



Dave Yost • Auditor of State

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual General Fund.....	20
Statement of Fund Net Position Proprietary Fund	21
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Fund	22
Statement of Cash Flows Proprietary Fund	23
Statement of Fund Net Position Fiduciary Fund	24
Statement of Changes in Fiduciary Net Position Fiduciary Fund	25
Notes to the Basic Financial Statements	26
Federal Award Receipts and Expenditures Schedule	57
Notes to the Federal Award Receipts and Expenditures Schedule	58

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

TABLE OF CONTENTS (CONTINUED)

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	59
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	61
Schedule of Findings and Questioned Costs.....	64
Corrective Action Plan.....	66



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Local School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Springfield Local School District, Summit County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2014 the District adopted the provisions of Governmental Accounting Standard No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2015 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 17, 2015

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Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

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

Financial Highlights

Key financial highlights for 2014 are as follows:

- Net position increased \$9,050 which represents a .05 percent increase from 2013.
- Capital assets increased \$5,893,775 during fiscal year 2014.
- During the year, outstanding debt decreased from \$34,170,774 to \$33,301,637 due to principal payments made by the School District.
- Total revenues increased \$3,884,349 from 2013, while total expenses increased \$3,268,199 from 2013.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Proprietary Fund The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 21.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 24 and 25. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2014 compared to 2013:

Table 1
Net Position

	Governmental Activities	
	2014	Restated 2013
Assets		
Current and Other Assets	\$ 30,065,782	\$ 36,122,302
Capital Assets	40,238,861	34,345,086
<i>Total Assets</i>	70,304,643	70,467,388
Liabilities		
Other Liabilities	7,596,646	6,041,633
Long-Term Liabilities	34,536,750	35,397,547
<i>Total Liabilities</i>	42,133,396	41,439,180
Deferred Inflows of Resources	11,587,489	12,453,500
Net Position		
Net Investment in Capital Assets	4,127,317	1,763,079
Restricted	6,330,609	8,918,368
Unrestricted	6,125,832	5,893,261
<i>Total Net Position</i>	\$ 16,583,758	\$ 16,574,708

At year end, capital assets represented 57 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks. Net investment in capital assets was \$4,127,317 at June 30, 2014. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$6,330,609 or 38 percent represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position of \$6,125,832 may be used to meet the government's ongoing obligations to students and creditors.

During the year, current and other assets reported a decrease of \$6,056,520, primarily from a decrease in cash and investments of \$6,294,888. The decrease in cash is the result of the Ohio Facilities Construction Commission (OFCC) project, which was substantially completed in fiscal year 2014. This same project resulted in an increase in capital assets of \$5,893,775, which is net of current year depreciation expense and disposals.

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Liabilities in total, increased \$694,216 over fiscal year 2013, with most of that amount in contracts payable for the construction project.

Table 2 shows the changes in net position for fiscal year 2014 and 2013.

Table 2
Changes in Net Position

	Governmental Activities	
	2014	Restated 2013
Revenues		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$ 2,884,686	\$ 2,785,515
Operating Grants, Contributions and Interest	2,221,023	2,286,835
Capital Grants, Contributions and Interest	4,533	128,360
<i>Total Program Revenues</i>	<u>5,110,242</u>	<u>5,200,710</u>
<i>General Revenues:</i>		
Property Taxes	14,945,632	12,344,195
Grants and Entitlements Not Restricted	14,204,582	12,896,383
Other	194,156	128,975
<i>Total General Revenues</i>	<u>29,344,370</u>	<u>25,369,553</u>
<i>Total Revenues</i>	<u>34,454,612</u>	<u>30,570,263</u>
Program Expenses		
Instruction:		
Regular	12,207,235	11,685,049
Special	3,348,904	3,639,393
Vocational	276,177	283,372
Student Intervention Services	339,999	0
Other	2,299,489	2,304,781
Support Services:		
Pupils	1,266,163	1,347,871
Instructional Staff	1,270,400	1,188,431
Board of Education	39,370	59,323
Administration	2,090,246	1,979,975
Fiscal	767,545	876,344
Business	140,422	140,384
Operation and Maintenance of Plant	5,314,002	2,523,627
Pupil Transportation	1,497,413	1,464,568
Central	75,449	58,436
Operation of Non-Instructional Services:		
Food Service Operations	910,764	940,196
Community Services	0	19,218
Extracurricular Activities	758,066	729,120
Debt Service:		
Interest and Fiscal Charges	1,843,918	1,937,275
<i>Total Expenses</i>	<u>34,445,562</u>	<u>31,177,363</u>
<i>Increase (Decrease) in Net Position</i>	9,050	(607,100)
<i>Net Position at Beginning of Year</i>	<u>16,574,708</u>	<u>17,181,808</u>
<i>Net Position at End of Year</i>	<u>\$ 16,583,758</u>	<u>\$ 16,574,708</u>

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Property taxes showed an increase of \$2,601,437 from fiscal year 2013 to fiscal year 2014 due to fluctuations in the amount of taxes available for advance at year end. Overall, expenses reported an increase of \$3,268,199. Operation and maintenance of plant showed a \$2,790,375 increase in fiscal year 2014 due to the repairs that had to be made to the new school building.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2014	Restated 2013	2014	Restated 2013
Instruction:				
Regular	\$ 12,207,235	\$ 11,685,049	\$ 9,811,164	\$ 8,946,353
Special	3,348,904	3,639,393	1,918,677	2,545,598
Vocational	276,177	283,372	242,789	283,372
Student Intervention Services	339,999	0	339,999	0
Other	2,299,489	2,304,781	2,299,489	2,304,781
Support Services:				
Pupils	1,266,163	1,347,871	1,265,755	1,283,448
Instructional Staff	1,270,400	1,188,431	1,253,641	1,171,365
Board of Education	39,370	59,323	39,370	59,323
Administration	2,090,246	1,979,975	2,058,589	1,940,349
Fiscal	767,545	876,344	767,545	876,344
Business	140,422	140,384	140,422	140,384
Operation and Maintenance of Plant	5,314,002	2,523,627	5,285,346	2,523,627
Pupil Transportation	1,497,413	1,464,568	1,497,413	1,464,045
Central	75,449	58,436	75,449	58,436
Operation of Non-Instructional Services:				
Food Service Operations	910,764	940,196	2,271	(4,748)
Community Services	0	19,218	0	762
Extracurricular Activities	758,066	729,120	493,483	445,939
Debt Service:				
Interest and Fiscal Charges	1,843,918	1,937,275	1,843,918	1,937,275
<i>Total Expenses</i>	\$ 34,445,562	\$ 31,177,363	\$ 29,335,320	\$ 25,976,653

The dependence upon general revenues for governmental activities is apparent. Over 85 percent of governmental activities are supported through taxes and other general revenues; such revenues are over 85 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Governmental Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$34,460,206 and expenditures of \$41,273,125 for fiscal year 2014.

