



Dave Yost • Auditor of State

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Springfield Local School District
Mahoning County
11335 Youngstown-Pittsburgh Road
PO Box 549
New Middletown, Ohio 44442

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 the Springfield Local School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2014, 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 that we plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about the 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 considered internal control relevant to the District's preparation and fair presentation of the financial statements in order to design appropriate audit procedures, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund, and the aggregate remaining fund information of Springfield Local School District, Mahoning County, Ohio, as of June 30, 2014, 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 to 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 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 Schedule of Federal Award Receipts and Expenditures 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 11, 2015, 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 11, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The management's discussion and analysis of the Springfield Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- In total, net position of governmental activities increased \$5,595,145, which represents a 100.46% increase from fiscal year 2013. The significant increase in net position is primarily the result of the District's recognition of Ohio Facilities Construction Commission (OFCC) restricted grant revenue during fiscal year 2014.
- General revenues accounted for \$16,401,550 in revenue or 91.31% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,560,546 in revenue or 8.69% of total revenues of \$17,962,096.
- The District had \$12,366,951 in expenses related to governmental activities; \$1,560,546 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes, unrestricted grants and entitlements, and restricted grants and entitlements) of \$16,401,550 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the classroom facilities fund. The general fund had \$10,195,891 in revenues and \$10,056,315 in expenditures and other financing uses. During fiscal year 2014, the general fund's fund balance increased \$139,576 from \$1,494,888 to \$1,634,464.
- The classroom facilities fund had \$9,166,501 in revenues and other financing sources and \$603,162 in expenditures. During fiscal year 2014, the classroom facilities fund's fund balance increased \$8,563,339 from \$0 to \$8,563,339. The classroom facilities fund was created during fiscal year 2014 to account for capital improvements related to the District's OFCC construction project.

Using the Basic Financial Statements (BFS)

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during fiscal year 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 15-16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the classroom facilities fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals and/or other entities. These activities are reported in agency funds. The District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-51 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

The table below provides a summary of the District's net position at June 30, 2014 and June 30, 2013.

	Net Position	
	Governmental Activities 2014	Governmental Activities 2013
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current assets	\$ 18,990,699	\$ 7,008,843
Capital assets, net	<u>7,647,194</u>	<u>7,372,091</u>
Total assets	<u>26,637,893</u>	<u>14,380,934</u>
<u>Liabilities</u>		
Current liabilities	1,144,910	1,164,875
Long-term liabilities	<u>10,546,760</u>	<u>4,259,590</u>
Total liabilities	<u>11,691,670</u>	<u>5,424,465</u>
<u>Deferred Inflows of Resources</u>	<u>3,781,704</u>	<u>3,387,095</u>
<u>Net Position</u>		
Net investment in capital assets	3,889,945	3,888,574
Restricted	5,752,362	125,919
Unrestricted	<u>1,522,212</u>	<u>1,554,881</u>
Total net position	<u>\$ 11,164,519</u>	<u>\$ 5,569,374</u>

The increases in current assets (cash and intergovernmental receivables), long-term liabilities (general obligation bonds payable), and restricted net position (restricted for capital projects) are all primarily related to the District's OFCC construction project, which began during fiscal year 2014.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities and deferred inflows of resources by \$11,164,519.

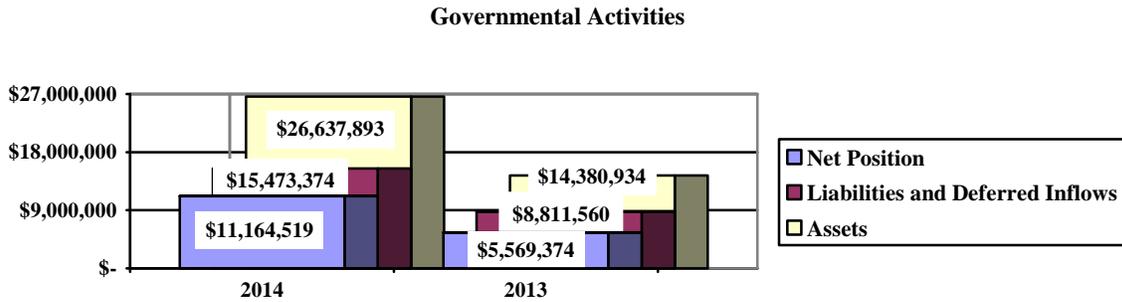
At fiscal year end, capital assets represented 28.71% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment and furniture, and vehicles. The District's net investment in capital assets at June 30, 2014 was \$3,889,945. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

A portion of the District's net position, \$5,752,362, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$1,522,212 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below illustrates the District's assets, liabilities and deferred inflows of resources, and net position at June 30, 2014 and June 30, 2013.



The table below shows the changes in net position for governmental activities for fiscal years 2014 and 2013.

	Change in Net Position	
	Governmental Activities 2014	Governmental Activities 2013
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 388,695	\$ 439,648
Operating grants and contributions	1,169,351	1,149,258
Capital grants and contributions	2,500	6,000
General revenues:		
Property taxes	3,556,781	3,367,833
School district income tax	1,942,271	2,034,710
Grants and entitlements not restricted	4,933,093	4,812,320
Grants and entitlements restricted	5,906,087	-
Investment earnings	7,421	3,889
Miscellaneous	55,897	520,234
Total revenues	17,962,096	12,333,892

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	Change in Net Position	
	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 5,042,346	\$ 5,246,852
Special	1,032,263	1,087,742
Vocational	158,306	191,393
Other	201,085	108,109
Support services:		
Pupil	620,623	598,082
Instructional staff	315,649	437,268
Board of education	36,536	26,064
Administration	1,172,258	1,286,055
Fiscal	373,790	363,349
Business	-	4,519
Operations and maintenance	1,085,173	913,859
Pupil transportation	617,966	580,836
Central	65,651	29,030
Operation of non-instructional services:		
Other non-instructional services	14,882	4,465
Food service operations	617,565	581,620
Extracurricular activities	509,790	579,545
Interest and fiscal charges	395,390	162,978
Bond issuance costs	<u>107,678</u>	<u>-</u>
Total expenses	<u>12,366,951</u>	<u>12,201,766</u>
Change in net position	5,595,145	132,126
Net position at beginning of year	<u>5,569,374</u>	<u>5,437,248</u>
Net position at end of year	<u>\$ 11,164,519</u>	<u>\$ 5,569,374</u>

Governmental Activities

Net position of the District's governmental activities increased \$5,595,145. Total governmental expenses of \$12,366,951 were offset by program revenues of \$1,560,546 and general revenues of \$16,401,550. Program revenues supported 12.62% of the total governmental expenses.

