

SPRINGFIELD LOCAL SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
AND OTHER SUPPLEMENTARY INFORMATION
AND AUDITORS' REPORTS

JUNE 30, 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Springfield Local School District, Lucas County, prepared by Gilmore Jasion & Mahler, LTD, for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

June 12, 2012

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GILMORE, JASON & MAHLER, LTD

INDEPENDENT AUDITORS' REPORT

Board of Education
Springfield Local School District
Holland, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Local School District (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2011, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2012 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison for the General Fund on pages 5 through 11 and page 45 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Springfield Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Gilmore, Jason & Mahler, LTD

January 27, 2012

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2011
Unaudited**

The discussion and analysis of the financial performance of Springfield Local School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. 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 notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

In total, net assets increased \$4,128,920.

General revenues accounted for \$37,742,317, or 83% of all revenues. Program specific revenues in the form of operating grants and contributions accounted for \$7,712,562, or 17% of total revenues of \$45,454,879.

The District only major fund includes the General Fund.

The General Fund had \$34,509,083 in revenues and other financing sources and \$32,214,223 in expenditures. The General Fund's balance increased \$2,294,860 from the prior fiscal year. Tax revenue increased from FY 2010 to FY 2011 by \$1,144,915 due to recognizing new millage passed in November of 2010. Expenditures decreased from FY 2010 to FY 2011 by \$2,592,828 due to retirements and continued expenditure reductions.

The revenue generated from the Bond Retirement Fund is used to pay for the current portion of bonded debt.

Using the Basic Financial Statements

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, or as an entire operating entity.

The statement of net assets and the 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 a greater 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 non-major funds presented in total in a single column.

For the District, the General Fund is by far the most significant fund. The General Fund is only the major fund.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2011
Unaudited
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and 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 we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to accounting used by most private-sector companies. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes 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 assets and the statement of activities, the District discloses a single type of activity:

Governmental Activities - All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The major governmental fund is the General Fund.

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

Reporting the District's Fiduciary Responsibilities - The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a Private Purpose Trust Fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in the agency fund. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets in the accompanied financial statements. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance the operation.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2011
Unaudited
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2011. Taxes receivable increased due to the effects of new millage passed. These increases affected the District's current assets as well as liabilities. The financial position of the District has improved as a result of the increase in tax revenues. The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. Those two revenue sources represent 94 percent of total governmental activities revenue.

**Table 1
Net Assets
Governmental Activities**

	<u>2011</u>	<u>2010</u>
<u>Assets:</u>		
Current and Other Assets	\$35,509,262	\$27,782,177
Capital Assets, Net	27,495,549	28,788,601
Total Assets	<u>63,004,811</u>	<u>56,570,778</u>
<u>Liabilities:</u>		
Current and Other Liabilities	33,095,172	30,086,615
Long-Term Liabilities	16,389,795	17,093,239
Total Liabilities	<u>49,484,967</u>	<u>47,179,854</u>
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	22,518,319	23,157,532
Restricted	(7,174,226)	(8,432,547)
Unrestricted	(1,824,249)	(5,334,061)
Total	<u>\$13,519,844</u>	<u>\$9,390,924</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2011
Unaudited
(Continued)**

Table 2 reflects the changes in net assets for fiscal year 2011.

**Table 2
Change in Net Assets
Governmental Activities**

	2011	2010
<u>Revenues:</u>		
Program Revenues:		
Charges for Services and Sales	\$2,298,047	\$2,428,869
Operating Grants, Contributions and Interest	5,414,515	5,382,055
Total Program Revenues	7,712,562	7,810,924
General Revenues:		
Property Taxes	26,024,005	23,902,995
Grants and Entitlements	11,244,628	10,707,123
Interest	27,414	80,376
Gifts and Donations	28,935	95,054
Miscellaneous	416,760	718,362
Accrued Interest Received on Bonds	0	3,053
Proceeds from Sale of Capital Assets	575	425
Total General Revenues	37,742,317	35,507,388
Total Revenues	45,454,879	43,318,312
<u>Expenses:</u>		
Instruction	26,062,868	27,565,527
Support Services:		
Pupils	1,780,572	1,875,362
Instructional Staff	468,060	637,677
Board of Education	26,982	29,758
Administration	2,980,440	3,159,130
Fiscal	678,237	792,169
Operation and Maintenance of Plant	3,186,127	3,356,485
Pupil Transportation	1,939,074	2,024,828
Central	84,112	160,294
Non-Instructional	2,464,485	2,667,323
Extracurricular Activities	1,084,089	1,227,737
Interest and Fiscal Charges	570,913	648,294
Total Expenses	41,325,959	44,144,584
Increase/(Decrease) in Net Assets	\$4,128,920	(\$826,272)

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2011
Unaudited
(Continued)**

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Instruction	\$26,062,868	\$22,974,752	\$27,565,527	\$23,746,918
Support Services:				
Pupils	1,780,572	1,097,281	1,875,362	1,772,130
Instructional Staff	468,060	439,181	637,677	530,398
Board of Education	26,982	26,982	29,758	29,758
Administration	2,980,440	2,631,073	3,159,130	2,847,555
Fiscal	678,237	678,237	792,169	792,169
Operation and Maintenance of Plant	3,186,127	2,855,435	3,356,485	3,015,215
Pupil Transportation	1,939,074	1,816,221	2,024,828	1,868,909
Central	84,112	60,926	160,294	152,184
Non-Instructional	2,464,485	(89,689)	2,667,323	301,831
Extracurricular Activities	1,084,089	552,085	1,227,737	628,299
Interest and Fiscal Charges	570,913	570,913	648,294	648,294
Total Expenses	<u>\$41,325,959</u>	<u>\$33,613,397</u>	<u>\$44,144,584</u>	<u>\$36,333,660</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 88 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 81 percent. It is apparent that the community, as a whole, is the primary support for the District's students.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$45,297,580 and expenditures of \$41,985,190. The net positive change in fund balance of \$3,312,390 for the year was due to proceeds from general obligation bonds.