The general fund's net change in fund balance for fiscal year 2014 was an increase of \$1,019,241. Revenues increased \$3,131,963 from fiscal year 2013, mostly through increases in the tax advance and State foundation revenue while nearly all expenditures increased \$1,157,407 in total.

The fund balance of the debt service fund increased by \$316,310. This increase was primarily due to the timing of tax collections as compared to the timing of debt service payments from those collections.

The fund balance of the classroom facilities fund decreased by \$6,643,250. This decrease is due to the School District receiving nearly all of the OFCC resources prior to fiscal year 2014; however, for fiscal year 2014 the construction expenditures continued.

General Fund Budgeting Highlights

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

During the course of fiscal year 2014, the School District made no changes to the budgets. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue of \$26,602,332 was \$2,085,102 higher than the final budget basis revenue of \$24,517,230. Most of this difference is due to an underestimation of taxes and intergovernmental revenue. Original and final budget basis revenue did not change during the fiscal year.

Final expenditure appropriations of \$28,175,223 were \$2,371,389 higher than the actual expenditures of \$25,803,834. Most of this difference is due to the overestimation of instruction regular. Original and final budget basis appropriations did not change during the fiscal year.

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$40,238,861 invested in capital assets. Table 4 shows fiscal year 2014 balances compared with 2013.

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

	Governmental Activities	
	2014	2013
Land	\$ 572,510	\$ 572,510
Construction in Progress	0	32,291,206
Land Improvements	50,418	56,550
Buildings and Improvements	37,621,169	1,076,944
Furniture and Fixtures	1,969,953	319,248
Vehicles	24,811	28,628
<i>Totals</i>	<u>\$ 40,238,861</u>	<u>\$ 34,345,086</u>

The \$5,893,775 increase in capital assets was attributable to increases in construction costs outpacing current year depreciation expense and disposals. See Note 9 for more information about the capital assets of the School District.

Debt

At June 30, 2014, the School District had \$33,301,637 in notes, loans and bonds outstanding. See Note 15 for additional details. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2014	2013
Energy Conservation Note	\$ 94,127	\$ 183,002
School Facilities Improvement Bonds	1,205,000	1,530,000
Capital Appreciation Bonds	0	227,927
Accretion on Capital Appreciation Bonds	0	168,713
School Facilities Improvement Bonds (BAB)	20,200,000	20,200,000
School Facilities Improvement Bonds (QSCB)	11,260,000	11,260,000
Unamortized Premium	366,345	377,793
Loan Payable	176,165	223,339
<i>Total</i>	<u>\$ 33,301,637</u>	<u>\$ 34,170,774</u>

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Current Issues

The Springfield Local School District continues to receive strong support from the residents of the school district. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the district was in March 2000. A bond levy was passed in August 2010 for the construction of a new 7 through 12 campus.

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

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 43.38 percent of revenues for governmental activities for the School District in fiscal year 2014.

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

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

The Springfield Local School District has not anticipated any meaningful growth in State revenue. Quite the opposite has recently occurred under the leadership in Ohio. Reductions in school funding will result in uncertainties in the coming years. The concern is that if this trend continues, a significant shift to local taxpayers will result.

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

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

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

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Chris Adams, Treasurer of Springfield Local School District, 2410 Massillon Road, Akron, Ohio 44312.

Springfield Local School District
Summit County, Ohio
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 14,021,770
Cash and Cash Equivalents with Fiscal Agent	459,012
Receivables:	
Intergovernmental	1,269,764
Property Taxes	14,315,236
Nondepreciable Capital Assets	572,510
Depreciable Capital Assets (Net)	39,666,351
<i>Total Assets</i>	70,304,643
 Liabilities	
Accounts Payable	30,215
Accrued Wages and Benefits	2,814,446
Contracts Payable	2,029,937
Intergovernmental Payable	944,466
Retainage Payable	755,386
Accrued Vacation Leave Payable	185,991
Accrued Interest Payable	453,205
Claims Payable	383,000
Long Term Liabilities:	
Due Within One Year	957,757
Due In More Than One Year	33,578,993
<i>Total Liabilities</i>	42,133,396
 Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	11,587,489
 Net Position	
Net Investment in Capital Assets	4,127,317
Restricted For:	
Capital Outlay	4,896,243
Debt Service	558,063
Other Purposes	876,303
Unrestricted	6,125,832
<i>Total Net Position</i>	\$ 16,583,758

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 12,207,235	\$ 2,178,564	\$ 217,507	\$ 0	\$ (9,811,164)
Special	3,348,904	256,212	1,174,015	0	(1,918,677)
Vocational	276,177	0	33,388	0	(242,789)
Student Intervention Services	339,999	0	0	0	(339,999)
Other	2,299,489	0	0	0	(2,299,489)
Support Services:					
Pupils	1,266,163	0	408	0	(1,265,755)
Instructional Staff	1,270,400	0	16,759	0	(1,253,641)
Board of Education	39,370	0	0	0	(39,370)
Administration	2,090,246	0	31,657	0	(2,058,589)
Fiscal	767,545	0	0	0	(767,545)
Business	140,422	0	0	0	(140,422)
Operation and Maintenance of Plant	5,314,002	0	24,123	4,533	(5,285,346)
Pupil Transportation	1,497,413	0	0	0	(1,497,413)
Central	75,449	0	0	0	(75,449)
Operation of Non-Instructional Services:					
Food Service Operations	910,764	196,534	711,959	0	(2,271)
Extracurricular Activities	758,066	253,376	11,207	0	(493,483)
Debt Service:					
Interest and Fiscal Charges	1,843,918	0	0	0	(1,843,918)
Total	<u>\$ 34,445,562</u>	<u>\$ 2,884,686</u>	<u>\$ 2,221,023</u>	<u>\$ 4,533</u>	<u>(29,335,320)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	11,825,845
Debt Service	2,687,442
Capital Outlay	432,345
Grants and Entitlements Not Restricted to Specific Programs	14,204,582
Investment Earnings	29,736
Miscellaneous	164,420
Total General Revenues	<u>29,344,370</u>