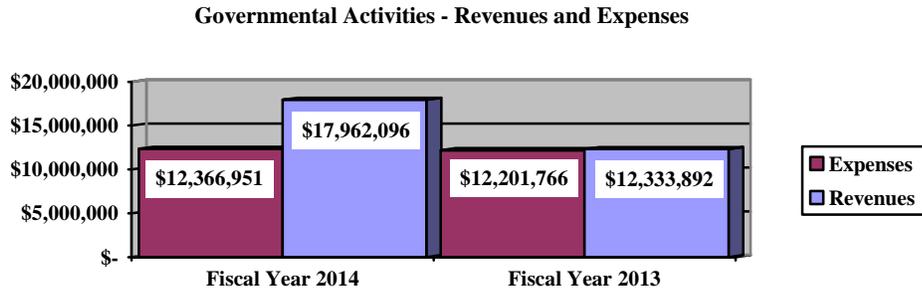
The primary sources of revenue for governmental activities are derived from property taxes, income taxes, and grants and entitlements. These revenue sources represent 90.96% of the total governmental revenues. The restricted grants and entitlements revenue is the result of the District's recognition of OFCC grant revenue during fiscal year 2014. The decrease in miscellaneous revenue is primarily due to the recognition of revenue in fiscal year 2013 related to the District's oil and gas lease agreement with Chesapeake Energy.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,434,000 or 52.03% of the total governmental expenses for fiscal year 2014. Interest and fiscal charges and bond issuance costs increased mainly due to an increase in general obligation bond activity during fiscal year 2014.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2014 and 2013.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2014 and 2013. That is, it identifies the cost of these services supported by tax revenues, unrestricted State grants and entitlements, and other general revenues of the District.

Governmental Activities

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Program expenses				
Instruction:				
Regular	\$ 5,042,346	\$ 4,952,949	\$ 5,246,852	\$ 5,191,333
Special	1,032,263	571,414	1,087,742	547,513
Vocational	158,306	148,819	191,393	169,351
Other	201,085	(6,220)	108,109	15,727
Support services:				
Pupil	620,623	514,501	598,082	450,213
Instructional staff	315,649	247,770	437,268	391,397
Board of education	36,536	36,536	26,064	26,064
Administration	1,172,258	1,172,258	1,286,055	1,286,055
Fiscal	373,790	373,790	363,349	363,349
Business	-	-	4,519	4,519
Operations and maintenance	1,085,173	1,085,131	913,859	913,797
Pupil transportation	617,966	609,804	580,836	572,866
Central	65,651	60,251	29,030	23,630
Operation of non-instructional services:				
Other non-instructional services	14,882	(1,040)	4,465	(21,251)
Food service operations	617,565	149,262	581,620	85,775
Extracurricular activities	509,790	388,112	579,545	423,544
Interest and fiscal charges	395,390	395,390	162,978	162,978
Bond issuance costs	107,678	107,678	-	-
Total expenses	<u>\$ 12,366,951</u>	<u>\$ 10,806,405</u>	<u>\$ 12,201,766</u>	<u>\$ 10,606,860</u>

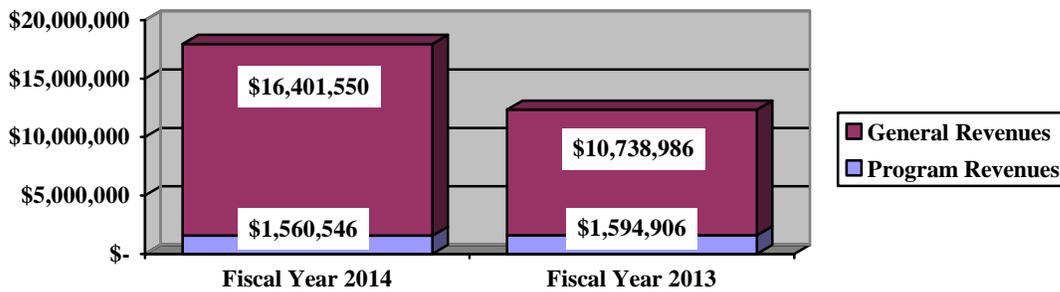
**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

The dependence upon taxes and other general revenues for governmental activities is apparent, as 88.08% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.38%. The District's taxpayers and grants and entitlements from the State are the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2014 and 2013.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$10,542,959, which is more than last year's total balance of \$1,896,807. The table below indicates the fund balance and the total change in fund balance as of June 30, 2014 and June 30, 2013.

	Fund Balance June 30, 2014	Fund Balance June 30, 2013	Increase/ (Decrease)	Percentage Change
General	\$ 1,634,464	\$ 1,494,888	\$ 139,576	9.34 %
Classroom facilities	8,563,339	-	8,563,339	100.00 %
Nonmajor governmental	<u>345,156</u>	<u>401,919</u>	<u>(56,763)</u>	(14.12) %
Total	<u>\$ 10,542,959</u>	<u>\$ 1,896,807</u>	<u>\$ 8,646,152</u>	455.83 %

General Fund

The District's general fund balance increased \$139,576.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2014 <u>Amount</u>	2013 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 4,884,875	\$ 4,900,786	\$ (15,911)	(0.32) %
Earnings on investments	4,293	3,889	404	10.39 %
Intergovernmental	5,186,406	5,068,181	118,225	2.33 %
Other revenues	<u>120,317</u>	<u>617,639</u>	<u>(497,322)</u>	(80.52) %
Total	<u>\$ 10,195,891</u>	<u>\$ 10,590,495</u>	<u>\$ (394,604)</u>	(3.73) %
<u>Expenditures</u>				
Instruction	\$ 5,850,264	\$ 5,950,566	\$ (100,302)	(1.69) %
Support services	3,780,326	3,861,271	(80,945)	(2.10) %
Non-instructional services	2,382	1,553	829	53.38 %
Extracurricular activities	333,341	374,689	(41,348)	(11.04) %
Facilities acquisition and construction	<u>-</u>	<u>400</u>	<u>(400)</u>	(100.00) %
Total	<u>\$ 9,966,313</u>	<u>\$ 10,188,479</u>	<u>\$ (222,166)</u>	(2.18) %

Overall revenues of the general fund decreased \$394,604 or 3.73%. Other revenues decreased \$497,322 or 80.52% primarily due to the recognition of other local revenues during fiscal year 2013 related to the District's oil and gas lease agreement with Chesapeake Energy. All other revenue classifications remained comparable to the prior fiscal year.