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. During the course of fiscal year 2011, the District amended its General Fund budget as needed.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2011
Unaudited
(Continued)**

Final expenditures were budgeted at \$35,326,330 plus carryover encumbrances of \$286,952 result in a total expenditure authorization of \$35,613,282 while actual expenditures and encumbrances were \$33,181,823. The \$2,431,459 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year. Actual General Fund revenues were less than expenditures by \$1,625,879. During fiscal year 2011, Real Estate taxes increased significantly due to the passage of new millage and a slight decrease in property tax delinquencies, while expenditures for salaries and benefits decreased significantly due to a continued cautious approach to district hiring.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District had \$27,495,549 invested in capital assets (net of accumulated depreciation) for governmental activities.

For further information regarding the District's capital assets, see the notes to the basic financial statements.

Debt

At June 30, 2011, the District had \$14,240,000 in three school improvement general obligation bond issues for building improvements. A 2004 issue of \$16,300,000 consisted of a \$7,050,000 refunding of a 1992 issue and \$9,250,000 in new proceeds. These bonds have a twenty-year life span with a final maturity on December 1, 2025. The bonds are being retired through the Bond Retirement Fund. In December, 2007 \$1,500,000 in one year Bond Anticipation notes were issued as part of a total \$7,000,000 approval by the voters in November, 2007. In February, 2008, the District issued bonds of \$5,500,000 for the construction of athletic facilities. In November, 2010 \$1,250,000 general obligation bond was approved due to converting the 2007 Bond Anticipation Notes to actual bonds. The district no longer has any Bond Anticipation Notes (BANs). These bonds have a seven year life span with final maturity on December 1, 2017. The bonds and notes are being retired through the Bond Retirement Fund.

At June 30, 2011, the District's overall legal debt margin was \$50,297,207, with a direct limit un-voted debt margin of \$717,080.

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

The District is a suburban community of 25,000 people in Northwest Ohio. It has a number of retail/commercial businesses that are an important part of the economy. New home construction has for the most part ceased due to current economic conditions. Home foreclosures, while over historic levels in the district lag those of Lucas County in general and Toledo specifically. Property values in the district remain above average when compared to other districts in the State. Per capita income levels also remain above average for comparable districts in Ohio.

Fiscal year 2010 was the first year of the state biennium budget. According to the 2011 Local District Report Card, 65.0% of District revenue sources are from local funds, 27.7% is from state funds and the remaining 7.3% is from federal funds. The total expenditure per pupil was calculated at \$9,320, which is a \$300 decrease from the 2010 report card.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2011
Unaudited
(Continued)**

The District also renewed a 1.35 mill permanent improvement levy in 2009. This generates approximately \$1,000,000 additional revenue to be used for maintaining, equipping and improving facilities of the District. This levy will run for five years through December 31, 2014.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ryan Lockwood, Treasurer, Springfield Local School District, 6900 Hall Street, Holland, Ohio 43528.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Statement of Net Assets
June 30, 2011**

		<u>Governmental Activities</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$	4,180,968
Materials and Supplies Inventory		16,596
Receivables:		
Accounts Receivable		9,399
Interfund Receivable		948,073
Intergovernmental Receivable		1,377,309
Taxes		28,964,147
Deferred Charges		12,770
Capital Assets		
Non-Depreciable Capital Assets		666,064
Depreciable Capital Assets, Net		26,829,485
Total Assets		<u>63,004,811</u>
Liabilities:		
Accounts Payable		255,302
Accrued Wages and Benefits Payable		4,223,646
Interfund Payable		948,073
Intergovernmental Payable		1,000,270
Matured Compensated Absences Payable		321,247
Deferred Revenue		26,346,634
Long Term Liabilities:		
Due Within One Year		1,834,795
Due in More Than One Year		14,555,000
Total Liabilities		<u>49,484,967</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt		22,518,319
Restricted for Debt Service		1,348,230
Restricted for Other Purposes		449,852
Unrestricted		<u>(10,796,557)</u>
Total Net Assets	\$	<u><u>13,519,844</u></u>

See accompanying notes to the required supplementary information.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2011**

	Program Revenues		Net (Expense) Revenue and Change in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	
			Governmental Activities	
Governmental Activities:				
Instruction:				
Regular	\$ 18,720,079	\$ 1,083,623	\$ 1,239,590	\$ (16,396,866)
Special	4,157,739		669,198	(3,488,541)
Vocational	274,485		6,490	(267,995)
Student Intervention Services	1,972,242		12,067	(1,960,175)
Other	938,323		77,148	(861,175)
Support services:				
Pupils	1,780,572	3,370	679,921	(1,097,281)
Instructional Staff	468,060		28,879	(439,181)
Board of Education	26,982			(26,982)
Administration	2,980,440		349,367	(2,631,073)
Fiscal	678,237			(678,237)
Operation and Maintenance of Plant	3,186,127		330,692	(2,855,435)
Pupil Transportation	1,939,074		122,853	(1,816,221)
Central	84,112		23,186	(60,926)
Operation of Non-Instructional Services	2,464,485	679,050	1,875,124	89,689
Extracurricular Activities	1,084,089	532,004		(552,085)
Interest and Fiscal Charges	570,913			(570,913)
Total Governmental Activities	<u>\$ 41,325,959</u>	<u>\$ 2,298,047</u>	<u>\$ 5,414,515</u>	<u>\$ (33,613,397)</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	23,065,856
Property Taxes, Levied for Capital Outlay	869,660
Property Taxes, Levied for Debt Service	2,088,489
Grants and Entitlements not Restricted to Specific Programs	11,244,628
Gifts and Donations	28,935
Investment Earnings	27,414
Miscellaneous	416,760
Proceeds from Sale of Capital Assets	575
Total General Revenues	<u>37,742,317</u>
Change in Net Assets	4,128,920
Net Assets Beginning of Year	9,390,924
Net Assets End of Year	<u>\$ 13,519,844</u>