Change in Net Position 9,050

Net Position Beginning of Year - Restated, See Note 2-Q 16,574,708

Net Position End of Year \$ 16,583,758

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2014

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 7,634,457	\$ 522,792	\$ 3,966,007	\$ 1,113,848	\$ 13,237,104
Cash and Cash Equivalents with Fiscal Agent	0	0	459,012	0	459,012
Receivables:					
Interfund	116,052	0	0	0	116,052
Intergovernmental	649,679	0	120,026	500,059	1,269,764
Property Taxes	11,298,758	2,597,161	0	419,317	14,315,236
<i>Total Assets</i>	<u>\$ 19,698,946</u>	<u>\$ 3,119,953</u>	<u>\$ 4,545,045</u>	<u>\$ 2,033,224</u>	<u>\$ 29,397,168</u>
Liabilities					
Accounts Payable	\$ 7,343	\$ 0	\$ 0	\$ 22,872	\$ 30,215
Accrued Wages and Benefits	2,545,960	0	0	268,486	2,814,446
Contracts Payable	0	0	1,603,650	426,287	2,029,937
Intergovernmental Payable	916,296	0	0	28,170	944,466
Retainage Payable	0	0	596,755	158,631	755,386
Interfund Payable	0	0	0	116,052	116,052
<i>Total Liabilities</i>	<u>3,469,599</u>	<u>0</u>	<u>2,200,405</u>	<u>1,020,498</u>	<u>6,690,502</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	9,134,665	2,108,685	0	344,139	11,587,489
Unavailable Revenue	976,345	176,935	120,026	292,078	1,565,384
<i>Total Deferred Inflows of Resources</i>	<u>10,111,010</u>	<u>2,285,620</u>	<u>120,026</u>	<u>636,217</u>	<u>13,152,873</u>
Fund Balances					
Restricted	0	834,333	2,224,614	1,151,036	4,209,983
Assigned	1,875,998	0	0	0	1,875,998
Unassigned	4,242,339	0	0	(774,527)	3,467,812
<i>Total Fund Balances</i>	<u>6,118,337</u>	<u>834,333</u>	<u>2,224,614</u>	<u>376,509</u>	<u>9,553,793</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 19,698,946</u>	<u>\$ 3,119,953</u>	<u>\$ 4,545,045</u>	<u>\$ 2,033,224</u>	<u>\$ 29,397,168</u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014

Total Governmental Fund Balances		\$ 9,553,793
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		40,238,861
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	\$ 383,466	
Excess Costs	174,997	
Property Taxes	1,006,921	1,565,384
 An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
		401,666
 In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		
		(453,205)
 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy Conservation Note	(94,127)	
School Facilities Improvement Bonds	(1,205,000)	
OFCC Build America Bonds	(20,200,000)	
OFCC Qualified School Construction Bonds	(11,260,000)	
Loan Payable	(176,165)	
Bond Premium	(366,345)	
Capital Lease Obligation	(24,584)	
Vacations Payable	(185,991)	
Compensated Absences	(1,210,529)	(34,722,741)
 <i>Net Position of Governmental Activities</i>		 \$ 16,583,758

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$ 11,669,389	\$ 2,693,269	\$ 0	\$ 433,042	\$ 14,795,700
Intergovernmental	13,438,932	357,531	498,053	2,122,522	16,417,038
Investment Income	(2,947)	0	32,683	4,533	34,269
Tuition and Fees	2,682,871	0	0	0	2,682,871
Extracurricular Activities	114,001	0	0	138,426	252,427
Rentals	64,119	0	0	0	64,119
Charges for Services	0	0	0	196,533	196,533
Contributions and Donations	11,207	0	0	0	11,207
Miscellaneous	1,044	0	0	4,998	6,042
Total Revenues	27,978,616	3,050,800	530,736	2,900,054	34,460,206
Expenditures					
Current:					
Instruction:					
Regular	11,004,621	0	0	300,300	11,304,921
Special	2,223,068	0	0	1,156,321	3,379,389
Vocational	275,322	0	0	0	275,322
Student Intervention Services	339,999	0	0	0	339,999
Other	2,299,489	0	0	0	2,299,489
Support Services:					
Pupils	1,281,581	0	0	419	1,282,000
Instructional Staff	1,236,028	0	0	23,617	1,259,645
Board of Education	39,157	0	0	0	39,157
Administration	2,072,738	0	0	32,495	2,105,233
Fiscal	765,379	0	0	0	765,379
Business	135,078	0	0	0	135,078
Operation and Maintenance of Plant	2,130,642	0	30,519	11,635	2,172,796
Pupil Transportation	1,502,642	0	0	0	1,502,642
Central	75,449	0	0	0	75,449
Extracurricular Activities	582,010	0	0	131,519	713,529
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	903,010	903,010
Capital Outlay	33,128	73,778	7,514,980	2,354,471	9,976,357
Debt Service:					
Principal Retirement	25,091	641,802	0	47,174	714,067
Interest and Fiscal Charges	2,677	2,018,910	0	8,076	2,029,663
Total Expenditures	26,024,099	2,734,490	7,545,499	4,969,037	41,273,125
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,954,517</u>	<u>316,310</u>	<u>(7,014,763)</u>	<u>(2,068,983)</u>	<u>(6,812,919)</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	1,400	0	0	0	1,400
Insurance Recoveries	0	0	0	156,978	156,978
Transfers In	0	0	725,752	565,163	1,290,915
Transfers Out	(936,676)	0	(354,239)	0	(1,290,915)
Total Other Financing Sources (Uses)	(935,276)	0	371,513	722,141	158,378
Net Change in Fund Balance	1,019,241	316,310	(6,643,250)	(1,346,842)	(6,654,541)
Fund Balances Beginning of Year	5,099,096	518,023	8,867,864	1,723,351	16,208,334
Fund Balances End of Year	\$ 6,118,337	\$ 834,333	\$ 2,224,614	\$ 376,509	\$ 9,553,793

