



Dave Yost • Auditor of State

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

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SUMMIT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Springfield Local School District
Summit County
2410 Massillon Road
Akron, OH 44312

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Local School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 Springfield Local School District, Summit County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Federal Award Receipts and Expenditures Schedule (schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 18, 2014

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Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

The discussion and analysis of the Springfield Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the 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 2013 are as follows:

- Net position decreased \$618,544 which represents a 4 percent decrease from 2012.
- Capital assets increased \$19,698,166 during fiscal year 2013.
- During the year, outstanding debt decreased from \$34,683,415 to \$34,170,774 due to principal payments made by the School District.
- The Ohio Schools Facilities Commission project continues its construction during the fiscal year and anticipates completion in Spring of 2014.
- Total revenues decreased \$1.2 million from 2012, while total program expenses increased \$2.6 million from 2012.

Using this Annual Report

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Springfield Local School District, the general fund, debt service, building, and the classroom facilities fund are by far the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain 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 2013?" The *Statement of Net Position* 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

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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 position and changes in those assets. This change in net position 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 Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, debt service fund, building fund and the classroom facilities 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund 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. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 21.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 24 and 25.

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These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012:

Table 1
Net Position

	Governmental Activities	
	2013	2012
Assets		
Current and Other Assets	\$ 36,499,967	\$ 54,653,573
Capital Assets	34,345,086	14,646,920
<i>Total Assets</i>	70,845,053	69,300,493
Liabilities		
Other Liabilities	18,495,133	15,884,452
Long-Term Liabilities	35,397,547	35,845,124
<i>Total Liabilities</i>	53,892,680	51,729,576
Net Position		
Net Investment in Capital Assets	2,140,744	1,899,858
Restricted	8,918,368	9,514,111
Unrestricted	5,893,261	6,156,948
<i>Total Net Position</i>	\$ 16,952,373	\$ 17,570,917

At year end, capital assets represented 48 percent of total assets. Capital assets include, land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. Net investment in capital assets was \$2,140,744 at June 30, 2013. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$8,918,368 or 53 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position of \$5,893,261 may be used to meet the government's ongoing obligations to students and creditors.

During the year, current and other assets reported a decrease of \$18,153,606, primarily from a decrease in cash and investments (\$17,666,244) and intergovernmental receivables (\$993,380). Both decreases are

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the result of the ongoing Ohio School's Facility project. This same project resulted in an increase in capital assets of \$19,346,030, which is net of current year depreciation expense and disposals.

Liabilities in total, increased \$2,163,104 over fiscal year 2012, with most of that amount in contracts payable for the construction project. A change in the deferred tax revenue available for advance from the County contributed to an increase in deferred revenue of \$927,108 from fiscal year 2012.

Table 2 shows the changes in net position for fiscal year 2013 and 2012.

Table 2
Changes in Net Position

	Governmental Activities	
	2013	2012
Revenues		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$ 2,785,515	\$ 3,140,872
Operating Grants and Interest	2,286,835	2,368,981
Capital Grants, Contributions and Interest	128,360	315,553
<i>Total Program Revenues</i>	<u>5,200,710</u>	<u>5,825,406</u>
<i>General Revenues:</i>		
Property Taxes	12,344,195	12,782,189
Grants and Entitlements Not Restricted	12,896,383	13,071,270
Other	128,975	91,245
<i>Total General Revenues</i>	<u>25,369,553</u>	<u>25,944,704</u>
<i>Total Revenues</i>	<u>30,570,263</u>	<u>31,770,110</u>
Program Expenses		
Instruction:		
Regular	11,685,049	10,653,013
Special	3,639,393	3,438,801
Vocational	283,372	228,223
Other	2,304,781	2,367,043
Support Services:		
Pupils	1,347,871	1,311,257
Instructional Staff	1,188,431	993,441
Board of Education	59,323	51,421
Administration	1,979,975	1,602,617
Fiscal	876,344	652,082
Business	140,384	136,515
Operation and Maintenance of Plant	2,523,627	2,108,832
Pupil Transportation	1,464,568	1,319,351
Central	58,436	57,010
Operation of Non-Instructional Services:		
Food Service Operations	940,196	871,692
Community Services	19,218	77,389
Extracurricular Activities	729,120	718,359
Debt Service:		
Interest and Fiscal Charges	1,948,719	2,039,405
<i>Total Expenses</i>	<u>31,188,807</u>	<u>28,626,451</u>
<i>Increase (Decrease) in Net Position</i>	<u>(618,544)</u>	<u>3,143,659</u>
<i>Net Position at Beginning of Year</i>	<u>17,570,917</u>	<u>14,427,258</u>
<i>Net Position at End of Year</i>	<u>\$ 16,952,373</u>	<u>\$ 17,570,917</u>

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(Unaudited)

Program revenues decreased \$624,696 from fiscal year 2012, partially due to a decrease in tuition revenues related to open enrollment. Capital grants decreased \$187,193 from fiscal year 2012 from the decrease in interest revenue in the Ohio School Facilities fund. Property taxes showed a decrease in \$437,994 from fiscal year 2012 due to the decrease in taxes available as an advance at year end. Overall, expenses reported an increase of \$2,562,356, \$1,032,036 of which was in regular instruction, which can be attributed to increases in salaries and benefits.

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.