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2011**

	General Fund	Other Governmental Funds	Totals Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,200,897	\$ 1,947,490	\$ 4,148,387
Materials and Supplies Inventory		16,596	16,596
Receivables:			
Accounts	3,619	5,780	9,399
Interfund Receivable	948,073		948,073
Intergovernmental		1,377,309	1,377,309
Taxes	25,940,668	3,023,479	28,964,147
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	32,581		32,581
Total Assets	\$ 29,125,838	\$ 6,370,654	\$ 35,496,492
 Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 56,799	\$ 198,503	\$ 255,302
Accrued Wages and Benefits Payable	3,894,243	329,403	4,223,646
Interfund Payable		948,073	948,073
Intergovernmental Payable	900,510	99,760	1,000,270
Matured Compensated Absences Payable	275,889	45,358	321,247
Deferred Revenue	25,006,156	3,467,429	28,473,585
Total Liabilities	30,133,597	5,088,526	35,222,123
 Fund Balances:			
Nonspendable		16,596	16,596
Restricted	32,581	1,265,532	1,298,113
Assigned	471,086		471,086
Unassigned	(1,511,426)		(1,511,426)
Total Fund Balances	(1,007,759)	1,282,128	274,369
Total Liabilities and Fund Balances	\$ 29,125,838	\$ 6,370,654	\$ 35,496,492

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2011**

Total Governmental Fund Balances	\$	274,369
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		27,495,549
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Intergovernmental Receivable	560,433	
Property Taxes Receivable	<u>1,566,518</u>	
		2,126,951
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
General Obligation Bonds Payable	(14,240,000)	
Deferred Charges	12,770	
Compensated Absences Payable	<u>(2,149,795)</u>	
		<u>(16,377,025)</u>
Net Assets of Governmental Activities	\$	<u><u>13,519,844</u></u>

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property and Other Local Taxes	\$ 21,899,348	\$ 2,837,144	\$ 24,736,492
Intergovernmental	10,955,710	5,583,647	16,539,357
Interest	27,119	295	27,414
Tuition and Fees	1,017,764	5,576	1,023,340
Rent	47,548		47,548
Extracurricular Activities	185,026	344,772	529,798
Gifts and Donations	6,791	22,144	28,935
Customer Sales and Services	18,311	679,050	697,361
Miscellaneous	350,891	65,869	416,760
Total Revenues	<u>34,508,508</u>	<u>9,538,497</u>	<u>44,047,005</u>
Expenditures:			
Current:			
Instruction:			
Regular	15,578,294	1,530,827	17,109,121
Special	3,464,964	656,801	4,121,765
Vocational	301,668		301,668
Student Intervention Services	1,960,175	12,067	1,972,242
Other	904,293	34,030	938,323
Support services:			
Pupils	1,047,580	705,745	1,753,325
Instructional Staff	431,902	35,868	467,770
Board of Education	26,982		26,982
Administration	2,618,764	409,655	3,028,419
Fiscal	699,715	13,616	713,331
Operation and Maintenance of Plant	2,536,621	631,378	3,167,999
Pupil Transportation	1,835,061	366,453	2,201,514
Central	67,410	15,269	82,679
Non-Instructional Services		2,480,823	2,480,823
Extracurricular activities	740,794	341,953	1,082,747
Capital Outlay		61,730	61,730
Debt Service			
Principal Retirement		1,905,000	1,905,000
Interest and Fiscal Charges		569,752	569,752
Total Expenditures	<u>32,214,223</u>	<u>9,770,967</u>	<u>41,985,190</u>
Excess of (Deficiency) Over (Under) Expenditures	<u>2,294,285</u>	<u>(232,470)</u>	<u>2,061,815</u>
Other Financing Sources (Uses):			
Transfers In		1,290,000	1,290,000
General Obligation Bonds Issued		1,250,000	1,250,000
Proceeds from Sale of Capital Assets	575		575
Transfers Out		(1,290,000)	(1,290,000)
Total Other Financing Sources (Uses)	<u>575</u>	<u>1,250,000</u>	<u>1,250,575</u>
Net Change in Fund Balance	2,294,860	1,017,530	3,312,390
Fund Balances at Beginning of Year	(3,302,619)	264,598	(3,038,021)
Fund Balances at End of Year	<u>\$ (1,007,759)</u>	<u>\$ 1,282,128</u>	<u>\$ 274,369</u>

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement Activities
For the Fiscal Year Ended June 30, 2011**

Net Change in Fund Balances - Total Governmental Funds \$ 3,312,390

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.

Capital Outlay - Depreciable Capital Assets	647,557	
Depreciation	<u>(1,940,609)</u>	(1,293,052)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Property Taxes	1,287,513	
Intergovernmental	<u>119,786</u>	1,407,299

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities.

Bond Payments		1,905,000
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Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.