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds	\$	(6,654,541)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	\$ 6,984,082	
Current Year Depreciation	<u>(1,090,307)</u>	5,893,775
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(25,063)	
Excess Costs	(136,267)	
Intergovernmental	<u>(2,642)</u>	(163,972)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Bond and Note Principal	413,875	
Loan Principal	47,174	
Capital Appreciation Bonds (Principal and Matured Interest)	410,000	
Capital Leases	<u>25,091</u>	896,140
In the statement of activities, interest is accrued on outstanding debt, and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	5,584	
Amortization of Premium on Bonds	<u>11,448</u>	17,032
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		92,529
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(33,431)	
Vacations Payable	<u>(25,122)</u>	(58,553)
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds in the statement of activities.		
		<u>(13,360)</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>9,050</u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 10,013,886	\$ 10,013,886	\$ 10,865,531	\$ 851,645
Intergovernmental	12,153,631	12,153,631	13,187,253	1,033,622
Investment Income	(3,941)	(3,941)	(4,276)	(335)
Tuition and Fees	2,266,726	2,266,726	2,459,503	192,777
Rentals	59,093	59,093	64,119	5,026
Miscellaneous	27,835	27,835	30,202	2,367
<i>Total Revenues</i>	<u>24,517,230</u>	<u>24,517,230</u>	<u>26,602,332</u>	<u>2,085,102</u>
Expenditures				
Current:				
Instruction:				
Regular	12,048,955	12,048,955	11,034,846	1,014,109
Special	2,659,144	2,659,144	2,435,335	223,809
Vocational	300,849	300,849	275,528	25,321
Other	2,510,814	2,510,814	2,299,489	211,325
Support Services:				
Pupils	1,403,543	1,403,543	1,285,413	118,130
Instructional Staff	1,334,838	1,334,838	1,222,490	112,348
Board of Education	42,966	42,966	39,350	3,616
Administration	2,289,348	2,289,348	2,096,663	192,685
Fiscal	842,065	842,065	771,192	70,873
Business	152,221	152,221	139,409	12,812
Operation and Maintenance of Plant	2,368,188	2,368,188	2,168,868	199,320
Pupil Transportation	1,614,138	1,614,138	1,478,283	135,855
Central	82,383	82,383	75,449	6,934
Extracurricular Activities	489,245	489,245	448,067	41,178
Capital Outlay	36,526	36,526	33,452	3,074
<i>Total Expenditures</i>	<u>28,175,223</u>	<u>28,175,223</u>	<u>25,803,834</u>	<u>2,371,389</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,657,993)</u>	<u>(3,657,993)</u>	<u>798,498</u>	<u>4,456,491</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	1,290	1,290	1,400	110
Refund of Prior Year Expenditures	18,125	18,125	19,667	1,542
Refund of Prior Year Receipts	(4,051)	(4,051)	(4,051)	0
Transfers Out	(936,676)	(936,676)	(936,676)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(921,312)</u>	<u>(921,312)</u>	<u>(919,660)</u>	<u>1,652</u>
<i>Net Change in Fund Balance</i>	<u>(4,579,305)</u>	<u>(4,579,305)</u>	<u>(121,162)</u>	<u>4,458,143</u>
<i>Fund Balance Beginning of Year</i>	7,685,802	7,685,802	7,685,802	0
Prior Year Encumbrances Appropriated	37,339	37,339	37,339	0
<i>Fund Balance End of Year</i>	<u>\$ 3,143,836</u>	<u>\$ 3,143,836</u>	<u>\$ 7,601,979</u>	<u>\$ 4,458,143</u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2014

	Governmental Activities - Internal Service Fund
Assets	
<i>Current Assets</i>	
Equity in Pooled Cash and Investments	<u>\$ 784,666</u>
Liabilities	
<i>Current Liabilities</i>	
Claims Payable	<u>383,000</u>
Net Position	
Unrestricted	<u><u>\$ 401,666</u></u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2014

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues	
Charges for Services	<u>\$ 3,810,287</u>
Operating Expenses	
Purchased Services	624,383
Claims	<u>3,093,375</u>
<i>Total Operating Expenses</i>	<u>3,717,758</u>
 <i>Operating Income</i>	 <u>92,529</u>
 <i>Net Position Beginning of Year</i>	 <u>309,137</u>
 <i>Net Position End of Year</i>	 <u><u>\$ 401,666</u></u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2014

	<u>Governmental Activities - Internal Service Fund</u>
Cash Flows From Operating Activities	
Cash Received from Internal Services Provided	\$ 3,810,287
Cash Paid for Administrative Fees	(624,383)
Cash Paid for Claims	(3,069,375)
<i>Net Cash Provided By Operating Activities</i>	<u>116,529</u>
 <i>Net Increase in Cash and Investments</i>	 116,529
 <i>Cash and Investments, Beginning of Year</i>	 <u>668,137</u>
 <i>Cash and Investments, End of Year</i>	 <u><u>\$ 784,666</u></u>
 Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating Income	\$ 92,529
Adjustment:	
Increase in Claims Payable	24,000
<i>Net Cash Provided By Operating Activities</i>	<u><u>\$ 116,529</u></u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 4,523	\$ 60,520
Liabilities		
Accounts Payable	0	\$ 768
Undistributed Monies	0	6,774
Due to Students	0	52,978
<i>Total Liabilities</i>	0	\$ 60,520
Net Position		
Held in Trust for Scholarships	\$ 4,523	

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust
Additions	
Gifts and Contributions	\$ 3,555
Deductions	
Payments in Accordance with Trust Agreements	500
<i>Change in Net Position</i>	3,055
<i>Net Position Beginning of Year</i>	1,468
<i>Net Position End of Year</i>	\$ 4,523

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 1 - Description of the School District

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies. Each member is elected to a four year term. The Board of Education controls the School District's seven instructional support facilities staffed by 136 classified employees and 194 certified full-time teaching personnel who provide services to 2,495 students and other community members.

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

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements of the School District are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Springfield Local School District, this includes general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

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

The School District participates in one jointly governed organization, the North East Ohio Network for Educational Technology (NEOnet), which is presented in Note 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

A Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

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

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

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

B. Fund Accounting

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

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

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

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

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee prescription drug benefits, hospitalization, vision, and dental.

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities.