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2013	2012	2013	2012
Instruction:				
Regular	\$ 11,685,049	10,653,013	\$ 8,946,353	\$ 7,419,712
Special	3,639,393	3,438,801	2,545,598	2,137,401
Vocational	283,372	228,223	283,372	228,223
Other	2,304,781	2,367,043	2,304,781	2,367,043
Support Services:				
Pupils	1,347,871	1,311,257	1,283,448	1,311,257
Instructional Staff	1,188,431	993,441	1,171,365	976,690
Board of Education	59,323	51,421	59,323	51,421
Administration	1,979,975	1,602,617	1,940,349	1,602,617
Fiscal	876,344	652,082	876,344	652,082
Business	140,384	136,515	140,384	136,515
Operation and Maintenance of Plant	2,523,627	2,108,832	2,523,627	2,108,832
Pupil Transportation	1,464,568	1,319,351	1,464,045	1,319,351
Central	58,436	57,010	58,436	57,010
Operation of Non-Instructional Services:				
Food Service Operations	940,196	871,692	(4,748)	(106,468)
Community Services	19,218	77,389	762	66,589
Extracurricular Activities	729,120	718,359	445,939	433,365
Debt Service:				
Interest and Fiscal Charges	1,948,719	2,039,405	1,948,719	2,039,405
<i>Total Expenses</i>	<u>\$ 31,188,807</u>	<u>\$ 28,626,451</u>	<u>\$ 25,988,097</u>	<u>\$ 22,801,045</u>

The dependence upon general revenues for governmental activities is apparent. Nearly 83 percent of governmental activities are supported through taxes and other general revenues; such revenues are nearly 83 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

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(Unaudited)

Governmental Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$31,205,702 and expenditures of \$50,836,059 for fiscal year.

The general fund's net change in fund balance for fiscal year 2013 was a decrease of \$19,039. Revenues decreased \$857,431 from fiscal year 2012, mostly through decreases in the tax advance and tuition while nearly all expenditures increased \$2,367,026 in total.

The fund balance of the debt service fund decreased by \$353,442. This decrease was primarily due to the timing of tax collections as compared to the timing of debt service payments from those collections.

The fund balance of the building fund decreased by \$4,845,567. Resources related to the local share of the Ohio School Facilities project was obtained in previous years. During fiscal year 2013, these resources continued to be spent as the construction project continues.

The fund balance of the classroom facilities fund decreased by \$13,929,453. The School District has received nearly all of the Ohio Classroom Facilities resources; however, for the current year, construction expenditures continue.

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.

During the course of fiscal year 2013, the School District made minimal changes to the budgets. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, actual budget basis revenue of \$25,306,704 was \$717,486 higher than the final budget basis revenue of \$24,589,218. Most of this difference is due to an underestimation of taxes and intergovernmental revenue. Original and final budget basis revenue did not change during the fiscal year.

Final expenditure appropriations of \$24,522,561 were \$14,382 lower than the actual expenditures of \$24,536,943 and original expenditure appropriations of \$24,316,445 were \$206,116 lower than final expenditure appropriations. Expenditures increased with the increase in actual revenues over estimates.

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(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$34.0 million invested in capital assets. Table 4 shows fiscal year 2013 balances compared with 2012.

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

	Governmental Activities	
	2013	2012
Land	\$ 572,510	\$ 967,020
Construction in Progress	32,291,206	12,417,209
Land Improvements	797,537	841,758
Buildings and Improvements	9,698,566	9,991,299
Furniture and Equipment	2,633,171	3,433,781
Vehicles	211,785	181,249
Textbooks	865,423	906,811
Accumulated Depreciation	(12,725,112)	(14,092,207)
<i>Totals</i>	\$ 34,345,086	\$ 14,646,920

The \$19,698,166 increase in capital assets was attributable to increases in construction costs outpacing current year depreciation expense and disposals. See Note 9 for more information about the capital assets of the School District.

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Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Debt

At June 30, 2013, the School District had \$34,170,774 in note, loan and bonds outstanding. See Note 15 for additional details. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2013	2012
Energy Conservation	\$ 183,002	\$ 266,917
School Facilities Improvement Bonds	1,530,000	1,530,000
Capital Appreciation Bonds	227,927	724,861
Accretion on Capital Appreciation Bonds	168,713	312,396
School Facilities Improvement Bonds (BAB)	20,200,000	20,200,000
School Facilities Improvement Bonds (QSCB)	11,260,000	11,260,000
Unamortized Premium	377,793	389,241
Loan Payable	223,339	0
<i>Totals</i>	<u>\$ 34,170,774</u>	<u>\$ 34,683,415</u>

In fiscal year 2013, the School District incurred a \$250,000 loan to purchase a building for administration purposes.

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. A bond levy was passed in August, 2010 for the construction of a new 7 through 12 campus.

Real estate 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 40.38 percent of revenues for governmental activities for the Springfield Local School District in fiscal year 2013.

The School District has also been affected by changes in the personal property tax structure (utility deregulation). Management has diligently planned expenses so that the last levy will be stretched for nine 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.

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(Unaudited)

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 School 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. Quite the opposite has recently occurred under the leadership in Ohio. Reductions in school funding will result in uncertainties in the coming years. The concern is that if this trend continues and a significant shift to local taxpayers will result.

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.

The good news is that after years of stringent fiscal control, the School District was released from fiscal emergency as of November 22, 2011. The cash reserves are looking strong for the next 3 to 4 years as documented in our 5 Year Forecast.

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 Chris Adams, Treasurer of Springfield Local School District, 2410 Massillion Road, Akron, Ohio 44312.

Springfield Local School District
Summit County, Ohio
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 20,283,352
Cash and Investments with Fiscal Agent	492,318
Receivables:	
Intergovernmental	1,154,257
Property Taxes	14,192,375
Deferred Charges	377,665
Nondepreciable Capital Assets	32,863,716
Depreciable Capital Assets (Net)	1,481,370
<i>Total Assets</i>	70,845,053
Liabilities	
Accounts Payable	25,577
Accrued Wages and Benefits	2,697,368
Contracts Payable	1,418,735
Intergovernmental Payable	891,994
Accrued Vacation Leave Payable	160,869
Matured Compensated Absences Payable	29,301
Accrued Interest Payable	458,789
Claims Payable	359,000
Deferred Revenue	12,453,500
Long Term Liabilities:	
Due Within One Year	974,259
Due In More Than One Year	34,423,288
<i>Total Liabilities</i>	53,892,680
Net Position	
Net Investment in Capital Assets	2,140,744
Restricted For:	
Capital Outlay	7,463,248
Debt Service	700,784
Other Purposes	754,336
Unrestricted	5,893,261
<i>Total Net Position</i>	\$ 16,952,373