Overall expenditures of the general fund decreased \$222,166 or 2.18%. The moderate changes across all expenditure classifications are an indication of the District's effort to remain fiscally responsible.

Classroom Facilities Fund

The classroom facilities fund had \$9,166,501 in revenues and other financing sources and \$603,162 in expenditures. During fiscal year 2014, the classroom facilities fund's fund balance increased \$8,563,339 from \$0 to \$8,563,339. The classroom facilities fund was created during fiscal year 2014 to account for capital improvements related to the District's OFCC construction project.

General Fund Budgeting Highlights

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

For the general fund, original and final budgeted revenues and other financing sources were \$10,126,536. Actual revenues and other financing sources for fiscal year 2014 were \$10,261,825. This represents a \$135,289 increase over final budgeted amounts.

General fund original and final appropriations (appropriated expenditures and other financing uses) were \$11,547,357. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$10,267,100, which was \$1,280,257 less than the final budgeted amounts.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had \$7,647,194 invested in land, construction in progress, land improvements, buildings and improvements, equipment and furniture, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2014 balances compared to June 30, 2013 balances.

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

	Governmental Activities	
	2014	2013
Land	\$ 99,230	\$ 99,230
Land improvements	729,019	813,472
Buildings and improvements	5,838,871	5,894,587
Equipment and furniture	306,877	340,551
Vehicles	313,463	200,138
Construction in progress	359,734	24,113
Total	\$ 7,647,194	\$ 7,372,091

The overall increase in capital assets of \$275,103 is due to capital outlays of \$773,597 exceeding depreciation expense of \$498,494.

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

Debt Administration

At June 30, 2014, the District had \$3,232,757 in lease-purchase agreement obligations and \$6,411,979 in general obligation bonds outstanding. Of this total, \$187,780 is due within one year and \$9,456,956 is due in more than one year. The following table summarizes the District's long-term obligations outstanding at June 30, 2014 and June 30, 2013.

Long-Term Obligations, at Year End

	Governmental Activities	Governmental Activities
	2014	2013
Lease-purchase agreement obligations	\$ 3,232,757	\$ 3,412,363
General obligation bonds	6,411,979	-
Total	\$ 9,644,736	\$ 3,412,363

See Note 10 to the basic financial statements for additional information on the District's debt administration.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Current Financial Related Activities

Overall, the District is financially strong. As the preceding information shows, the District relies heavily upon property taxes, income taxes, and grants and entitlements. On November 4, 2014, the school district income tax was renewed for a period of five years, beginning January 1, 2015. This income tax revenue, along with the District's cash balance, has provided the District with the necessary funds to meet its operating expenses and will continue to do so for at least the next two fiscal years. However, the future financial stability of the District is not without challenges.

Since the District relies on the State for approximately half of its general operating revenues, one of the largest challenges facing the District is that of State funding. State funding for schools is based on several factors, all of which are subject to deliberations and approval of the Ohio General Assembly. With the passage of HB59 by the 130th Ohio General Assembly in July 2013, the State foundation formula for fiscal years 2014 and 2015 changed. A large portion of the District's funding under this formula comes from the Transitional Aid Guarantee, which provides additional funds if the foundation calculation amount is less than what was received in fiscal year 2013 as calculated through the Bridge Funding formula. The Transitional Aid Guarantee is projected at \$587,766 in fiscal year 2015, so continuation of this funding is imperative.

The District signed an oil and gas lease effective February 17, 2012 with Chesapeake Exploration, L.L.C., at which point the District received \$488,250 in sign-up bonus. Any future income is uncertain and therefore not included in forecasted income.

The next challenge facing the District is the rapid decline in enrollment over the past several years, especially if these declines continue. The District has thus far been able to manage the decline in enrollment by aggressively adjusting the certified and classified staffing levels as necessary. Should enrollment continue to decline, this will become increasingly more difficult as further reductions would entail that the District consider program reductions and negotiate changes to current labor contracts. Indications are that enrollment for fiscal year 2015 will show a slight decrease. However, these are preliminary numbers and the District will have to wait for official counts. The District passed a new bond issue on May 7, 2013 for the construction of a new elementary school. It is hoped that the new school will be ready for use in the fall of 2015. With the passage of the income tax levy, the Board of Education intends to add all-day kindergarten services. It is believed that the addition of this service, along with the new building, will add to the attractiveness of the District to families who are considering which school district to live in or where to send their children for education purposes.

On a more positive note, in addition to the renewal of the income tax, the District entered into new labor agreements with both the Springfield Local Classroom Teachers Association and the Springfield Local Classified Employees' Association. These agreements are for a period of three years ending on August 31, 2016. Significant changes were agreed upon in the areas of staffing and insurance, without which the District would not have been able to forecast with such optimism. The District considers its strong and trusting relationship between its Board of Education, administrators, and all employees to be its most valuable asset.

In conclusion, the District's system of budgeting and internal controls is well regarded. All of the District's financial abilities and experience will be needed to meet the financial challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Edward N. Sobnosky, Treasurer, Springfield Local School District, Box AK 11335 Youngstown-Pittsburgh Road, New Middletown, Ohio 44442.