General Obligation Bonds Issued		(1,250,000)
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Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Deferred Charges	(1,161)	
Compensated Absences Payable	<u>48,444</u>	47,283

Change in Net Assets of Governmental Activities		\$ <u><u>4,128,920</u></u>
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See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011**

	Private Purpose Trust	Agency
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 30,517	\$ 173,669
Total Assets	\$ 30,517	\$ 173,669
Liabilities		
Current Liabilities:		
Undistributed Monies	-	\$ 173,669
Total Liabilities	-	\$ 173,669
Net Assets		
Held in Trust for Scholarships	\$ 30,517	
Total Net Assets	\$ 30,517	

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011**

	<u>Private Purpose Trust</u>
Additions	
Interest	\$
Gifts and Donations	550
Deductions	
Payments in Accordance with Trust Agreement	<u>1,500</u>
Change in Net Assets	(950)
Net Assets at Beginning of Year	31,467
Net Assets at End of Year	\$ <u><u>30,517</u></u>

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

The District was established in 1881 through the consolidation of existing land areas and school districts. The District serves an area of approximately 25 square miles. It is located in Lucas County, and includes all of the Village of Holland and portions of the cities of Toledo and Maumee, and Monclova, Spencer, and Springfield Townships. The District is the 102nd largest in the State of Ohio, (among 613 school districts) in terms of enrollment. It is staffed by 128 non-certificated employees and 259 certificated full-time teaching personnel who provide services to 4,063 students and other community members. The District currently operates six instructional buildings, one administrative building, and one garage.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the District 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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.

The following activities are included within the reporting entity:

Parochial Schools - Within the District boundaries, St. Joan of Arc Elementary, St. Johns High School are operated through the Toledo Catholic Diocese; Westside Montessori is operated as a private school. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The activity of these State monies by the District is reflected in a special revenue fund for financial reporting purposes.

The District is associated with four organizations, which are defined as jointly governed organizations or insurance purchasing pools. These organizations include the Northwest Ohio Computer Association, Penta County Career Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Northwest Ohio Educational Council Self-Insurance Pool Program. These organizations are presented in Notes 14 and 15 to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. 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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund is the District's only major governmental fund:

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

The other governmental funds of the District account for grants and other resources, debt service, and capital projects of the District whose uses are restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the 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's only trust fund is a private purpose trust, which accounts for a program that provides assistance to needy students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The student managed activities agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

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.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. 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 income and property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal 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, grants, tuition, and student fees.

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities 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. Allocation 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. The specific timetable for fiscal year 2011 is as follows:

1. Prior to January 15, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the County Budget Commission for tax rate determination.
3. 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 June 30, 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 is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the final budgeted amount in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2011.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits temporary appropriation to be effective until no later than October 1 of each year.)
5. Board adopted appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total expenditures and encumbrances may not exceed appropriations at the legal level of control.
6. Any revisions that alter the total of any fund appropriation or alter total function appropriations with a fund, or alter object appropriations within functions within a fund must be approved by the Board of Education.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriations.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which reallocated, increased or decreased the original appropriated amounts. The Board legally enacted all supplemental appropriations, during fiscal year 2011.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level, function and/or object level.

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

On the fund financial statements, encumbrances outstanding at year-end (not already recorded in accounts payable) are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on the government-wide financial statements.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2011, investments were limited to government securities and STAR Ohio. Government securities are reported at market value.

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 2(a)(7) of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$27,119, which includes \$1,085 assigned from other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity 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 that are not purchased from the pool are reported as investments.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

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

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased, except for the Food Service Fund. Inventories in the Food Service Fund consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation.

J. Capital Assets

General capital assets are those assets not specifically related to 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 assets but are not reported on the fund financial statements.

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

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 20 years
Buildings and Building Improvements	25 - 40 years
Furniture and Fixtures	5 - 20 years
Vehicles	8 years
Equipment	10 years

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

K. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets, except for any net residual amounts due between governmental activities, which are presented as internal balances.

L. Compensated Absences

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences," in conformity with GASB Statement No. 16. The District accrues vacation as earned by its employees if the leave is attributable to past service and it's probable that the District will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. These compensated absences are measured using rates in effect at June 30, 2011.

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

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

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Net Assets

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

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

O. 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 use of the resources in governmental funds. The classifications are as follows:

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

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

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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 classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

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

P. Interfund Transactions

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

Q. Estimates

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

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 District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2011.

3. DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active 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 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.

Interim monies are those monies that 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 held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

At year end, the District had \$6,140 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,953,830 of the District's bank balance of \$3,203,830 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2011, the District had the following investments:

<u>Investment Type</u>	<u>Carrying and Fair Value</u>	<u>Less than 1 year</u>
Money Market Mutual Fund	\$26,219	\$26,219
STAR Ohio	1,610,770	1,610,770
Total Investments	<u>\$1,636,989</u>	<u>\$1,636,989</u>

The District has no investment policy that addresses interest rate risk beyond the requirements of State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

Credit Risk - STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Investments in commercial paper are limited to notes rated at the time of purchase to the highest classification established by two nationally recognized standard rating services. The District has no investment policy that would further limit its investment choices.

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 Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time. The District's investment in STAR Ohio represents 98% and money market mutual fund represents 2% of the District's total investments.

Reconciliation of Cash and Investments to the statement of net assets: The following is a reconciliation between cash and investments as reported in the preceding paragraphs to that reported in the statement of net assets:

Cash and Investments per footnote:	
Cash on hand	\$6,140
Carrying amount of deposits	2,742,025
Investments	1,636,989
Total	\$4,385,154
Cash and Investments per statement of net assets	
Government wide	\$4,180,968
Private Purpose Trust – Fiduciary Funds	30,517
Agency – Fiduciary Funds	173,669
Total	\$4,385,154

4. PROPERTY TAXES

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes for 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, 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 revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010, and are collected in 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Lucas 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, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes, which are measurable as of June 30, 2010 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 revenue.