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Capital Grants, Contributions and Interest	Net (Expense) Revenue and Changes in Net Position
	Charges for Services and Sales	Operating Grants and Interest	Governmental Activities		
Expenses					
Governmental Activities					
Instruction:					
Regular	\$ 11,685,049	\$ 2,312,402	\$ 297,934	\$ 128,360	\$ (8,946,353)
Special	3,639,393	0	1,093,795	0	(2,545,598)
Vocational	283,372	0	0	0	(283,372)
Other	2,304,781	0	0	0	(2,304,781)
Support Services:					
Pupils	1,347,871	0	64,423	0	(1,283,448)
Instructional Staff	1,188,431	0	17,066	0	(1,171,365)
Board of Education	59,323	0	0	0	(59,323)
Administration	1,979,975	0	39,626	0	(1,940,349)
Fiscal	876,344	0	0	0	(876,344)
Business	140,384	0	0	0	(140,384)
Operation and Maintenance of Plant	2,523,627	0	0	0	(2,523,627)
Pupil Transportation	1,464,568	0	523	0	(1,464,045)
Central	58,436	0	0	0	(58,436)
Operation of Non-Instructional Services:					
Food Service Operations	940,196	199,424	745,520	0	4,748
Community Services	19,218	0	18,456	0	(762)
Extracurricular Activities	729,120	273,689	9,492	0	(445,939)
Interest and Fiscal Charges	1,948,719	0	0	0	(1,948,719)
Total	\$ 31,188,807	\$ 2,785,515	\$ 2,286,835	\$ 128,360	(25,988,097)

General Revenues

Property Taxes Levied for:

General Purposes	9,838,161
Debt Service	2,122,312
Capital Outlay	383,722
Grants and Entitlements Not Restricted to Specific Programs	12,896,383
Investment Earnings	26,302
Miscellaneous	102,673

Total General Revenues 25,369,553

Change in Net Position (618,544)

Net Position Beginning of Year 17,570,917

Net Position End of Year \$ 16,952,373

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Debt Service Fund	Building Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Investments	\$ 7,707,837	\$ 389,159	\$ 1,153,689	\$ 9,342,401	\$ 1,022,129	\$ 19,615,215
Cash and Investments with Fiscal Agent	0	0	0	492,318	0	492,318
Receivables:						
Interfund	120,224	0	0	0	0	120,224
Intergovernmental	363,926	0	0	351,267	439,064	1,154,257
Property Taxes	11,156,936	2,587,594	0	0	447,845	14,192,375
<i>Total Assets</i>	<u>\$ 19,348,923</u>	<u>\$ 2,976,753</u>	<u>\$ 1,153,689</u>	<u>\$ 10,185,986</u>	<u>\$ 1,909,038</u>	<u>\$ 35,574,389</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$ 3,248	\$ 0	\$ 0	\$ 0	\$ 22,329	\$ 25,577
Accrued Wages and Benefits	2,448,166	0	0	0	249,202	2,697,368
Contracts Payable	0	0	352,136	1,066,599	0	1,418,735
Intergovernmental Payable	859,799	0	0	0	32,195	891,994
Matured Compensated Absences Payable	29,301	0	0	0	0	29,301
Interfund Payable	0	0	0	0	120,224	120,224
Deferred Revenue	10,909,313	2,458,730	0	251,523	563,290	14,182,856
<i>Total Liabilities</i>	<u>14,249,827</u>	<u>2,458,730</u>	<u>352,136</u>	<u>1,318,122</u>	<u>987,240</u>	<u>19,366,055</u>
Fund Balances						
Restricted	0	518,023	801,553	8,867,864	1,027,756	11,215,196
Assigned	4,659,005	0	0	0	0	4,659,005
Unassigned	440,091	0	0	0	(105,958)	334,133
<i>Total Fund Balances</i>	<u>5,099,096</u>	<u>518,023</u>	<u>801,553</u>	<u>8,867,864</u>	<u>921,798</u>	<u>16,208,334</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 19,348,923</u>	<u>\$ 2,976,753</u>	<u>\$ 1,153,689</u>	<u>\$ 10,185,986</u>	<u>\$ 1,909,038</u>	<u>\$ 35,574,389</u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013

Total Governmental Fund Balances		\$ 16,208,334
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		34,345,086
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	\$ 1,031,984	
Excess Costs	311,264	
Intergovernmental	386,108	1,729,356
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 Position.		309,137
In the Statement of Activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		377,665
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(458,789)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy Conservation Bond	(183,002)	
School Facilities Improvement Bonds	(1,530,000)	
Capital Appreciation Bonds	(227,927)	
OFSC Build America Bonds	(20,200,000)	
OFSC Qualified School Construction Bonds	(11,260,000)	
Loan Payable	(223,339)	
Bond Premium	(377,793)	
Accretion of Interest - Capital Appreciation Bonds	(168,713)	
Capital Leases	(49,675)	
Vacation Benefits	(160,869)	
Compensated Absences	(1,177,098)	(35,558,416)
<i>Net Position of Governmental Activities</i>		\$ 16,952,373