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

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 10,802,066
Receivables:	
Property taxes	4,040,170
Income taxes.	890,309
Accounts.	11,166
Intergovernmental	3,193,318
Prepayments	44,935
Materials and supplies inventory.	8,735
Capital assets:	
Nondepreciable capital assets	458,964
Depreciable capital assets, net.	7,188,230
Capital assets, net	7,647,194
Total assets.	26,637,893
 Liabilities:	
Accounts payable.	19,201
Contracts payable.	46,807
Accrued wages and benefits payable	832,926
Pension obligation payable.	178,899
Intergovernmental payable	31,691
Accrued interest payable	35,386
Long-term liabilities:	
Due within one year.	334,179
Due in more than one year.	10,212,581
Total liabilities	11,691,670
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year. . .	3,781,704
Total deferred inflows of resources	3,781,704
 Net position:	
Net investment in capital assets	3,889,945
Restricted for:	
Capital projects	5,619,699
Classroom facilities maintenance	45,633
Locally funded programs	16,149
Federally funded programs	11,206
Student activities	40,459
Other purposes	19,216
Unrestricted	1,522,212
Total net position.	\$ 11,164,519

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 5,042,346	\$ 35,030	\$ 51,867	\$ 2,500	\$ (4,952,949)
Special	1,032,263	4,008	456,841	-	(571,414)
Vocational	158,306	-	9,487	-	(148,819)
Other	201,085	-	207,305	-	6,220
Support services:					
Pupil	620,623	-	106,122	-	(514,501)
Instructional staff	315,649	1,109	66,770	-	(247,770)
Board of education	36,536	-	-	-	(36,536)
Administration	1,172,258	-	-	-	(1,172,258)
Fiscal	373,790	-	-	-	(373,790)
Operations and maintenance	1,085,173	42	-	-	(1,085,131)
Pupil transportation	617,966	-	8,162	-	(609,804)
Central	65,651	-	5,400	-	(60,251)
Operation of non-instructional services:					
Other non-instructional services	14,882	815	15,107	-	1,040
Food service operations	617,565	229,054	239,249	-	(149,262)
Extracurricular activities	509,790	118,637	3,041	-	(388,112)
Interest and fiscal charges	395,390	-	-	-	(395,390)
Bond issuance costs	107,678	-	-	-	(107,678)
Total governmental activities	\$ 12,366,951	\$ 388,695	\$ 1,169,351	\$ 2,500	(10,806,405)

General revenues:

Property taxes levied for:	
General purposes	2,927,168
Debt service	163,893
Capital projects	424,872
Special revenue	40,848
School district income tax	1,942,271
Grants and entitlements not restricted to specific programs	4,933,093
Grants and entitlements restricted for Ohio Facilities Construction Commission	5,906,087
Investment earnings	7,421
Miscellaneous	55,897
Total general revenues	16,401,550
Change in net position	5,595,145
Net position at beginning of year	5,569,374
Net position at end of year	\$ 11,164,519

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,804,639	\$ 8,610,146	\$ 387,281	\$ 10,802,066
Receivables:				
Property taxes	3,184,307	-	855,863	4,040,170
Income taxes	890,309	-	-	890,309
Accounts	11,166	-	-	11,166
Intergovernmental	52,343	3,140,975	-	3,193,318
Prepayments	44,935	-	-	44,935
Materials and supplies inventory	-	-	8,735	8,735
Total assets	<u>\$ 5,987,699</u>	<u>\$ 11,751,121</u>	<u>\$ 1,251,879</u>	<u>\$ 18,990,699</u>
Liabilities:				
Accounts payable	\$ 18,804	\$ -	\$ 397	\$ 19,201
Contracts payable	-	46,807	-	46,807
Accrued wages and benefits payable	796,370	-	36,556	832,926
Compensated absences payable	16,244	-	-	16,244
Pension obligation payable	166,267	-	12,632	178,899
Intergovernmental payable	30,416	-	1,275	31,691
Total liabilities	<u>1,028,101</u>	<u>46,807</u>	<u>50,860</u>	<u>1,125,768</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	2,979,356	-	802,348	3,781,704
Delinquent property tax revenue not available	204,951	-	53,515	258,466
Income tax revenue not available	111,003	-	-	111,003
Intergovernmental revenue not available	29,824	3,140,975	-	3,170,799
Total deferred inflows of resources	<u>3,325,134</u>	<u>3,140,975</u>	<u>855,863</u>	<u>7,321,972</u>
Fund balances:				
Nonspendable:				
Prepayments	44,935	-	-	44,935
Materials and supplies inventory	-	-	8,735	8,735
Restricted:				
Debt service	-	-	13,005	13,005
Capital improvements	-	8,563,339	-	8,563,339
Classroom facilities maintenance	-	-	40,781	40,781
Targeted academic assistance	-	-	11,206	11,206
Extracurricular	-	-	40,459	40,459
Other purposes	-	-	35,365	35,365
Committed:				
Capital improvements	-	-	242,698	242,698
Student and staff support	4,425	-	-	4,425
Other purposes	11,000	-	-	11,000
Assigned:				
Student instruction	12,539	-	-	12,539
Student and staff support	36,267	-	-	36,267
School supplies	5,156	-	-	5,156
Subsequent year's appropriations	1,389,328	-	-	1,389,328
Other purposes	2,388	-	-	2,388
Unassigned (deficit)	128,426	-	(47,093)	81,333
Total fund balances	<u>1,634,464</u>	<u>8,563,339</u>	<u>345,156</u>	<u>10,542,959</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,987,699</u>	<u>\$ 11,751,121</u>	<u>\$ 1,251,879</u>	<u>\$ 18,990,699</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014

Total governmental fund balances		\$	10,542,959
<i>Amounts reported for governmental activities on 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.			7,647,194
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.			
Property taxes receivable	\$	258,466	
Income taxes receivable		111,003	
Intergovernmental receivable		3,170,799	
Total		3,170,799	3,540,268
Unamortized premiums on bonds issued are not recognized in the funds.			(164,041)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(35,386)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds payable		(6,411,979)	
Lease-purchase agreement obligations payable		(3,232,757)	
Compensated absences payable		(721,739)	
Total		(10,366,475)	(10,366,475)
Net position of governmental activities		\$	11,164,519