The amount available as an advance at June 30, 2011, was \$934,512 in the General Fund, \$83,062 in the Bond Retirement Debt Service Fund, and \$33,421 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2010, was \$1,235,127 in the General Fund, \$111,326 in the Bond Retirement Debt Service Fund, and \$48,488 in the Permanent Improvement Capital Projects Fund.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$505,014,220	71%	\$505,182,690	70%
Industrial/Commercial	200,098,610	28	201,278,120	28
Public Utility	10,879,345	1	10,619,270	2
Total Assessed Value	<u>\$715,992,175</u>	<u>100%</u>	<u>\$717,080,080</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$74.05		\$75.05	

5. RECEIVABLES

Receivables at June 30, 2011, consisted of property taxes, accounts (rent and student fees), and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables on the statement of net assets follows:

	Amount
Governmental Activities	
Taxes	\$28,964,147
Accounts	9,399
Intergovernmental	1,377,309
Total Intergovernmental Receivables	<u>\$30,350,855</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance at 6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/11</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$666,064			\$666,064
Total Nondepreciable Capital Assets	<u>666,064</u>			<u>666,064</u>
Depreciable Capital Assets				
Land Improvements	1,055,927			1,055,927
Buildings and Building Improvements	45,305,188	\$181,193		45,486,381
Furniture, Fixtures, and Equipment	7,232,595	127,584		7,360,179
Vehicles	2,602,620	338,780		2,941,400
Totals	<u>56,196,330</u>	<u>647,557</u>		<u>56,843,887</u>
Less Accumulated Depreciation:				
Land Improvements	1,072,120	33,598		1,105,718
Buildings and Building Improvements	19,187,281	1,476,810		20,664,091
Furniture and Fixtures	5,278,433	298,794		5,577,227
Vehicles	2,535,959	131,407		2,667,366
Total Accumulated Depreciation	<u>28,073,793</u>	<u>1,940,609</u>		<u>30,014,402</u>
Depreciable Capital Assets, Net	<u>28,122,537</u>	<u>(1,293,052)</u>		<u>26,829,485</u>
Governmental Activities Capital Assets, Net	<u>\$28,788,601</u>	<u>(\$1,293,052)</u>		<u>\$27,495,549</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,153,264
Special	8,121
Support Services:	
Pupils	703
Instruction Staff	65
Administration	3,702
Operation and Maintenance of Plant	39,762
Pupil Transportation	79,641
Non-Instruction	18,097
Extracurricular	1,342
Capital Outlay	635,912
Total Depreciation Expense	<u>\$1,940,609</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

7. RISK MANAGEMENT

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. During fiscal year 2011, the District's insurance coverage was as follows:

<u>Type of Coverage</u>	<u>Liability Limit</u>
Buildings and Contents - replacement cost (\$1,000 deductible)	\$116,330,011
Crime Insurance	500,000
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per Occurrence	1,000,000
Total per Year	3,000,000
Umbrella Coverage	10,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

For fiscal year 2011, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. 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 participants is calculated as one experience and a common premium rate is applied to all participants 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 participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

8. DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at www.ohsers.org, under Forms and Publications.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

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 2011, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$969,131, \$973,467, and \$922,901, respectively; 57 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

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 Web site at www.strsoh.org.

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

A DB or Combined Plan member with five or more years 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 the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$2,544,931, \$2,548,929, and \$2,471,037, respectively; 80 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

9. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. 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.

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 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$98,990, \$290,649, and \$257,552 respectively; 57 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, 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, 2011, 2010, and 2009 were \$52,610, \$52,150, and \$43,508, respectively; 57 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health 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 or by calling (888) 227-7877.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

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 2011, 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, 2011, 2010, and 2009 were \$181,781, \$182,066, and \$176,503, respectively; 80 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

10. EMPLOYEE BENEFITS

A. Compensated Absences

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. At June 30, 2011, a liability of \$208,755 has been provided in the General Fund and special revenue funds for earned, but unused vacation leave that will be paid to the employees.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rate basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. Sick leave may be accumulated up to a maximum of 240 days for classified personnel, 260 days for administrators, and 240 days for certified personnel. Upon retirement, payment is made for up to 30 percent of accrued, but unused sick leave credit to a maximum of 72 days for classified employees and 75 days for certified employees. Upon retirement, payment is made for up to 30.58 percent of accrued, but unused sick leave credit to a maximum of 80 days for 12 month administrative employees and 28.85 percent or 75 days for 10 month administrative employees. At June 30, 2011, a current liability of \$112,492 has been provided in the General Fund and special revenue funds for earned, but unused sick leave that will be paid to the employees.

The District has recorded an estimated liability of \$2,149,795 for severance pay and sick leave payable at June 30, 2011, in accordance with GASB No. 16, "Accounting for Compensated Absences." The amount has been recorded in the government-wide financial statements since the liability will not require the use of current expendable available financial resources.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Sun Life Insurance Services.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

11. NOTES PAYABLE

During the fiscal year ended June 30, 2011, the following changes occurred in notes payable reported in the Capital Projects fund type:

	Balance at 6/30/10	Increase	Decrease	Balance at 6/30/11
Athletic Facility Improvement Notes 2008 – 3.00% Due December 18, 2010	\$1,250,000		\$1,250,000	

12. LONG-TERM OBLIGATIONS

During the year ended June 30, 2011, the following changes occurred in the long-term obligations reported in the government-wide financial statements:

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11	Amounts Due in One Year
Government Type Activities:					
2004 School Improvement Bonds	\$3,315,000	\$-	\$710,000	\$2,605,000	\$740,000
2004 School Improvement Bonds (HVAC)	3,900,000	-	365,000	3,535,000	380,000
1987 School Improvement Bonds	430,000	-	430,000	-	-
2008 Athletic Facilities Bonds	5,000,000	-	395,000	4,605,000	495,000
2008 Refunding Bonds	2,250,000	-	5,000	2,245,000	5,000
2011 School Building & Athletic Facility		1,250,000	-	1,250,000	5,000
Compensated Absences	2,198,239	329,736	378,180	2,149,795	214,795
Total Government Activities Long Term Liabilities	\$17,093,239	\$1,579,736	\$2,283,180	\$16,389,795	\$1,839,795

Debt outstanding at June 2011 consisted of General Obligation School Improvement Refunding Bonds totaling \$6,140,000. The bonds were issued in 2004 and will mature in December 2024. The interest rate at June 30, 2011 was 5.0 - 5.25 percent for the general obligation bonds.