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General Fund	Debt Service Fund	Building Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property and Other Local Taxes	\$ 9,806,848	\$ 2,084,083	\$ 0	\$ 0	\$ 385,486	\$ 12,276,417
Intergovernmental	12,505,786	315,921	0	621,924	2,471,522	15,915,153
Investment Income	26,302	0	52,801	75,558	0	154,661
Tuition and Fees	2,206,257	0	0	0	0	2,206,257
Extracurricular Activities	134,164	0	0	0	138,552	272,716
Rentals	68,839	0	0	0	0	68,839
Charges for Services	9,492	0	0	0	199,424	208,916
Contributions and Donations	0	0	0	0	13,780	13,780
Miscellaneous	88,965	0	0	0	0	88,965
<i>Total Revenues</i>	<u>24,846,653</u>	<u>2,400,004</u>	<u>52,801</u>	<u>697,482</u>	<u>3,208,764</u>	<u>31,205,704</u>
Expenditures						
Current:						
Instruction:						
Regular	10,757,937	0	0	0	533,036	11,290,973
Special	2,440,788	0	0	0	1,154,113	3,594,901
Vocational	275,824	0	0	0	0	275,824
Other	2,304,781	0	0	0	0	2,304,781
Support Services:						
Pupils	1,265,886	0	0	0	71,105	1,336,991
Instructional Staff	1,173,315	0	0	0	17,606	1,190,921
Board of Education	37,500	0	0	0	0	37,500
Administration	1,595,970	0	0	0	52,766	1,648,736
Fiscal	871,636	0	0	0	0	871,636
Business	138,887	0	0	0	0	138,887
Operation and Maintenance of Plant	1,859,742	0	0	0	3,863	1,863,605
Pupil Transportation	1,457,356	0	0	0	575	1,457,931
Central	58,436	0	0	0	0	58,436
Extracurricular Activities	568,482	0	0	0	153,368	721,850
Operation of Non-Instructional Services:						
Food Service Operations	0	0	0	0	931,967	931,967
Community Services	0	0	0	0	19,218	19,218
Capital Outlay	32,384	339,713	5,250,504	14,626,935	470,772	20,720,308
Debt Service:						
Principal Retirement	23,400	580,849	0	0	26,661	630,910
Interest and Fiscal Charges	4,368	2,082,884	0	0	5,568	2,092,820
<i>Total Expenditures</i>	<u>24,866,692</u>	<u>3,003,446</u>	<u>5,250,504</u>	<u>14,626,935</u>	<u>3,440,618</u>	<u>51,188,195</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(20,039)</u>	<u>(603,442)</u>	<u>(5,197,703)</u>	<u>(13,929,453)</u>	<u>(231,854)</u>	<u>(19,982,491)</u>
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	1,000	0	0	0	0	1,000
Proceeds of Loans	0	250,000	0	0	0	250,000
Transfers In	0	0	0	0	376,780	376,780
Transfers Out	0	0	0	0	(376,780)	(376,780)
<i>Total Other Financing Sources (Uses)</i>	<u>1,000</u>	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>251,000</u>
<i>Net Change in Fund Balance</i>	<u>(19,039)</u>	<u>(353,442)</u>	<u>(5,197,703)</u>	<u>(13,929,453)</u>	<u>(231,854)</u>	<u>(19,731,491)</u>
<i>Fund Balances Beginning of Year</i>	<u>5,118,135</u>	<u>871,465</u>	<u>5,999,256</u>	<u>22,797,317</u>	<u>1,153,652</u>	<u>35,939,825</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,099,096</u>	<u>\$ 518,023</u>	<u>\$ 801,553</u>	<u>\$ 8,867,864</u>	<u>\$ 921,798</u>	<u>\$ 16,208,334</u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2013*

Net Change in Fund Balances - Total Governmental Funds	\$	(19,731,491)
 <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 capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	\$ 20,285,960	
Current Year Depreciation	<u>(154,013)</u>	20,131,947
 Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.		
		(433,781)
 Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	67,778	
Excess Costs	38,202	
Intergovernmental	<u>(877,339)</u>	(771,359)
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Bond and Note Principal	83,915	
Loan Principal	26,661	
Capital Appreciation Bonds (Principal and Matured Accretion)	735,000	
Capital Leases	<u>23,400</u>	868,976
 Debt proceeds issued in the governmental funds that increase long-term in the Statement of Net Position are not reported as revenues.		
Loan Payable		(250,000)
 In the statement of activities, interest is accrued on outstanding bonds, and bond premium and bond issuance costs and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	414	
Bond Amortization of Issuance Costs	(11,444)	
Amortization of Premium on Bonds	<u>11,448</u>	418
 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. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(239,648)
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(88,464)	
Vacations Payable	<u>(10,759)</u>	(99,223)
 Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds.		
		<u>(94,383)</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>(618,544)</u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 9,964,115	\$ 9,964,115	\$ 10,216,554	\$ 252,439
Intergovernmental	11,912,859	11,912,859	12,505,786	592,927
Investment Income	21,224	21,224	30,405	9,181
Tuition and Fees	2,367,984	2,367,984	2,260,212	(107,772)
Rentals	60,242	60,242	68,839	8,597
Miscellaneous	78,026	78,026	40,140	(37,886)
<i>Total Revenues</i>	<u>24,404,450</u>	<u>24,404,450</u>	<u>25,121,936</u>	<u>717,486</u>
Expenditures				
Current:				
Instruction:				
Regular	10,654,716	10,855,732	10,605,741	249,991
Special	2,135,771	2,135,771	2,414,545	(278,774)
Vocational	253,616	253,616	266,574	(12,958)
Other	2,414,384	2,414,384	2,304,781	109,603
Support Services:				
Pupils	1,111,436	1,111,436	1,233,363	(121,927)
Instructional Staff	1,056,012	1,061,112	1,157,381	(96,269)
Board of Education	35,778	35,778	37,941	(2,163)
Administration	1,642,069	1,642,069	1,607,200	34,869
Fiscal	693,578	693,578	872,439	(178,861)
Business	145,908	145,908	139,116	6,792
Operation and Maintenance of Plant	1,993,280	1,993,280	1,925,418	67,862
Pupil Transportation	1,439,430	1,439,430	1,469,517	(30,087)
Central	58,150	58,150	58,436	(286)
Extracurricular Activities	438,683	438,683	407,949	30,734
Capital Outlay	52,516	52,516	32,384	20,132
<i>Total Expenditures</i>	<u>24,125,327</u>	<u>24,331,443</u>	<u>24,532,785</u>	<u>(201,342)</u>
<i>Excess of Revenues Over Expenditures</i>	<u>279,123</u>	<u>73,007</u>	<u>589,151</u>	<u>516,144</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	1,000	1,000	1,000	0
Advances In	183,768	183,768	183,768	0
Advances Out	(183,768)	(183,768)	0	183,768
Transfers Out	(7,350)	(7,350)	(4,158)	3,192
<i>Total Other Financing Sources (Uses)</i>	<u>(6,350)</u>	<u>(6,350)</u>	<u>180,610</u>	<u>186,960</u>
<i>Net Change in Fund Balance</i>	272,773	66,657	769,761	703,104
<i>Fund Balance Beginning of Year</i>	6,872,158	6,872,158	6,872,158	0
Prior Year Encumbrances Appropriated	43,883	43,883	43,883	0
<i>Fund Balance End of Year</i>	<u>\$ 7,188,814</u>	<u>\$ 6,982,698</u>	<u>\$ 7,685,802</u>	<u>\$ 703,104</u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2013

