550. The value of the food subsidies is determined by using the fair market value of the food items as quoted by local food suppliers.

CFDA – Catalog of Federal Domestic Assistance

# Springfield Local School District

Schedule of Findings  
OMB Circular A-133 Section .505

June 30, 2005

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## **1. Summary of Auditor's Results**

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	Nutrition Cluster; CFDA No.'s 10.550, 10.553, 10.555
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

## **2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS**

None.

## **3. Findings for Federal Awards**

None.

Springfield Local School District

Schedule of Prior Audit Findings  
OMB Circular A-133-Section .315(b)

June 30, 2005

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None.

Springfield Local School District

2960 Sanitarium Road  
Akron, Ohio 44312  
(330) 798-1111

**Response to Findings Associated with  
Audit Conducted in Accordance with *Government Auditing Standards*  
for the Year Ended June 30, 2005**

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Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
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Not applicable.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**SPRINGFIELD LOCAL SCHOOL DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 30, 2005**