On September 1, 2004, the District issued general obligation bonds (Series 2004 School Improvement Refunding Bonds) to currently refund the callable portion of the School Improvement General Obligation Bonds (principal \$7,215,000; interest rate 5-5.25 percent). The refunded debt is considered defeased and accordingly has been removed from the statement of net assets.

The reacquisition price exceeded the net carrying amount of the old debt by \$130,342. This amount is netted against the old debt and amortized over the remaining life of the refunded debt. The carrying amount as of June 30, 2011 was \$78,206.

The refunding was undertaken to reduce total debt service payments over the next 10 years by \$334,248 and resulted in an economic gain of \$428,858.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

The refunding bonds outstanding are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Bond Retirement Fund. The source of payment is derived from a current tax levy.

On February 1, 2008, the District issued general obligation bonds (2008 Athletic Facilities Bonds) to fund the construction of the District's athletic complex. The bonds will mature in December 2017. The interest rate at June 30, 2011 was 2.5 percent to 4 percent.

On February 1, 2008, the District issued general obligation bonds (Series 2008 School Improvement Refunding Bonds) to currently refund the callable portion of the 2004 School Improvement General Obligation Bonds (principal \$3,710,000; interest rate 4.58 percent). The refunded debt is considered defeased and accordingly has been removed from the statement of net assets.

The refunding was undertaken to reduce total debt service payments over the next 10 years by \$143,864 and resulted in an economic gain of \$121,282.

The refunding bonds outstanding are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Bond Retirement Fund. The source of payment is derived from a current tax levy.

On November 17, 2010, the District issued general obligation bonds (Series 2011 School Building and Athletic Facilities Improvement Bonds). The bonds were issued to finance certain improvements. The bonds consisted of \$935,000 current interest bonds and \$315,000 capital appreciation bonds. The interest rate on the current interest bonds and the capital appreciation bonds was 2% and 5.952%, respectively.

Total expenditures for interest for the above debt for the period ended June 30, 2011 was \$569,752.

The scheduled payments of principal and interest requirements on debt outstanding at June 30, 2011, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$1,625,000	\$489,750	\$2,114,750
2013	1,720,000	429,040	2,149,040
2014	1,965,000	360,564	2,325,564
2015	1,530,000	821,769	2,351,769
2016	1,545,000	252,131	1,797,131
2017 – 2021	4,345,000	740,981	5,085,981
2022 – 2025	1,510,000	123,800	1,633,800
Totals	<u>\$14,240,000</u>	<u>\$3,218,035</u>	<u>\$17,458,035</u>

13. SET-ASIDES

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for 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 year-end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital acquisition during fiscal year 2011.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

	Textbooks	Capital Acquisition
Balance June 30, 2010	(\$788,580)	\$-
Current Year Set Aside Requirement	547,521	547,521
Qualifying Expenditures	(350,839)	(514,940)
Balance June 30, 2011	(591,898)	32,581
Amount Carried Forward to Fiscal Year 2011	(591,898)	32,581
Cash Balance at June 30, 2011	(\$591,898)	\$32,581

Amounts of offsets and qualifying disbursements presented in the table were limited to those necessary to reduce the year-end balance to zero in the capital acquisition. Although the District may have had additional offsets and qualifying disbursements during the year, these extra amounts may not be used to reduce the set-aside requirements of future years, and therefore, are not presented.

14. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, Lucas, and Williams counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the five counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained from the Treasurer at 22-900 State Route 34, Archbold, Ohio 43502

B. Penta County Career Center

The Penta County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the sixteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Penta County Joint Vocational School District, Carrie J. Herringshaw, who serves as Treasurer, at 30095 Oregon Road, Perrysburg, Ohio 43551.

15. INSURANCE POOLS

A. OSBA Workers' Compensation Group Rating Plan

The District is a member of the OSBA Workers' Compensation Group Rating Program established in April 1991. The program was created by the Ohio Schools Boards Association as a result of the Workers' Compensation group rating plan as defined in 4123.29, Ohio Revised Code. The group-rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

B. Northwest Ohio Educational Council Self-Insurance Pool Program

The Springfield Local School District participates in the Northwest Ohio Educational Council Self-Insurance Pool Program (NOEC Program), an insurance purchasing pool. The NOEC Program was created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The Northwest Ohio Educational Council (NWOEC) is a Council of Governments created pursuant to Chapter 167.01 of the Ohio Revised Code. The NOEC Program is a non-profit organization of its members and an instrumentality for each member for the purpose of enabling members of the NOEC Program to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The NOEC Program's business and affairs are conducted by a 9 member Insurance Committee created by the governing board of the NWOEC. The NOEC Program has an agreement with Marsh USA for administrative services and Cambridge Integrated Services, Inc. for claims processing.

16. INTERFUND TRANSACTIONS

During the year ended June 30, 2011, the following transfers were made. The transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Non-major Funds	General Fund	
Building and Construction Fund	Permanent Improvement Fund	\$40,000
Total		<u>\$40,000</u>

During the year ended June 30, 2011, the following interfund advances were made to funds with negative cash balances. The interfund liability is reported on the fund financial statements.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$948,073	\$-
Preschool Grant	-	2,502
Race to the Top	-	58,687
Idea VIB	-	682,663
Title III	-	9,674
Title I	-	161,836
Title IIA	-	32,711
Total	<u>\$948,073</u>	<u>\$948,073</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

17. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

B. Litigation

The District is involved in certain litigation and claims that arise in the ordinary course of business. Management and its legal counsel periodically review the probable outcome of pending claims and proceedings, the costs and expenses reasonably expected to be incurred, the availability and limits of the District's insurance coverage, and the District's accruals for uninsured liabilities. While the ultimate legal and financial liability with respect to the claims and proceedings cannot be estimated with certainty, management believes, based on its reviews and experience to date, that any liability in excess of amounts covered by insurance will not have a material effect on the District's financial statements.