	Governmental Activities - Internal Service Fund
Assets	
<i>Current Assets</i>	
Equity in Pooled Cash and Investments	\$ 668,137
Liabilities	
<i>Current Liabilities</i>	
Claims Payable	359,000
Net Position	
Unrestricted	309,137
<i>Total Net Position</i>	\$ 309,137

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2013

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenue	
Charges for Services	<u>\$ 3,563,107</u>
Operating Expenses	
Administrative Fees	558,160
Claims	<u>3,244,595</u>
<i>Total Operating Expenses</i>	<u>3,802,755</u>
<i>Change in Net Position</i>	(239,648)
<i>Net Position Beginning of Year</i>	<u>548,785</u>
<i>Net Position End of Year</i>	<u><u>\$ 309,137</u></u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Cash Received for Charges for Service Customers	\$ 3,563,107
Cash Paid for Claims	(3,158,595)
Cash Paid for Administration Fees	(558,160)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<i>(153,648)</i>
<i>Net Increase (Decrease) in Cash and Investments</i>	<i>(153,648)</i>
<i>Cash and Investments Beginning of Year</i>	<i>821,785</i>
<i>Cash and Investments End of Year</i>	<i>\$ 668,137</i>
Reconciliation of Operating Income to Net Cash Used For Operating Activities	
Operating Loss	\$ (239,648)
Adjustments:	
Increase in Claims Payable	86,000
<i>Net Cash Used For Operating Activities</i>	<i>\$ (153,648)</i>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 1,468	\$ 55,249
Liabilities		
Undistributed Monies	\$ 0	\$ 6,421
Due to Students	0	48,828
<i>Total Liabilities</i>	0	\$ 55,249
Net Position		
Held in Trust for Scholarships	1,468	
<i>Total Net Position</i>	\$ 1,468	

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013

	<u>Private Purpose Trust</u>
Additions	
Gifts and Contributions	\$ 525
Deductions	
Payments in Accordance with Trust Agreements	500
<i>Change in Net Position</i>	25
<i>Net Position Beginning of Year</i>	1,443
<i>Net Position End of Year</i>	<u>\$ 1,468</u>

See accompanying notes to the basic financial statements.

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Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June, 30, 2013

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 125 classified employees and 176 certified full-time teaching personnel who provide services to 2,413 students and other community members.

The School District is located in both Summit and Portage counties in northeastern Ohio. The School 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 North East Ohio Network (NEOnet), which is presented in Note 17 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 reporting principles. The following are the most significant of the School District's accounting policies.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June, 30, 2013
(Continued)

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position 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 Position 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 Position 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major 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.

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:

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June, 30, 2013
(Continued)

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.

Debt Service Fund The bond retirement fund accounts for tax revenues collected and used to retire long term bond obligations of the School District.

Building Fund The building capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of major capital facilities.

Classroom Facilities Fund The classroom facilities capital projects fund is used to account for monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

The other Governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Proprietary fund reporting focuses on the determination of operating income, changes in net position, 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, hospitalization, vision, and dental.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. 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 fiduciary funds are private purpose trust scholarship fund and agency funds. The School District's private purpose trust scholarship fund accounts for memorial scholarships. 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 Position.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June, 30, 2013
(Continued)

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.

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 Position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities.

Private purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. 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.

Non-exchange 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 6). 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

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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, 2013, but which were levied to finance fiscal year 2014 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.

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 and Contributions" 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 Investments

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 investments" on the Balance Sheet.

During fiscal year 2013, investments were limited to, U.S Treasury and agency securities, municipal bonds, money market accounts, repurchase agreements and certificates of deposit.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2013. Repurchase agreements are reported at cost.

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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 2013 amounted to \$26,302 which includes \$6,385 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 acquisition or construction of capital assets. See Note 18 for calculation of the year-end restricted asset balance and the corresponding fund balance restrictions.

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 Position 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 and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	20 Years
Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	13 Years
Textbooks	5 Years

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H. 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 Position.

I. 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.

J. Accrued Liabilities and Long-term Obligations

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

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

K. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is 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 governments. At June 30, 2013, there was no net position restricted by enabling legislation.

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

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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

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M. 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. All revenues and expenses not meeting this definition are reported as non-operating.

N. 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.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

P. 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.

Q. 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 Alternate 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 all funds was at the fund level. Budgetary modifications changing total fund appropriations may only be made by resolution of the Board of Education.

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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 School District receives the official Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School 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 2013.

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 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.

R. Changes in Accounting Principles

For the fiscal year ended June 30, 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*," GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*," GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*," and GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the School District.

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the School District.

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GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the School District.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

Note 3 – Fund Deficits

Fund balances at June 30, 2013 included the following individual fund deficits:

	<u>Deficit</u> <u>Fund Balance</u>
Nonmajor Governmental Funds:	
Food Service	\$ 61,989
Title VI-B	9,503
Title I	34,412
Preschool Handicapped	54

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

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, 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 and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

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3. In order to determine compliance with Ohio law, and to assign that portion of the applicable appropriation, total outstanding encumbrances (budget) are recorded as the equivalent of an expenditure; and,
4. Advances in and advances out are operating transactions (budget) as opposed to Balance Sheet transactions (GAAP).
5. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

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.

Net Change in Fund Balance	
	General
GAAP Basis	\$ (19,039)
Net Adjustment for Revenue Accruals	422,455
Advance In	183,768
Net Adjustment for Expenditure Accruals	215,091
Funds Budgeted Elsewhere**	4,825
Adjustment for Encumbrances	(37,339)
Budget Basis	\$ 769,761

**As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies, the public school support, community education, and recreation funds.

Note 5 - 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.

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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;
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 (STAR Ohio and STAR Plus);
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.

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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 School 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 uninsured 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 investments.

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$6,321,752 and the bank balance was \$6,501,999.

1. \$3,501,901 was covered by federal depository insurance;
2. \$3,000,098 was uninsured and uncollateralized.