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

D. Basis of Accounting

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Deferred Outflows/Inflows of Resources A deferred inflow of resources is an acquisition of assets by the School District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of assets by the School District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows of resources in governmental funds.

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

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

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

E. Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the Balance Sheet.

During fiscal year 2014, investments were limited to U.S Treasury and agency securities, municipal bonds, money market accounts, repurchase agreements and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2014.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest (including fair market value adjustments for investments). Interest revenue credited to the general fund during fiscal year 2014 amounted to \$(2,947) which includes \$(673) assigned from other School District funds.

The First Merit Bank acts as a fiscal agent for the School District. The bank holds money as retainage payable until the School District's projects are completed.

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

F. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

G. Interfund Balances

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

H. Compensated Absences

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

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

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

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. At June 30, 2014, there were no matured compensated absences payable.

I. Accrued Liabilities and Long-term Obligations

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

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

J. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2014, there was no net position restricted by enabling legislation.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

K. Fund Balance

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

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

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

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

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

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

M. Interfund Activity

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

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

N. Extraordinary and Special Items

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

O. Estimates

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

P. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Alternate Tax Budget, the Certificate of Estimated Resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The Certificate of Estimated Resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Throughout the fiscal year, the primary level of budgetary control for all funds was at the fund level. Budgetary modifications changing total fund appropriations may only be made by resolution of the Board of Education.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the School District receives the official Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2014.

Appropriations A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Q. Implementation of New Accounting Principles

For the fiscal year ended June 30, 2014, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of GASB Statement No. 65 resulted in debt issuance costs being expensed rather than being amortized. This had the following effect on net position as previously reported:

	Governmental Activities
Previously Reported Net Position	\$ 16,952,373
Unamortized Debt Issuance Costs	\$ (377,665)
Restated Net Position, July 1, 2014	\$ 16,574,708

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the School District.

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the School District.

Note 3 – Fund Deficits

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

	Deficit Fund Balance
Nonmajor Governmental Funds:	
Building Fund	\$ 584,918
Food Service	59,297
Race to the Top	5,808
Title VI-B	65,152
Title I	47,093
Preschool Handicapped	3,358
Title VI-R	8,901

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. In order to determine compliance with Ohio law, and to assign that portion of the applicable appropriation, total outstanding encumbrances (budget) are recorded as the equivalent of an expenditure; and,
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

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

Net Change in Fund Balance	<u>General</u>
GAAP Basis	\$ 1,019,241
Net Adjustment for Revenue Accruals	(1,229,053)
Net Adjustment for Expenditure Accruals	130,402
Funds Budgeted Elsewhere**	6,102
Adjustment for Encumbrances	<u>(47,854)</u>
Budget Basis	<u>\$ (121,162)</u>

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 5 - Deposits and Investments

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

Cash and Cash Equivalents with Fiscal Agent First Merit Bank acts as a fiscal agent for the School District. First Merit Bank held on account as of June 30, 2014, \$459,012. This money is being held as retainage payable and will be paid out to contractors upon completion of the School District's building projects.

Cash on Hand At year end, the School District had \$350 in undeposited cash on hand which is included on the Balance Sheet of the School District as part of equity in pooled cash and investments.

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$3,567,030 and the bank balance was \$4,160,119.

1. \$500,000 was covered by federal depository insurance;
2. \$3,660,119 was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Investments

Investments are reported at fair value. As of June 30, 2014, the School District had the following investments:

Rating by Moody	Entity	Fair Value	Investment Maturities in months		Percentage of Total Investment
			(0-6)	(13-44)	
N/A	Repurchase Agreements	\$ 4,805,000	\$ 4,805,000	\$ 0	45.67%
Aaa	FNMA	2,213,611	0	2,213,611	21.04%
Aaa	FHLB	275,369	0	275,369	2.62%
Aaa	FFCB	499,445	0	499,445	4.75%
Aaa	FHLM	248,519	0	248,519	2.36%
Aaa	Central Ohio Solid Waste Authority	504,599	504,599	0	4.80%
N/A	US Treasury Money Market	1,904,858	1,904,858	0	18.11%
Aaa-mf	First American Prime Obligations	68,032	68,032	0	0.65%
		<u>\$10,519,433</u>	<u>\$ 7,282,489</u>	<u>\$ 3,236,944</u>	<u>100.00%</u>

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

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

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

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

Note 6 – Property Taxes

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 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.

The School District receives property taxes from Summit and Portage Counties. The County Fiscal Officer and County Auditor periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$1,362,745 in the general fund, \$311,541 in the debt service fund, \$25,462 in the permanent improvement fund and \$21,078 in the classroom facilities maintenance fund. The amount available for advance at June 30, 2013, was \$558,887 in the general fund, \$128,864 in the debt service fund, and \$10,468 in the permanent fund and \$8,672 in the classroom facilities maintenance fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 351,978,150	98.16%	\$ 346,519,380	98.04%
Public Utility Personal Property	6,567,600	1.84%	6,906,630	1.96%
	<u>\$ 358,545,750</u>	<u>100.00%</u>	<u>\$ 353,426,010</u>	<u>100.00%</u>
Full Tax Rate per \$1,000 of assessed valuation	<u>\$ 56.84</u>		<u>\$ 56.88</u>	

Note 7 - Interfund Activity

A. Interfund Balances

Interfund balances at June 30, 2014 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 116,052	\$ 0
Other Governmental:		
Food Services	0	59,099
Vocational Education Enhancement	0	4,680
Part B IDEA	0	4,229
Title I	0	9,425
Improving Teacher Quality	0	7,359
Race to the Top	0	31,260
Total Other Governmental	<u>0</u>	<u>116,052</u>
Totals	<u>\$ 116,052</u>	<u>\$ 116,052</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2014, all interfund loans outstanding are anticipated to be repaid in fiscal year 2015.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

B. Interfund Transfers

During the fiscal year, the general fund transferred \$210,924 and \$725,752 to the building fund and classroom facilities fund, respectively. Additionally, the classroom facilities fund transferred \$354,239 to the building fund. All transfers made during the fiscal year were related to budget amendments to the School District's Ohio Facilities Construction Commission project.