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 2,923,492	\$ -	\$ 605,783	\$ 3,529,275
Income taxes	1,961,383	-	-	1,961,383
Tuition	10,019	-	-	10,019
Earnings on investments	4,293	3,128	-	7,421
Charges for services	-	-	229,054	229,054
Extracurricular	23,523	-	95,221	118,744
Classroom materials and fees	22,785	-	-	22,785
Contributions and donations	55,031	-	8,591	63,622
Contract services	6,000	-	-	6,000
Other local revenues	2,959	-	-	2,959
Intergovernmental - intermediate	-	-	16,363	16,363
Intergovernmental - state	5,157,451	2,765,112	106,790	8,029,353
Intergovernmental - federal	28,955	-	765,643	794,598
Total revenues	<u>10,195,891</u>	<u>2,768,240</u>	<u>1,827,445</u>	<u>14,791,576</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,755,439	-	99,167	4,854,606
Special	921,490	-	102,912	1,024,402
Vocational	157,289	-	-	157,289
Other	16,046	-	185,039	201,085
Support services:				
Pupil	510,581	-	106,122	616,703
Instructional staff	250,221	-	60,809	311,030
Board of education	36,536	-	-	36,536
Administration	1,137,540	-	2,433	1,139,973
Fiscal	356,922	-	11,370	368,292
Operations and maintenance	894,802	-	-	894,802
Pupil transportation	534,263	-	194,681	728,944
Central	59,461	-	5,400	64,861
Operation of non-instructional services:				
Other non-instructional services	2,382	-	12,500	14,882
Food service operations	-	-	556,164	556,164
Extracurricular activities	333,341	-	80,187	413,528
Facilities acquisition and construction	-	603,162	75,730	678,892
Debt service:				
Principal retirement	-	-	179,606	179,606
Interest and fiscal charges	-	-	362,311	362,311
Bond issuance costs	-	-	107,678	107,678
Total expenditures	<u>9,966,313</u>	<u>603,162</u>	<u>2,142,109</u>	<u>12,711,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>229,578</u>	<u>2,165,078</u>	<u>(314,664)</u>	<u>2,079,992</u>
Other financing sources (uses):				
Sale of bonds	-	6,398,259	-	6,398,259
Premium on bonds	-	-	167,901	167,901
Transfers in	-	2	90,000	90,002
Transfers (out)	(90,002)	-	-	(90,002)
Total other financing sources (uses)	<u>(90,002)</u>	<u>6,398,261</u>	<u>257,901</u>	<u>6,566,160</u>
Net change in fund balances	139,576	8,563,339	(56,763)	8,646,152
Fund balances at beginning of year	1,494,888	-	401,919	1,896,807
Fund balances at end of year	<u>\$ 1,634,464</u>	<u>\$ 8,563,339</u>	<u>\$ 345,156</u>	<u>\$ 10,542,959</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING 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, 2014

Net change in fund balances - total governmental funds	\$	8,646,152
<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 costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 773,597	
Current year depreciation	(498,494)	
Total		275,103
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	27,506	
Income taxes	(19,112)	
Intergovernmental	3,166,952	
Total		3,175,346
Repayment of lease-purchase agreement principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		179,606
The sale of bonds is recorded as an other financing source in the funds; however, in the statement of activities, it is not reported as an other financing source as it increases liabilities on the statement of net position.		
		(6,398,259)
Premiums on bond issuances are recognized as other financing sources in the governmental funds; however, they are amortized over the life of bond issuances in the statement of activities.		
		(167,901)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) in accrued interest payable	(23,219)	
Accreted interest on capital appreciation bonds	(13,720)	
Amortization of bond premiums	3,860	
Total		(33,079)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(81,823)
Change in net position of governmental activities	\$	5,595,145

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 2,955,830	\$ 2,955,830	\$ 2,923,492	\$ (32,338)
Income taxes.	2,012,517	2,012,517	2,018,922	6,405
Tuition.	-	-	10,019	10,019
Earnings on investments	3,500	3,500	4,293	793
Classroom materials and fees	23,500	23,500	18,080	(5,420)
Contract services.	6,000	6,000	6,000	-
Other local revenues	-	-	443	443
Intergovernmental - state	5,069,070	5,069,070	5,134,932	65,862
Intergovernmental - federal	31,000	31,000	28,955	(2,045)
Total revenues	<u>10,101,417</u>	<u>10,101,417</u>	<u>10,145,136</u>	<u>43,719</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,471,617	5,471,617	4,974,915	496,702
Special.	1,142,827	1,142,827	909,014	233,813
Vocational.	223,449	223,449	160,171	63,278
Other.	23,484	23,484	15,204	8,280
Support services:				
Pupil.	505,890	505,890	493,778	12,112
Instructional staff	294,960	294,960	264,167	30,793
Board of education	32,141	32,141	36,086	(3,945)
Administration.	1,468,802	1,468,802	1,199,297	269,505
Fiscal	363,613	363,613	358,379	5,234
Business	5,150	5,150	-	5,150
Operations and maintenance.	976,469	976,469	901,828	74,641
Pupil transportation	596,575	596,575	538,948	57,627
Central.	26,375	26,375	58,471	(32,096)
Extracurricular activities.	317,108	317,108	266,840	50,268
Facilities acquisition and construction	452	452	-	452
Total expenditures	<u>11,448,912</u>	<u>11,448,912</u>	<u>10,177,098</u>	<u>1,271,814</u>
Excess of expenditures over revenues.	<u>(1,347,495)</u>	<u>(1,347,495)</u>	<u>(31,962)</u>	<u>1,315,533</u>
Other financing sources (uses):				
Refund of prior year's expenditures	5,000	5,000	96,146	91,146
Transfers (out).	(75,710)	(75,710)	(90,002)	(14,292)
Advances in.	20,119	20,119	20,120	1
Advances (out)	(22,735)	(22,735)	-	22,735
Sale of capital assets	-	-	423	423
Total other financing sources (uses)	<u>(73,326)</u>	<u>(73,326)</u>	<u>26,687</u>	<u>100,013</u>
Net change in fund balance	(1,420,821)	(1,420,821)	(5,275)	1,415,546
Fund balance at beginning of year	1,725,650	1,725,650	1,725,650	-
Prior year encumbrances appropriated	12,163	12,163	12,163	-
Fund balance at end of year	<u>\$ 316,992</u>	<u>\$ 316,992</u>	<u>\$ 1,732,538</u>	<u>\$ 1,415,546</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2014

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 9,923,248
Total assets.	\$ 9,923,248
Liabilities:	
Accounts payable.	\$ 20
Due to other governments.	9,879,980
Due to students.	43,248
Total liabilities	\$ 9,923,248

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Springfield Local School District (the "District") is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio to provide educational services to the students and other community members of the District. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the citizens of the District.

The District serves an area of approximately 36 square miles in Mahoning County, including all of the Village of New Middletown and portions of surrounding townships.