Investments

Investments are reported at fair value. As of June 30, 2013, the School District had the following investments:

Rating by Moody	Entity	Fair Value	Investment Maturities in months		Percentage of Total Investment
			(0-6)	(13-36)	
N/A	Repurchase Agreements	\$ 7,825,000	\$ 7,825,000	\$ 0	53.92%
Aaa	FNMA	1,643,316	1,643,316	0	11.33%
Aaa	FHLB	283,778	0	283,778	1.96%
Aaa	FFCB	559,052	559,052	0	3.85%
Aaa	FHLM	70,477	70,477	0	0.49%
Aaa	Central Ohio Solid Waste Authority	511,390	0	511,390	3.52%
N/A	US Treasury Money Market	3,596,800	3,596,800	0	24.79%
Aaa-mf	First American Prime Obligations	20,472	20,472	0	0.14%
		<u>\$14,510,285</u>	<u>\$13,715,117</u>	<u>\$ 795,168</u>	<u>100.00%</u>

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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 School District.

Credit Risk: The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer. The investment percentages are listed above.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. The School District's investment in repurchase agreements is collateralized by underlying securities pledged by the investments' counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%.

Note 6 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue.

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In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Summit County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2013 was \$558,887 in the general fund, \$128,864 in the debt service fund, \$10,468 in the building fund and \$8,672 in the classroom facilities fund. The amount available as an advance at June 30, 2012 was \$978,931 in the general fund, \$174,892 in the debt service fund and \$33,492 in the building fund.

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 350,392,700	98.28%	\$ 351,978,150	98.16%
Public Utility Personal Property	6,087,090	1.72%	6,567,600	1.84%
	\$ 356,479,790	100.00%	\$ 358,545,750	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$ 55.29		\$ 56.84	

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(Continued)

Note 7 - Interfund Balances

Interfund balances at June 30, 2013 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 120,224	\$ 0
Other Governmental:		
School Improvement	0	43,664
Title I	0	76,560
Total Other Governmental	0	120,224
 Totals	 \$ 120,224	 \$ 120,224

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, 2013, all interfund loans outstanding are anticipated to be repaid in fiscal year 2014.

During fiscal year 2013, the permanent improvement fund transferred the local share of \$376,780 to the classroom facilities maintenance fund.

Note 8 – Receivables

Receivables at June 30, 2013 consisted of taxes, interfund, 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:

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<i>Major Governmental Funds:</i>	<u>Amount</u>
General Fund	\$ 363,926
Classroom Facilities	<u>351,267</u>
<i>Total major governmental funds</i>	715,193
 <i>Nonmajor Governmental Funds:</i>	
Food Service	450
School Improvement	55,000
Race to the Top	14,834
IDEA Part B	93,784
Title II-A	28,223
Early Childhood Special Ed	2,679
Title I	<u>244,094</u>
<i>Total nonmajor governmental funds</i>	<u>439,064</u>
Total intergovernmental receivables	<u>\$ 1,154,257</u>

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For the Fiscal Year Ended June, 30, 2013
(Continued)

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Construction in Progress	\$ 12,417,209	\$ 19,873,997	\$ 0	\$ 32,291,206
Land	967,020	0	(394,510)	572,510
Total Capital Assets, not being depreciated	13,384,229	19,873,997	(394,510)	32,863,716
<i>Capital Assets, being depreciated:</i>				
Land Improvements	841,758	0	(44,221)	797,537
Buildings and Improvements	9,991,299	300,000	(592,733)	9,698,566
Furniture and Equipment	3,433,781	81,427	(882,037)	2,633,171
Vehicles	181,249	30,536	0	211,785
Textbooks	906,811	0	(41,388)	865,423
Total Capital Assets, being depreciated	15,354,898	411,963	(1,560,379)	14,206,482
Less Accumulated Depreciation:				
Land Improvements	(769,864)	(6,582)	35,459	(740,987)
Buildings and Improvements	(9,128,305)	(66,159)	572,842	(8,621,622)
Furniture and Equipment	(3,108,475)	(76,867)	871,419	(2,313,923)
Vehicles	(178,752)	(4,405)	0	(183,157)
Textbooks	(906,811)	0	41,388	(865,423)
Total Accumulated Depreciation	(14,092,207)	(154,013)	1,521,108	(12,725,112)
Total Capital Assets being depreciated, net	1,262,691	257,950	(39,271)	1,481,370
Governmental Capital Assets, net	\$ 14,646,920	\$ 20,131,947	\$ (433,781)	\$ 34,345,086

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Notes to the Basic Financial Statements
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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 100,241
Special	370
Vocational	40
Support Services:	
Pupil	25
Instructional Staff	2,085
Board of Education	1,932
Administration	1,553
Fiscal	252
Operation and Maintenance of Plant	33,401
Pupil Transportation	3,444
Food Service	6,707
Extracurricular Activities	<u>3,963</u>
Total Depreciation	<u>\$ 154,013</u>

Note 10 – Risk Management

The School 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.

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 2013, a total expense of \$3,802,755 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 \$359,000 reported in the fund at June 30, 2013 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for

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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.

Changes in the fund's claims liability amount in 2013 and 2012 were:

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2012	\$ 250,000	\$ 2,632,671	\$2,609,671	\$ 273,000
2013	273,000	3,244,595	3,158,595	359,000

Note 11 – 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 with a maximum accrual based on length of service. Vacation may be accrued in excess of the maximum only with the approval of the superintendent and Board of Education. 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 30% of the total sick leave accumulation, up to a maximum accumulation of 60 days upon retirement for certified employees. Non-certified employees receive payment of 30% of sick leave up to a maximum of 60 days upon termination or ¼ of unused sick leave to a maximum of 45 days with 10 years of service upon termination.

Note 12 – Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - 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, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. 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 2013, 13.05 percent and .05 percent of annual

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(Continued)

covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$504,003, \$528,480 and \$507,480, respectively; 57 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of 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.

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$1,607,624, \$1,418,694 and \$1,418,983, respectively; 83 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$23,257 made by the School District and \$18,470 made by the plan members.