Note 8 – Receivables

Receivables at June 30, 2014 consisted of taxes, interfund, and intergovernmental entitlements and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

<i>Major Governmental Funds:</i>	<u>Amount</u>
General Fund:	
Excess Costs	\$ 396,009
SERS Refund	1,991
Federal Interest Subsidy	225,522
Catastrophic Aid	<u>26,157</u>
<i>Total General Fund</i>	<u>649,679</u>
Classroom Facilities Fund:	
Ohio Facilities Construction Commission Grant	<u>120,026</u>
<i>Nonmajor Governmental Funds:</i>	
Food Service Grant	100,956
Vocational Education Grant	7,218
Race to the Top Grant	76,320
IDEA Part B Grant	130,396
Title II-A Grant	22,920
Early Childhood Special Ed Grant	7,184
Title I Grant	<u>155,065</u>
<i>Total nonmajor governmental funds</i>	<u>500,059</u>
Total intergovernmental receivables	<u>\$ 1,269,764</u>

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 9 - Capital Assets

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

	Balance 6/30/13	Additions	Reductions	Balance 6/30/14
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Construction in Progress	\$ 32,291,206	\$ 6,926,924	\$ (39,218,130)	\$ 0
Land	572,510	0	0	572,510
Total Capital Assets, not being depreciated	<u>32,863,716</u>	<u>6,926,924</u>	<u>(39,218,130)</u>	<u>572,510</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	797,537	0	0	797,537
Buildings and Improvements	9,698,566	37,550,731	0	47,249,297
Furniture and Equipment	2,633,171	1,724,557	0	4,357,728
Vehicles	211,785	0	(9,000)	202,785
Textbooks	865,423	0	0	865,423
Total Capital Assets, being depreciated	<u>14,206,482</u>	<u>39,275,288</u>	<u>(9,000)</u>	<u>53,472,770</u>
Less Accumulated Depreciation:				
Land Improvements	(740,987)	(6,132)	0	(747,119)
Buildings and Improvements	(8,621,622)	(1,006,506)	0	(9,628,128)
Furniture and Equipment	(2,313,923)	(73,852)	0	(2,387,775)
Vehicles	(183,157)	(3,817)	9,000	(177,974)
Textbooks	(865,423)	0	0	(865,423)
Total Accumulated Depreciation	<u>(12,725,112)</u>	<u>(1,090,307)</u>	<u>9,000</u>	<u>(13,806,419)</u>
Total Capital Assets being depreciated, net	<u>1,481,370</u>	<u>38,184,981</u>	<u>0</u>	<u>39,666,351</u>
Governmental Capital Assets, net	<u>\$ 34,345,086</u>	<u>\$ 45,111,905</u>	<u>\$ (39,218,130)</u>	<u>\$ 40,238,861</u>

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 908,007
Special	740
Vocational	80
Support Services:	
Pupil	25
Instructional Staff	1,969
Board of Education	213
Administration	1,388
Operation and Maintenance of Plant	127,362
Pupil Transportation	1,660
Food Service	5,193
Extracurricular Activities	<u>43,670</u>
 Total Depreciation	 <u>\$ 1,090,307</u>

Note 10 – Risk Management

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

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

A bond of \$20,000 is maintained on the Treasurer. Bonds are also provided for the school Board President, Superintendent and Business Manager in the amount of \$20,000 each.

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

The School District has established a limited risk management program for hospital/medical benefits. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2014, a total expense of \$3,717,758 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$75,000. The liability for unpaid claims cost of \$383,000 reported in the fund at June 30, 2014 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Changes in the fund's claims liability amount in 2014 and 2013 were:

	Balance		Current Year		Claim		Balance at
	Beginning		Claims		Payments		End of Year
	of Year		Claims		Payments		End of Year
2013	\$ 273,000	\$	3,244,595	\$	3,158,595	\$	359,000
2014	359,000		3,093,375		3,069,375	\$	383,000

Note 11 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to thirty days of vacation per year, depending upon length of service and hours worked. Vacation days are credited to non-certified employees on the anniversary of their employment with a maximum accrual based on length of service. Vacation may be accrued in excess of the maximum only with the approval of the superintendent and Board of Education. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to an unlimited number of days. Payment is made of 30 percent of the total sick leave accumulation, up to a maximum accumulation of 60 days upon retirement for certified employees. Non-certified employees receive payment of 30 percent of sick leave up to a maximum of 60 days upon termination or ¼ of unused sick leave to a maximum of 45 days with 10 years of service upon termination.

Note 12 – Defined Benefit Pension Plans

A. School Employees Retirement System

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$504,860, \$504,003 and \$528,480, respectively; 67 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member.

A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,491,135, \$1,607,624 and \$1,418,694, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$30,928 made by the School District and \$24,300 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

Note 13 - Postemployment Benefits

A. School Employee Retirement System

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, .14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

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

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013, and 2012 were \$55,093, \$55,373, and \$65,496, respectively; 67 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was .76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2012, and 2011 were \$29,290, \$26,640, and \$26,108, respectively; 67 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2012, and 2011 were \$114,703, \$114,830, and \$109,130, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 14 – Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

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

Note 15 - Long - Term Obligations

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

	Outstanding 6/30/13	Additions	Reductions	Outstanding 6/30/14	Amounts Due in One Year
Governmental Activities:					
Energy Conservation Note	\$ 183,002	\$ 0	\$ (88,875)	\$ 94,127	\$ 94,127
<i>School Facilities Improvement Bonds</i>					
Series 2010A Tax-Exempt Bond	1,530,000	0	(325,000)	1,205,000	745,000
Capital Appreciation Bond	227,927	0	(227,927)	0	0
Accretion on Capital Appreciation Bonds	168,713	13,360	(182,073)	0	0
Series 2010B Build America Bonds	20,200,000	0	0	20,200,000	0
Series 2010C Qualified School Construction Bonds	11,260,000	0	0	11,260,000	0
Issuance Premium	377,793	0	(11,448)	366,345	0
<i>Total School Facilities Improvement Bonds</i>	<u>33,764,433</u>	<u>13,360</u>	<u>(746,448)</u>	<u>33,031,345</u>	<u>745,000</u>
<i>Other Long-Term Liabilities</i>					
Capital Lease	49,675	0	(25,091)	24,584	24,584
Loan Payable	223,339	0	(47,174)	176,165	49,097
Compensated Absences	1,177,098	148,382	(114,951)	1,210,529	44,949
<i>Total Other Long-Term Liabilities</i>	<u>1,450,112</u>	<u>148,382</u>	<u>(187,216)</u>	<u>1,411,278</u>	<u>118,630</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 35,397,547</u>	<u>\$ 161,742</u>	<u>\$ (1,022,539)</u>	<u>\$ 34,536,750</u>	<u>\$ 957,757</u>