18. CHANGE IN BASIS OF ACCOUNTING

For fiscal year 2011, the District modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned. The statement also, requires certain funds to be included with the General fund.

The fund balance restatements are as follows:

	General Fund	Other Governmental Funds
Fund Balance, June 30, 2010	(\$3,387,000)	\$348,979
Reclassify Principal Funds	84,381	(84,381)
Restated Fund Balance, June 30, 2010	(\$3,302,619)	\$264,598

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2011
(Continued)**

19. FUND BALANCE

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

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

<u>Fund Balance</u>	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Nonspendable for:			
Materials and Supplies		\$16,596	\$16,596
Total Nonspendable		16,596	16,596
Restricted for:			
Capital Acquisition	\$32,581		32,581
Regular Instruction		12,444	12,444
Special Instruction		(367,068)	(367,068)
Athletics		111,889	111,889
Food Service Operations		(177,467)	(177,467)
Auxiliary Services		208,644	208,644
Debt Retirement		1,241,924	1,241,924
Permanent Improvements		235,166	235,166
Assigned for:	32,581	1,265,532	1,298,113
School Supplies			
Principal Funds	104,105		104,105
Encumbrances	366,981		366,981
Total Assigned	471,086		471,086
Unassigned	(1,511,426)		(1,511,426)
Total Fund Balance	(\$1,007,759)	\$1,282,128	\$274,369

SUPPLEMENTARY INFORMATION

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Comparison (Non-GAAP Basis)
GENERAL FUND
For the Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget <u>Favorable(Unfavorable)</u>
REVENUES:				
Property and Other Local Taxes	\$ 22,199,963	\$ 22,199,963	\$ 22,199,963	\$ -
Intergovernmental	10,955,710	10,955,710	10,955,710	-
Interest	27,000	27,000	27,119	119
Tuition and Fees	1,017,477	1,017,477	1,017,633	156
Rent	44,338	44,338	44,338	-
Extracurricular Activities	185,000	185,000	185,002	2
Gifts and Donations	6,791	6,791	6,791	-
Customer Sales and Services	18,311	18,311	18,311	-
Miscellaneous	179,113	179,113	180,348	1,235
Total Revenues	<u>34,633,703</u>	<u>34,633,703</u>	<u>34,635,215</u>	<u>1,512</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	15,905,846	16,250,846	15,883,021	367,825
Special	3,642,986	3,642,986	3,452,734	190,252
Vocational	306,228	306,228	299,561	6,667
Student Intervention Services	2,053,491	2,053,491	2,044,191	9,300
Other	940,000	940,000	910,588	29,412
Support Services:				
Pupils	1,295,695	1,295,695	1,101,961	193,734
Instructional Staff	460,970	460,970	493,826	(32,856)
Board of Education	30,150	30,150	26,937	3,213
Administration	2,722,980	2,722,980	2,782,842	(59,862)
Fiscal	728,090	728,090	763,549	(35,459)
Operation and Maintenance of Plant	3,040,867	3,040,867	2,725,009	315,858
Pupil Transportation	1,829,418	1,829,418	1,845,785	(16,367)
Central	82,400	82,400	78,755	3,645
Extracurricular Activities	809,834	865,334	773,064	92,270
Total Expenditures	<u>33,848,955</u>	<u>34,249,455</u>	<u>33,181,823</u>	<u>1,067,632</u>
Excess of Revenues Over (Under) Expenditures	<u>784,748</u>	<u>384,248</u>	<u>1,453,392</u>	<u>1,069,144</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	1,044,875	1,044,875		(1,044,875)
Proceeds from Sale of Fixed Assets	575	575	575	-
Refund of Prior Year Expenditures	171,912	171,912	171,912	-
Transfers Out	(1,200,000)	(1,076,875)		1,076,875
Total Other Financing Sources and Uses	<u>17,362</u>	<u>140,487</u>	<u>172,487</u>	<u>32,000</u>
Net Change in Fund Balances	802,110	524,735	1,625,879	1,101,144
Fund Balance (Deficit) at Beginning of Year	810,700	810,700	810,700	-
Prior Year Encumbrances Appropriated	286,952	286,952	286,952	-
Fund Balance at end of Year	<u>\$ 1,899,762</u>	<u>\$ 1,622,387</u>	<u>\$ 2,723,531</u>	<u>\$ 1,101,144</u>

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Required Supplementary Information
For the Year Ended June 30, 2011**

BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP) and Actual 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. 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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

The adjustments necessary to convert the result of operations for the year on budget basis to the GAAP basis for the General Fund is as follows:

Net Change in Fund Balance Major Governmental Fund	
	General
GAAP Basis	\$2,294,860
Increase (Decrease) Due To:	
Revenue Accruals:	
Accrued FY 2010, Received In Cash FY 2011	1,236,750
Accrued FY 2011, Not Yet Received in Cash	(1,110,043)
Expenditure Accruals:	
Accrued FY 2010, Paid in Cash FY 2011	(5,709,980)
Accrued FY 2011, Not Yet Paid in Cash	5,299,353
Encumbrances Outstanding at Year End (Budget Basis)	(385,061)
Budget Basis	\$1,625,879