The District currently operates one elementary school, one middle school, and one comprehensive high school. The District is staffed by 76 certified and 42 classified personnel to provide services to approximately 1,133 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System (ACCESS) is a jointly governed organization among twenty-six school districts and two county educational service centers. ACCESS was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these member districts supports ACCESS based upon a per-pupil charge dependent upon the software package utilized. ACCESS is governed by a Board of Directors consisting of Superintendents of the member districts. The degree of control exercised by any member district is limited to its representation on the Board of Directors. The District does not have any equity interest in ACCESS. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 Debartolo Place, Youngstown, Ohio 44512.

Mahoning County Career & Technical Center

The Mahoning County Career & Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possess its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Mahoning County Career & Technical Center, at 7300 North Palmyra Road, Canfield, Ohio 44406.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Classroom facilities fund - The classroom facilities fund is used to account for financial resources and expenditures related to the District's school facilities construction project.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditures related to debt service activities.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has three agency funds to account for fiscal agent monies held on-behalf of the Mahoning County Insurance Consortium, other governments, and student activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources 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.

Agency funds do not report a measurement focus as they do not report results of operations.

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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 year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Income taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2014 is as follows:

1. The Mahoning County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15th and the filing by January 20th.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended official certificates of estimated resources issued for fiscal year 2014.
3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
4. Any revisions that alter the total fund appropriations must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
6. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board of Education prior to July 1, 2014. However, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
7. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2014.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$4,293, which includes \$884 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investments at fiscal year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed/expended when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance in the governmental funds, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

H. Capital Assets

Governmental capital assets are those assets specifically related to governmental activities. 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 deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains its capitalization threshold at \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Equipment and furniture	5 - 20 years
Vehicles	5 - 10 years

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable” and “interfund loans payable”. These amounts are eliminated in the governmental activities column on the statement of net position. The District did not have any outstanding interfund balances as of June 30, 2014.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2014, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least ten years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation leave and sick leave payments has been calculated using pay rates in effect at June 30, 2014 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. 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, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and lease-purchase agreements are recognized as liabilities on the fund financial statements when due.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

M. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for education foundation fund (a nonmajor governmental fund) activities.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported in the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense/expenditure is reported in the year in which services are consumed.

At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

O. Estimates

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

P. Interfund Activity

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

Q. Bond Issuance Costs/Unamortized Bond Premium

On the government-wide and fund financial statements, bond issuance costs are expensed/expended during the fiscal year in which they are incurred.

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds' face value and the amount reported on the statement of net position is presented in Note 10.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food service	\$ 38,354
Entry year programs	4

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all District deposits was \$11,353,514. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$3,362,498 of the District's bank balance of \$12,129,998 was exposed to custodial risk as discussed below, while \$8,767,500 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2014, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 Months or Less
STAR Ohio	\$ 9,371,800	\$ 9,371,800

The weighted average maturity of investments is one day.

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 9,371,800	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 11,353,514
Investments	<u>9,371,800</u>
Total	<u>\$ 20,725,314</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 10,802,066
Agency funds	<u>9,923,248</u>
Total	<u>\$ 20,725,314</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund financial statements:

<u>Transfer from general fund to:</u>	<u>Amount</u>
Classroom facilities fund	\$ 2
<u>Transfer from general fund to:</u>	
Nonmajor governmental fund	<u>90,000</u>
Total	<u>\$ 90,002</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The County Auditor did not report any amounts available as an advance to the District at either June 30, 2014 or June 30, 2013. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 158,140,860	95.37	\$ 156,664,970	94.53
Public utility personal	<u>7,682,010</u>	<u>4.63</u>	<u>9,067,910</u>	<u>5.47</u>
Total	<u>\$ 165,822,870</u>	<u>100.00</u>	<u>\$ 165,732,880</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General purposes	\$ 30.50		\$ 30.50	
Debt service	-		2.00	
Capital projects	3.00		3.00	
Special revenue	-		0.50	

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A list of the principal items of receivables reported on the statement of net position follows:

<u>Governmental activities:</u>	<u>Amount</u>
Property taxes	\$ 4,040,170
Income taxes	890,309
Accounts	11,166
Intergovernmental	<u>3,193,318</u>
Total	<u>\$ 8,134,963</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year with the exception of the \$3,140,975 Ohio Facilities Construction Commission (OFCC) receivable, which is expected to be collected over the life of the project.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance</u>			<u>Balance</u>
<u>Governmental activities:</u>	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 99,230	\$ -	\$ -	\$ 99,230
Construction in progress	<u>24,113</u>	<u>359,734</u>	<u>(24,113)</u>	<u>359,734</u>
<i>Total capital assets, not being depreciated</i>	<u>123,343</u>	<u>359,734</u>	<u>(24,113)</u>	<u>458,964</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,215,349	-	-	2,215,349
Buildings and improvements	11,616,169	237,772	-	11,853,941
Equipment and furniture	953,310	16,444	-	969,754
Vehicles	<u>948,893</u>	<u>183,760</u>	<u>(108,813)</u>	<u>1,023,840</u>
<i>Total capital assets, being depreciated</i>	<u>15,733,721</u>	<u>437,976</u>	<u>(108,813)</u>	<u>16,062,884</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,401,877)	(84,453)	-	(1,486,330)
Buildings and improvements	(5,721,582)	(293,488)	-	(6,015,070)
Equipment and furniture	(612,759)	(50,118)	-	(662,877)
Vehicles	<u>(748,755)</u>	<u>(70,435)</u>	<u>108,813</u>	<u>(710,377)</u>
<i>Total accumulated depreciation</i>	<u>(8,484,973)</u>	<u>(498,494)</u>	<u>108,813</u>	<u>(8,874,654)</u>
Total capital assets, net	<u>\$ 7,372,091</u>	<u>\$ 299,216</u>	<u>\$ (24,113)</u>	<u>\$ 7,647,194</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental activities as follows:

<u>Instruction:</u>	
Regular	\$ 177,776
Special	7,077
<u>Support services:</u>	
Administration	2,981
Fiscal	1,036
Operations and maintenance	83,830
Pupil transportation	70,435
Food service operations	59,097
Extracurricular activities	<u>96,262</u>
Total depreciation expense	<u>\$ 498,494</u>

NOTE 9 - LEASE-PURCHASE AGREEMENT

On June 27, 2002, the District entered into a \$1,200,000 lease-purchase agreement with the Springfield School Building Corporation (SSBC) for the financing of a new athletic facilities complex including an eight-lane all-weather track, a home grandstand with seating for approximately 2,000 including a press box, a visitor grandstand with seating for approximately 1,000, a band shell structure and grandstand, home and visitor concession buildings with restroom facilities, ticket booths, fencing, and lighting (hereafter the “Original Project”). During fiscal year 2012, the District made a principal payment on the lease-purchase agreement for the Original Project, which resulted in a remaining principal balance of \$506,465.