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Energy Conservation Note

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

School Improvement General Obligation Bonds

On August 31, 2010, the School District issued \$33,724,861 in voted general obligation bonds for the purpose of constructing, furnishing, equipping and improving a new school building for grades 7 through 12 along with related abatement and demolition, and other school district building improvements. The bond issue included a current interest bond in the amount of \$1,540,000 and two capital appreciation bonds in the amount of \$496,934 (matured in fiscal year 2013) and \$227,927, respectively. The issuance also included federally taxable Build America Bonds for \$20,200,000 and federally taxable qualified school construction bonds for \$11,260,000. The bonds were issued with a premium of \$412,137, which was reported as an increase to long-term debt in fiscal year 2011. The amounts are being amortized as interest expense over the life of the bonds using the straight-line method, which is not significantly different than the bonds outstanding or the effective interest methods. The amortization for June 30, 2014 was \$11,448. The bonds will be retired with a voted property tax levy from the bond retirement debt service fund.

The current interest bonds will not be subject to redemption prior to maturity. The Build America Bonds maturing on or after September 1, 2019 are subject to prior optional redemption either in whole or in part at 100 percent par. It is also subject to extraordinary optional redemption, in whole at any date or in part on any date at a redemption price of 100 percent of par in the event that the department of Treasury should cease, or announce its intention to cease, making full payment of the direct payment. The qualified school construction bonds are not subject to optional redemption prior to maturity. It is also subject to extraordinary optional redemption either in whole or in part on any date at a redemption price equal to 100 percent of par in the event that the department of Treasury should cease, or announce its intention to cease, making full payment of the direct payment and it is subject to mandatory redemption on any date at a redemption price equal to 100 percent of par due to excess proceeds to the extent that less than 100 percent are expended by August 31, 2014.

The capital appreciation bond for \$227,927 matured on September 1, 2014 with a maturity value of \$410,000. In fiscal year 2014, \$13,360 was accreted.

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Loan Payable

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

Principal and interest requirements to retire the long-term note and general obligation bonds outstanding at June 30, 2014 are as follows:

Fiscal Year	Energy Conservation Note		
Ending June 30,	Principal	Interest	Total
2015	\$ 94,127	\$ 2,781	\$ 96,908

Fiscal Year	Serial	Build America				Qualified School Construction	
		Principal	Interest	Principal	Interest	Principal	Interest
2015		\$ 745,000	\$ 16,650	\$ 0	\$ 1,210,612	\$ 0	\$ 591,150
2016		460,000	4,600	0	1,210,612	300,000	591,150
2017		0	0	0	1,210,612	770,000	591,150
2018		0	0	0	1,210,612	780,000	591,150
2019		0	0	0	1,210,612	830,000	591,150
2020 - 2024		0	0	0	6,053,065	4,470,000	2,955,750
2025 - 2029		0	0	970,000	6,025,663	4,110,000	2,069,025
2030 - 2034		0	0	5,680,000	5,005,189	0	0
2035 - 2039		0	0	7,280,000	3,094,344	0	0
2040 - 2043		0	0	6,270,000	743,881	0	0
Totals		\$ 1,205,000	\$ 21,250	\$ 20,200,000	\$ 26,975,202	\$ 11,260,000	\$ 7,980,525

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

Principal and interest requirements to retire the loan payable outstanding at June 30, 2014 are as follows:

Fiscal Year	Loan Payable		
Ending June 30,	Principal	Interest	Total
2015	\$ 49,097	\$ 6,153	\$ 55,250
2016	51,096	4,154	55,250
2017	53,179	2,071	55,250
2018	22,793	228	23,021
Total	\$ 176,165	\$ 12,606	\$ 188,771

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 16– Capitalized Leases

Capital assets consisting of copiers have been capitalized in the amount of \$117,569. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments during fiscal year 2014 totaled \$25,091 from the general fund. The following is a schedule of the future minimum lease payments as of June 30, 2014.

Fiscal Year Ending June 30,	Amount
2015	\$ 25,454
Less: Amount Representing Interest	(870)
Present Value of Net Minimum Payments	\$ 24,584

Note 17 – North East Ohio Network for Educational Technology

The North East Ohio Network for Educational Technology (NEOnet) is a jointly governed organization comprised of 20 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports NEOnet based on a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. NEOnet is governed by a board of directors chosen from the general membership of the NEOnet assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the North East Ohio Network for Educational Technology, 5121 Mahoning Avenue, suite 102, Austintown, Ohio 44515. During the fiscal year ended June 30, 2014, the School District paid approximately \$92,612 to NEOnet for basic service charges.

Note 18 – Statutory Reserves

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

	Capital Improvement Reserve
Set-Aside Restricted Balance as of June 30, 2013	\$ 0
Current Year Set-Aside Requirement	401,333
Current Year Offsets from Bond Proceeds	(401,333)
Total	\$ 0
Balance Carried Forward to Fiscal Year 2015	\$ 0
Set-aside Restricted Balance June 30, 2014	\$ 0

During fiscal year 2011, the School District issued \$33,724,861 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The School District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$32,523,293 at June 30, 2014.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 19 – Fund Balance

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

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

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total
Restricted for:					
Debt Service	\$ 0	\$ 834,333	\$ 0	\$ 0	\$ 834,333
Capital Outlay	0	0	2,224,614	988,837	3,213,451
Management Info Systems	0	0	0	6,083	6,083
Federal and State Grant Programs	0	0	0	32,917	32,917
Athletics	0	0	0	65,426	65,426
Other Grants	0	0	0	57,773	57,773
Total Restricted	<u>0</u>	<u>834,333</u>	<u>2,224,614</u>	<u>1,151,036</u>	<u>4,209,983</u>
Assigned for:					
Encumbrances:					
Instruction	9,597	0	0	0	9,597
Support Services	31,534	0	0	0	31,534
Extracurricular	1,569	0	0	0	1,569
Subsequent Year Appropriations	1,719,810	0	0	0	1,719,810
Other Purposes	113,488	0	0	0	113,488
Total Assigned	<u>1,875,998</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,875,998</u>
Unassigned	<u>4,242,339</u>	<u>0</u>	<u>0</u>	<u>(774,527)</u>	<u>3,467,812</u>
Total Fund Balance	<u>\$ 6,118,337</u>	<u>\$ 834,333</u>	<u>\$ 2,224,614</u>	<u>\$ 376,509</u>	<u>\$ 9,553,793</u>

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 20 - Contractual and Other Commitments

A. Contractual Commitments

As of June 30, 2014, the School District had contractual commitments for the new High School in the amount of \$1,739,388.