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

Federal Grantor / Pass-through Grantor/ Program or Cluster Title	Pass-Through Entity Identification Number	Federal CFDA Number
U.S. DEPARTMENT OF AGRICULTURE		
Passed through the Ohio Department of Education		
Nutrition Cluster:		
National School Breakfast Program	05-PU 2010 & 2011	10.553
National School Lunch Program	LLP4 2010 & 2011	10.555
Food Distribution Program		10.550
Total U.S. Department of Agriculture - Nutrition Cluster		
U.S DEPARTMENT OF EDUCATION		
Passed through the Ohio Department of Education		
Special Education Cluster:		
Special Education Grants to States (IDEA Part B)	6BSF 2010 & 2011	84.027
Special Education Grants to States (IDEA - ARRA)	---	84.391
Title I Part A Cluster:		
Grants to Local Educational Agencies (ESEA Title I)	C1S1 2010 & 2011	84.010
Education for Homeless Children and Youth (Title I ARRA)	----	84.387
Special Education Grants to States (Title I ARRA)	----	84.389
Safe and Drug-Free Schools Grant	DRS1 2010 & 2011	84.186
State Fiscal Stabilization Fund (SFSF Grant - ARRA)	----	84.394
Race-to-the-Top Incentive Grants (SFSF Grant - ARRA)	----	84.395
Improving Teacher Quality State Grants (Title IIA)	TRS1 2010 & 2011	84.367
Educational Technology State Grants (Title IID)	TJS1 2010 & 2011	84.318
LEP (Title III)	T3S1 2011	84.365
Total Department of Education		
Total Federal Awards Expenditures		

<u>Receipts</u>	<u>Disbursements</u>
\$ 93,100	\$ 93,100
571,167	571,167
<u>47,622</u>	<u>47,622</u>
 711,889	 711,889
 981,927	 971,905
257,736	738,675
 563,181	 866,365
11,380	11,360
14,247	50,123
 3,813	 4,914
421,807	421,807
8,373	67,060
134,337	193,375
9,194	6,928
3,503	13,571
 <u>2,409,498</u>	 <u>3,346,083</u>
\$ <u><u>3,121,387</u></u>	\$ <u><u>4,057,972</u></u>

The accompanying notes are an integral part of this schedule.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED June 30, 2011**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards summarizes activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first.



GILMORE, JASION & MAHLER, LTD

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Springfield Local School District
Holland, Ohio

We have audited the financial statements of Springfield Local School District (the District) as of and for the year ended June 30, 2011, and have issued our report thereon dated January 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Section II – Financial Statement Findings – Finding 11-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency or 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.

Compliance and Other Matters

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

The District's response to the findings identified in our audit are described in the accompanying Section II – Financial Statement Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board members, the Springfield Local School District's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Gilmore, Jason & Mahler, LTD

January 27, 2012



GILMORE, JASON & MAHLER, LTD

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Springfield Local School District
Holland, Ohio

Compliance

We have audited the compliance of Springfield Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB circular A-133 and which are described in the accompanying Schedule of Federal Award Findings and Questioned Costs as item 11-02.

Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The District's response to the findings identified in our audit are described in the accompanying Section III – Federal Award Findings and Questions Costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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

Gilmore, Jason & Mahler, LTD

January 27, 2012

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies(s) identified that are not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies(s) identified that are not considered to be material weakness(es)?	No
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.027	Special Education Grants to States – IDEA Part B
84.391	Special Education Grants to States – ARRA
84.394	State Fiscal Stabilization Fund – SFSF – ARRA
Dollar threshold used to distinguish between type A and type B programs	\$300,000

Auditee qualified as low-risk auditee?	No
--	----

Section II – Financial Statement Findings

Finding 11-01-Capital Assets

Condition

For the year ended June 30, 2011 finding 2010-01 has not yet been corrected. Testing of the School District's capital assets records disclosed a failure to employ adequate controls over the processing and recording of capital asset additions, deletions, transfers, and depreciation.

Cause

The lack of controls could result in the possible misappropriation of assets going undetected and misrepresentation of The District's capital assets value on the financial statements. Testing of The District's capital assets records disclosed the following deficiencies:

- The Inventory (Fixed Asset) Policy is lacking detail as to the process and procedures needed in the reporting of capital assets
- The District does not use the NWOCA Equipment Inventory System (EIS) for the tracking of capital assets and related depreciation. The last updated capital asset record showing any detail of the District's capital assets was June 30, 2001.
- Since June 30, 2001, The District has manually updated the capital asset balances and accumulated depreciation.
- No attempt was made to record disposals and the affect on the depreciation expense.
- There is no policy regarding the manner depreciation expense should be allocated

Recommendation

To maintain adequate safeguards over capital assets, and to reduce the risk of misstatement, we recommend The District perform a review of the current Inventory (Fixed Asset) Policy. The following should be considered: written procedures required to update additions, deletions, useful life and depreciation methods and the function to which the asset is assigned. Consideration of implementation of the NWOCA Equipment Inventory System (EIS) to allow for the updating and maintenance of the capital asset records on-line. Maintain documentation for changes in capital assets acquisitions, deletions, depreciation and any other corrections. An allocation method should be determined for the positing of depreciation expense to the function (i.e. regular, special instruction) that the capital asset serves.

Management response

Management plans to have an inventory performed of all assets upon the completion of the current upgrades occurring throughout all of the schools in the District. At that time, proper policies will be adopted and implemented.

Section III – Federal Award Findings and Questioned Costs

Finding 11-02-Data Collection Form

Condition

For the year ended June 30, 2010, the data collection form was not submitted to the Federal Audit Clearinghouse within nine months of year end.

Cause

The deadline was missed due to a delay in receiving accrual basis financial information which lead to a delay in the audit. As a result, the data collection form was filed after the due date.

Recommendation

We recommend that the Data Collection Form is submitted to the Federal Audit Clearinghouse within their guidelines

Management response

Management plans to ensure the Data Collection Form is submitted to the Federal Audit Clearinghouse within their guidelines.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR YEAR (2010) AUDIT FINDINGS**

Finding 10-01 as reported in the Schedule of Findings for the year ended June 30, 2010 is still applicable and is now reported as finding 11-01.



Dave Yost • Auditor of State

SPRINGFIELD LOCAL SCHOOL DISTRICT

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 26, 2012**