On June 21, 2012, the District entered into a \$3,068,535 lease-purchase agreement with the Ohio School Building Leasing Corporation (OSBLC) for the financing of various renovations and capital improvements on the campuses of Springfield High School and Springfield Middle School (hereafter the “New Project”).

As part of the lease-purchase agreement entered into during fiscal year 2012, the remaining debt service requirements on the lease-purchase agreement for the Original Project were refinanced and included in a restructured debt payment schedule. The lease-purchase agreement liability in the amount of \$3,232,757 as reported on the statement of net position at June 30, 2014 is therefore a combination of the lease-purchase agreement obligations from both the Original Project and the New Project. As of June 30, 2014, governmental capital assets consisting of land improvements and buildings and improvements resulting from both the Original Project and the New Project have been capitalized by the District in the approximate amount of \$4,268,535 (the total proceeds received from the lease-purchase agreements).

The source of revenue to fund the principal and interest payments on the restructured lease-purchase agreement debt payment schedule is derived from the property tax levy in the permanent improvement fund (a nonmajor governmental fund). During fiscal year 2014, the District made principal and interest payments of \$179,606 and \$151,532, respectively, from the permanent improvement fund (a nonmajor governmental fund).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 9 - LEASE-PURCHASE AGREEMENT - (Continued)

The following is a schedule of the future long-term minimum payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2014:

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2015	\$ 331,142
2016	331,142
2017	331,142
2018	331,142
2019	331,142
2020 - 2024	1,655,710
2025 - 2027	<u>993,426</u>
Total future minimum lease payments	4,304,846
Less: amount representing interest	<u>(1,072,089)</u>
Present value of future minimum lease payments	<u>\$ 3,232,757</u>

In conjunction with the lease-purchase agreement, the District entered into a ground-lease agreement whereby the District subleases the real property upon which the capital projects are being constructed to the OSBLC. The District is the lessor and OSBLC is the lessee under the ground-lease agreement. The ground-lease commenced on June 21, 2012 and terminates on December 1, 2032, or earlier upon the termination of the lease-purchase agreement or the District's exercise to take advantage of the purchase option.

The OSBLC entered into an assignment of rents and leases agreement with the Farmers National Bank, whereby the OSBLC, in consideration for the lease-purchase agreement proceeds provided by the Farmers National Bank, assigns to Farmers National Bank all rents, payments and income derived from the lease-purchase agreement during the term of the ground-lease.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2014, the following changes occurred in governmental activities long-term obligations:

<u>Governmental activities:</u>	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Amounts Due In One Year
General obligation bonds - series 2013					
Current interest bonds	\$ -	\$ 6,345,000	\$ -	\$ 6,345,000	\$ -
Capital appreciation bonds	-	53,259	-	53,259	-
Accreted interest	-	13,720	-	13,720	-
Total general obligation bonds	-	6,411,979	-	6,411,979	-
Lease-purchase agreement	3,412,363	-	(179,606)	3,232,757	187,780
Compensated absences	847,227	205,758	(315,002)	737,983	146,399
Total governmental activities	<u>\$ 4,259,590</u>	<u>\$ 6,617,737</u>	<u>\$ (494,608)</u>	<u>10,382,719</u>	<u>\$ 334,179</u>
Unamortized bond premiums				<u>164,041</u>	
Total on statement of net position				<u>\$ 10,546,760</u>	

Lease-Purchase Agreement: The lease-purchase agreement will be paid from the permanent improvement fund (a nonmajor governmental fund). See Note 9 for details.

Compensated Absences: Compensated absences will be paid out of the fund from which the employee is paid, which for the District is primarily the general fund.

General Obligation Bonds - Series 2013: On September 11, 2013, the District issued \$6,398,259 in general obligation classroom facilities improvement bonds to finance capital improvements associated with the District's OFCC project. The issue is comprised of both current interest bonds, par value \$6,345,000, and capital appreciation bonds, par value \$53,259. The current interest bonds bear interest at rates ranging from 2.00% to 5.00%, and mature on December 1, 2049. The capital appreciation bonds have a stated interest rate of 34.121%, and mature on December 1, 2017, December 1, 2018, December 1, 2019, December 1, 2020, December 1, 2021, and December 1, 2022 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$400,000. Total accreted interest of \$13,720 has been included on the statement of net position at June 30, 2014. Principal and interest payments are made from the debt service fund (a nonmajor governmental fund). As of June 30, 2014, the District reported \$6,084,615 in unspent bond proceeds related to this bond issuance.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following table summarizes the District's future annual debt service requirements to maturity for the general obligation bonds payable:

Fiscal Year	Current Interest - Series 2013			Capital Appreciation - Series 2013		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ -	\$ 301,112	\$ 301,112	\$ -	\$ -	\$ -
2016	50,000	300,613	350,613	-	-	-
2017	50,000	299,612	349,612	-	-	-
2018	-	299,112	299,112	14,645	40,355	55,000
2019	-	299,113	299,113	12,631	52,369	65,000
2020 - 2024	75,000	1,494,062	1,569,062	25,983	254,017	280,000
2025 - 2029	510,000	1,429,799	1,939,799	-	-	-
2030 - 2034	745,000	1,287,196	2,032,196	-	-	-
2035 - 2039	1,050,000	1,082,351	2,132,351	-	-	-
2040 - 2044	1,440,000	790,768	2,230,768	-	-	-
2045 - 2049	1,955,000	374,125	2,329,125	-	-	-
2050	470,000	11,750	481,750	-	-	-
Total	<u>\$ 6,345,000</u>	<u>\$ 7,969,613</u>	<u>\$ 14,314,613</u>	<u>\$ 53,259</u>	<u>\$ 346,741</u>	<u>\$ 400,000</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$8,530,705 (including available funds of \$13,005) and an unvoted debt margin of \$165,733.