B. Encumbrance Commitments

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

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 42,700
Nonmajor Governmental Funds	<u>59,373</u>
	<u>\$ 102,073</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
<i>Child Nutrition Cluster:</i>					
School Breakfast Program	10.553	\$93,948		\$93,948	
National School Lunch Program	10.555	441,798	\$60,589	441,798	\$60,589
Total Child Nutrition Cluster		535,746	60,589	535,746	60,589
Total U.S. Department of Agriculture		535,746	60,589	535,746	60,589
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	771,679		648,111	
<i>Special Education Cluster:</i>					
Special Education Grants to States	84.027	547,141		555,827	
Special Education Preschool Grants	84.173	12,253		12,253	
Total Special Education Cluster		559,394		568,080	
Improving Teacher Quality State Grants	84.367	120,271		128,117	
ARRA - Race to the Top Incentive Grants, Recovery Act - Resident Educator Program	84.395	19,628		81,033	
Total U.S. Department of Education		1,470,972		1,425,341	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
<i>Passed Through Ohio Development Services Agency</i>					
Medical Assistance Program (CAFS)	93.778	106,964		0	
Total U.S. Department of Health and Human Services		106,964		0	
Total		\$2,113,682	\$60,589	\$1,961,087	\$60,589

The accompanying notes are an integral part of this schedule.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D – MEDICAL ASSISTANCE PROGRAM (CAFS)

The District received \$106,964 for the Medical Assistance Program which relates to settlements for CAFS service provided during prior years.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Local School District, Summit County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 17, 2015, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement 65, Items Previously Reported as Assets and Liabilities.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider a significant deficiency in internal control. We consider finding 2014-001 to be a significant deficiency.

Compliance and Other Matters

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

Entity's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

March 17, 2015



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Springfield Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Springfield Local School District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings and questioned costs identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Springfield Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings and questioned costs as item 2014-002. The finding did not require us to modify our compliance opinion on the major federal program.

The District's response to our noncompliance finding is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings and questioned costs as item 2014-002.

The District's response to the internal control over compliance finding we identified is described in the accompanying schedule of findings and questioned costs and / or corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

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

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

Dave Yost
Auditor of State
Columbus, Ohio

March 17, 2015

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Title 1 Grants to Local Educational Agencies CFDA# 84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

Capital Asset Listing

<i>Finding Number</i>	2014-001
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SIGNIFICANT DEFICIENCY

As of June 30, 2014, the capital assets reported in the District's financial statements did not agree to their Capital Asset Activity by Fund Report developed by an asset valuation company. The report did not include \$37,550,731 (which was agreed to supporting documentation for the value of the building cost) related to the construction of the new middle/high school building, \$1,667,399 of furniture and equipment related to the construction of the new middle/high school building and \$117,568 related to copier leases. There was no supporting documentation for the amount of \$1,667,399 of furniture and equipment. In addition, a review of the Capital Asset Activity by Fund Report and the District's depreciation calculations indicated no depreciation was expensed during fiscal year 2014 for the \$1,667,399 of furniture and equipment related to the construction of the middle/high school building referred to above.

The District's Asset Acquisition, Transfer and Disposal Policy #7455 provides fixed assets are defined as those tangible assets of the District with a useful life in excess of one year that the District intends to hold or continue to use over an extended period of time. Such fixed assets have an initial cost equal to or exceeding \$5,000. However, capital assets reported in the District's financial statements include assets valued between \$1,500 and \$4,999.

Without maintaining proper capital asset records, the District will be unable to ensure completeness over assets its assets.

The District should maintain a detailed listing of capital assets that agrees to the financial statements to help ensure accuracy and completeness of capital assets for financial reporting purposes. In addition, the District should periodically reconcile the detailed listing for each asset class to the summary reported in the financial statements.

Official's Response: A proper capital asset listing will be completed.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Time and Effort Documentation

Finding Number	2014-002
CFDA Title and Number	Title 1 Grants to Local Educational Agencies, CFDA# 84.010
Federal Award Number / Year	2014
Federal Agency	Department of Education
Pass-Through Agency	Ohio Department of Education

QUESTIONED COST/NONCOMPLIANCE/SIGNIFICANT DEFICIENCY - ALLOWABLE COSTS/COST PRINCIPLES

2 Code of Federal Regulations Part 225, Appendix B (8)(h) provides, in part, charges to Federal awards for salaries and wages will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official of the government unit. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for that period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Such documentary support will be required where employees work on more than one Federal award, or a Federal award and a non-Federal award. Personnel activity reports or equivalent documentation must meet the following standards:

- They must reflect an after-the-fact distribution of the actual activity of each employee;
- They must account for the total activity for which the employee is compensated;
- They must be prepared at least monthly and must coincide with one or more pay periods; and
- They must be signed by the employee.

Time and effort documentation was not maintained during fiscal year 2014 for one employee of the District. As a result, Title I grant payroll expenditures in the amount of \$22,745 are considered questioned costs.

The District should maintain personnel activity reports or equivalent documentation when employees are paid from multiple funds and semi-annual certifications for employees paid from only one grant fund. This will help ensure the proper amount is being charged to each Federal program.

The District should maintain semi-annual certifications, personnel activity reports, or equivalent documentation required for all employees paid from any Federal programs, in accordance with the requirements of 2 C.F.R. Part 225, Appendix B 8(h). This will help ensure the District is in compliance with all Federal time and effort documentation requirements. Furthermore, failure to maintain adequate time and effort documentation could compromise the District's eligibility to participate in future Federal grant programs.

Official's Response: Semi-annual certifications/time and effort will be complete for all required employees.

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-002	Semi-annual certifications/time and effort will be completed for all required employees	3/25/15	Christopher Adams

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SPRINGFIELD LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 7, 2015**