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. As of June 30, 2013, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

Note 13 - Postemployment Benefits

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, .16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

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(Continued)

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$55,373, \$65,496, and \$88,281, respectively; 57 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$26,640, \$26,108, and \$23,002, respectively; 57 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System

Plan Description - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$114,830, \$109,130, and \$109,153, respectively; 83 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

Note 14 – Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

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B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

Note 15 - Long - Term Obligations

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

	Outstanding 6/30/12	Additions	Reductions	Outstanding 6/30/13	Amounts Due in One Year
Governmental Activities:					
Energy Conservation Note	\$ 266,917	\$ 0	\$ 83,915	\$ 183,002	\$ 88,875
<i>School Facilities Improvement Bonds</i>					
Series 2010A Tax-Exempt Bond	1,530,000	0	0	1,530,000	325,000
Capital Appreciation Bond	496,934	0	496,934	0	0
Accretion on CAB's	214,127	23,939	238,066	0	0
Capital Appreciation Bond	227,927	0	0	227,927	227,927
Accretion on CAB's	98,269	70,444	0	168,713	168,713
Series 2010B Build America Bonds	20,200,000	0	0	20,200,000	0
Series 2010C Qualified School Construction	11,260,000	0	0	11,260,000	0
Issuance Premium	389,241	0	11,448	377,793	0
<i>Total School Facilities Improvement Bonds</i>	34,416,498	94,383	746,448	33,764,433	721,640
<i>Other Long-Term Liabilities</i>					
Capital Lease	73,075	0	23,400	49,675	25,091
Loan Payable	0	250,000	26,661	223,339	47,174
Compensated Absences	1,088,634	153,140	64,676	1,177,098	91,479
<i>Total Other Long-Term Liabilities</i>	1,161,709	403,140	114,737	1,450,112	163,744
Total Governmental Activities Long-Term Liabilities	<u>\$35,845,124</u>	<u>\$ 497,523</u>	<u>\$ 945,100</u>	<u>\$35,397,547</u>	<u>\$ 974,259</u>

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Compensated absences will be paid from the fund in which the employee is paid, which in prior years has primarily been the general fund. The energy conservation note and the school facilities bonds will be paid from the bond retirement debt service fund. The capital lease will be paid from general fund. The loan payable will be paid from the permanent improvement fund.

Energy Conservation Note

In 1999, the School District received \$955,578 for energy conservation capital improvements. The note matures in December 2014 and has an interest rate of 5.91%.

School Improvement General Obligation Bonds

On August 31, 2010, the School District issued \$33,724,861 in voted general obligation bonds for the purpose of constructing, furnishing, equipping and improving a new school building for grades 7 through 12 along with related abatement and demolition, and other school district building improvements. The bond issue included a current interest bond in the amount of \$1,540,000 and two capital appreciation bonds in the amount of \$496,934 (matured in fiscal year 2013) and \$227,927, respectively. The issuance also included federally taxable Build America Bonds for \$20,200,000 and federally taxable qualified school construction bonds for \$11,260,000. The bonds were issued with a premium of \$412,137, which was reported as an increase to long-term debt in fiscal year 2011. The amounts are being amortized as interest expense over the life of the bonds using the straight-line method, which is not significantly different than the bonds outstanding or the effective interest methods. The amortization for June 30, 2013 was \$11,448. The issuance costs of \$411,998 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization for June 30, 2013 was \$11,444. The bonds will be retired with a voted property tax levy from the bond retirement debt service fund.

The current interest bonds will not be subject to redemption prior to maturity. The Build America Bonds maturing on or after September 1, 2019 are subject to prior optional redemption either in whole or in part at 100% par. It is also subject to extraordinary optional redemption, in whole at any date or in part on any date at a redemption price of 100% of par in the event that the department of Treasury should cease, or announce its intention to cease, making full payment of the direct payment. The qualified school construction bonds are not subject to optional redemption prior to maturity. It is also subject to extraordinary optional redemption either in whole or in part on any date at a redemption price equal to 100% of par in the event that the department of Treasury should cease, or announce its intention to cease, making full payment of the direct payment and it is subject to mandatory redemption on any date at a redemption price equal to 100% of par due to excess proceeds to the extent that less than 100% are expended by August 31, 2013.

The capital appreciation bond for \$496,934 matured on September 1, 2012 with a maturity value of \$735,000. In fiscal year 2013, \$23,939 was accreted. The capital appreciation bond for \$227,927 will mature on September 1, 2013 with a maturity value of \$410,000. In fiscal year 2013, \$70,444 was accreted.

The qualified school construction bonds maturing on September 1, 2027, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on September 1, 2027.

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Loan Payable

In November 2012, the School District entered into a loan in the amount of \$250,000 to purchase a building for administration purposes. The loan matures December 1, 2017 and has an interest rate of 4%.

Principal and interest requirements to retire long-term general obligation bonds and note outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Energy Conservation Note		
	Principal	Interest	Total
2014	\$ 88,875	\$ 10,815	\$ 99,690
2015	94,127	5,563	99,690
Total	\$ 183,002	\$ 16,378	\$ 199,380

Fiscal Year Ending June 30,	Serial		Capital Appreciation		Build America		Qualified School Construction	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 325,000	\$ 26,944	\$ 227,927	\$ 182,073	\$ 0	\$ 1,210,612	\$ 0	\$ 591,150
2015	745,000	16,650	0	0	0	1,210,612	0	591,150
2016	460,000	4,600	0	0	0	1,210,612	300,000	591,150
2017	0	0	0	0	0	1,210,612	770,000	591,150
2018	0	0	0	0	0	1,210,612	780,000	591,150
2019 - 2023	0	0	0	0	0	6,053,064	4,365,000	2,955,750
2024 - 2028	0	0	0	0	0	6,053,065	5,045,000	2,660,175
2029 - 2033	0	0	0	0	4,200,000	5,322,173	0	0
2034 - 2038	0	0	0	0	6,620,000	3,523,093	0	0
2039 - 2043	0	0	0	0	7,980,000	1,181,359	0	0
Totals	\$ 1,530,000	\$ 48,194	\$ 227,927	\$ 182,073	\$ 20,200,000	\$ 28,185,814	\$ 11,260,000	\$ 8,571,675

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

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Principal and interest requirements to retire the loan payable outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Loan Payable		
	Principal	Interest	Total
2014	\$ 47,174	\$ 8,076	\$ 55,250
2015	49,097	6,153	55,250
2016	51,096	4,154	55,250
2017	53,179	2,071	55,250
2018	22,793	228	23,021
Total	<u>\$223,339</u>	<u>\$20,682</u>	<u>\$244,021</u>

Note 16– Capitalized Leases

Capital assets consisting of furniture and fixtures have been capitalized in the amount of \$117,569. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments during fiscal year 2013 totaled \$23,400 from the general fund. The following is a schedule of the future minimum lease payments as of June 30, 2013.