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, boilers, electronic data processing equipment and instruments.

The comprehensive commercial coverage limits are \$32,791,876 and a deductible of \$1,000 per occurrence. The inland marine coverage no longer has separate liability limits for musical instruments, audio-visual equipment, or miscellaneous equipment. These items are now included in property damage coverage subject to the per occurrence and deductible limits.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 11 - RISK MANAGEMENT - (Continued)

The business auto coverage now has a combined liability single limit of \$3,000,000 per accident and \$5,000 for auto medical payments. There are no longer individual limits for bodily injury or property damage. Comprehensive deductibles are \$1,000 for buses and \$250 for all other autos. Collision deductibles are \$1,000 for buses and \$500 for all other autos.

The District still has liability insurance coverage limits of \$3,000,000 per claim and \$5,000,000 annual aggregate. However, the employee benefits liability is now included in the basic policy with the policy limits. In addition, the liability policy has a fire damage limit of \$500,000 for any one fire, and a medical expense limit of \$10,000 for any one person.

The District also has violence coverage with a plan aggregate limit of \$1,000,000.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There was no reduction in coverage from the prior fiscal year.

B. Mahoning County School Employees Insurance Consortium

The District has joined together with other school districts in Mahoning County to form the Mahoning County School Employees Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for thirteen member school districts. The plan was organized to provide health care and other benefits to its member organizations.

The District pays 90% of the medical insurance premiums and 100% of the dental and drug insurance premiums for all full-time employees. This percentage is pro-rated for part-time employees.

The health and dental coverage is administered by Medical Mutual of Ohio, a third party administrator. Humana Specialty Benefits provides the life insurance coverage.

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 2.A). The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Employers/Audit Resources*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$169,107, \$170,147 and \$158,898, respectively; 88.14 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "*Publications*".

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 12 - PENSION PLANS - (Continued)

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$621,817, \$640,465 and \$629,133, respectively; 83.24 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$30,928 made by the District and \$24,300 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 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 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$23,461, \$20,760 and \$30,493, respectively; 88.14 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012 were \$9,811, \$9,611 and \$9,384, respectively; 88.14 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$47,832, \$49,267 and \$48,395, respectively; 83.24 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (5,275)
Net adjustment for revenue accruals	(34,597)
Net adjustment for expenditure accruals	265,452
Net adjustment for other sources/uses	(116,689)
Funds budgeted elsewhere	5,786
Adjustment for encumbrances	24,899
GAAP basis	\$ 139,576

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, rotary fund, public school support fund, and State/political subdivision fund.

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not involved in material litigation as either plaintiff or defendant.

NOTE 16 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	192,337
Current year qualifying expenditures	(222,085)
Current year offsets	<u>(536,546)</u>
Total	<u>\$ (566,294)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 16 - SET-ASIDES - (Continued)

During fiscal year 2014, the District issued \$6,398,259 in capital related classroom facilities improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount 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 District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$6,398,259 at June 30, 2014.

NOTE 17 - SCHOOL DISTRICT INCOME TAX

The voters of the District passed a 1% school district income tax on the November 2, 2004 election that became effective on January 1, 2005. This income tax was effective for five years. On May 5, 2009, the school district income tax was renewed for a period of five years, beginning January 1, 2010. Income tax revenue credited to the general fund during fiscal year 2014 was \$1,961,383.

NOTE 18 - CONTRACTUAL COMMITMENTS

As a result of the construction project that was in progress at June 30, 2014, the District had the following outstanding contractual commitments at fiscal year end:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Outstanding</u>
Olsavsky Jaminet Architects	\$ 829,112	\$ (541,126)	\$ 287,986
Hammond Construction	299,253	-	299,253
Brewer-Garrett Co.	39,242	(9,575)	29,667
Vendrick Construction	<u>9,601,300</u>	<u>-</u>	<u>9,601,300</u>
Total Contractual Commitments	<u>\$ 10,768,907</u>	<u>\$ (550,701)</u>	<u>\$ 10,218,206</u>

NOTE 19 - OTHER COMMITMENTS

The 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 District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year End Encumbrances</u>
General fund	\$ 24,642
Classroom facilities fund	10,171,398
Nonmajor governmental funds	<u>24,300</u>
Total	<u>\$ 10,220,340</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 20 - OPERATING LEASE - LESSOR DISCLOSURE

The District is the lessor of oil and gas rights on certain land parcels owned by the District to Chesapeake Energy. The lease agreement is from February 17, 2012 through February 17, 2017. The District received \$488,250 in the general fund at the execution of the lease. The District will also receive a 20 percent royalty on any oil or gas that is produced from the land parcels. During fiscal year 2014, the District did not receive any royalties related to the lease agreement.

NOTE 21 - SUBSEQUENT EVENT

The voters of the District renewed a 1% school district income tax on the November 4, 2014 election that becomes effective on January 1, 2015. This income tax will be effective for five years.

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education:</i>					
Nutrition Cluster:					
National School Breakfast Program	10.553	\$65,011		\$65,011	
National School Lunch Program	10.555	144,124	\$26,218	144,124	\$26,218
Total U.S. Department of Agriculture		209,135	26,218	209,135	26,218
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education:</i>					
Title I Grants to Local Educational Agencies	84.010	286,536		276,187	
Special Education Grants to States	84.027	227,221		209,034	
Improving Teacher Quality State Grants (Title II-A)	84.367	35,982		32,761	
ARRA - Race to the Top	84.395	1,050		1,050	
Total U.S. Department of Education		550,789		519,032	
Totals		\$759,924	\$26,218	\$728,167	\$26,218

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (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.



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
Mahoning County
11335 Youngstown-Pittsburgh Road
PO Box 549
New Middletown, Ohio 44442

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, Mahoning County, (the District) as of and for the year ended June 30, 2014, 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 11, 2015.

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 opinion 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, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 11, 2015



Dave Yost • Auditor of State

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

Springfield Local School District
Mahoning County
11335 Youngstown-Pittsburgh Road
PO Box 549
New Middletown, Ohio 44442

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Springfield Local School District's (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 the Springfield Local School District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program 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 program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the 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 its major federal program for the year ended June 30, 2014.

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 11, 2015

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

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):	Title 1 (CFDA #84.010)
<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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SPRINGFIELD LOCAL SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 31, 2015**