Fiscal Year Ending June 30,	Amount
2014	\$27,768
2015	25,454
	<u>53,222</u>
Less: Amount Representing Interest	(3,547)
Present Value of Net Minimum Payments	<u>\$49,675</u>

Note 17 – North East Ohio Network

The North East Ohio Network (NEOnet) is a jointly governed organization comprised of 27 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports NEOnet based on a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. NEOnet is governed by a board of directors chosen from the general membership of the NEOnet assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the North East Ohio Network, 5121 Mahoning Avenue, suite 102, Austintown, Ohio 44515. During the year ended June 30, 2013, the District paid approximately \$75,857 to NEOnet for basic service charges.

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Note 18 – 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 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.

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

	<u>Capital Improvement Reserve</u>
Set-Aside Restricted Balance as of June 30, 2012	\$ 0
Current Year Set-Aside Requirement	395,396
Current Year Qualifying Expenditures	0
Current Year Offsets from Bond Proceeds	<u>(395,396)</u>
Total	<u>\$ 0</u>
Balance Carried Forward to Fiscal Year 2014	<u>\$ 0</u>
Set Aside Restricted Balance June 30, 2013	<u>\$ 0</u>

During fiscal year 2011, the School District issued \$33,724,861 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The School District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$32,924,626 at June 30, 2013.

Note 19 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

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	General	Debt Service	Building	Classroom Facilities	Other Governmental Funds	Total
Restricted for:						
Debt Service	\$ 0	\$ 518,023	\$ 0	\$ 0	\$ 0	\$ 518,023
Capital Outlay	0	0	1,153,689	8,867,864	846,563	10,868,116
Management Info Systems	0	0	0	0	6,083	6,083
Federal Grant Programs	0	0	0	0	57,646	57,646
Athletics	0	0	0	0	58,519	58,519
Other Grants	0	0	0	0	58,945	58,945
Total Restricted	0	518,023	1,153,689	8,867,864	1,027,756	11,567,332
Assigned for:						
Encumbrances:						
Instruction	4,033	0	0	0	0	4,033
Support Services	30,149	0	0	0	0	30,149
Extracurricular	3,117	0	0	0	0	3,117
Subsequent Year Appropriations	4,502,288	0	0	0	0	4,502,288
Other Purposes	119,418	0	0	0	0	119,418
Total Assigned	4,659,005	0	0	0	0	4,659,005
Unassigned	440,091	0	0	0	(105,958)	334,133
Total Fund Balance	\$ 5,099,096	\$ 518,023	\$ 1,153,689	\$ 8,867,864	\$ 921,798	\$ 16,560,470

Note 20 - Contractual and Other Commitments

A. Contractual Commitments

As of June 30, 2013, the School District had contractual commitments for the new High School and demolition costs in the amount of \$2,889,745.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June, 30, 2013

B. Encumbrance Commitments

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

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 37,299
Building Fund	169,742
Classroom Facilities Fund	300,732
Nonmajor Governmental Funds	<u>155,231</u>
	<u>\$ 663,004</u>

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SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education:</i>					
<i>Child Nutrition Cluster:</i>					
<i>Cash Assistance:</i>					
National School Breakfast Program	10.553	\$133,098		\$133,098	
National School Lunch Program	10.555	512,086		512,086	
<i>Non-Cash Assistance (Food Distribution)</i>					
National School Lunch Program	10.555		\$85,302		\$85,302
Total Child Nutrition Cluster		645,184	85,302	645,184	85,302
Total U.S. Department of Agriculture		645,184	85,302	645,184	85,302
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education:</i>					
Special Education Grants to States	84.027	570,585		571,629	
Special Education Preschool Grants	84.173	17,377		14,736	
Total Special Education Cluster		587,962		586,365	
Title I, Grants to Local Educational Agencies	84.010	716,800		860,681	
Education Jobs Fund	84.410	54,010		57,368	
Improving Teacher Quality Grants	84.367	112,361		114,681	
Education Technology State Grants	84.318	5,120		5,120	
Race to the Top	84.395	307,320		238,519	
Total U.S. Department of Education		1,783,573		1,862,734	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
<i>Passed Through Ohio Development Services Agency</i>					
Medicaid Assistance Program	93.778	161,376		0	
Total U.S. Department of Health and Human Services		161,376		0	
Totals		\$2,590,133	\$85,302	\$2,507,918	\$85,302

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

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

NOTE D – MEDICAL ASSISTANCE PROGRAM (CAFS)

The District received \$161,376 for the Medical Assistance Program which relates to settlements for CAFS service provided during prior years.



Dave Yost • Auditor of State

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

Springfield Local School District
Summit County
2410 Massillon Road
Akron, OH 44312

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Local School District, Stark County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 18, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large loop at the end of the last name.

Dave Yost
Auditor of State
Columbus, Ohio

March 18, 2014



Dave Yost • Auditor of State

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

Springfield Local School District
Summit County
2410 Massillon Road
Akron, OH 44312

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Springfield Local School District (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Springfield Local School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Springfield Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 18, 2014

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster CFDA #84.027 and #84.173; Race to the Top CFDA #84.395.
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Independent Accountants' Report on Applying Agreed-Upon Procedure

Springfield Local School District
Summit County
2410 Massillon Road
Akron, OH 44312

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Springfield Local School District, (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on December 18, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 18, 2014

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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
APRIL 8, 2014**