



**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the general-purpose financial statements of the Springfield Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Springfield Local School District, Mahoning County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2000 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

October 31, 2000

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>ASSETS AND OTHER DEBITS</u>				
ASSETS:				
Equity in pooled cash and cash equivalents	\$747,173	\$128,700	\$518,648	\$389,779
Receivables (net of allowances of uncollectibles):				
Taxes - current & delinquent	2,420,647		350,417	
Accounts	843	82		
Interfund loan receivable	35,540			
Due from other governments				
Prepayments	8,618			
Materials and supplies inventory				
Restricted assets:				
Equity in pooled cash and cash equivalents	88,004			
Property, plant and equipment (net of accumulated depreciation where applicable)				
OTHER DEBITS:				
Amount available in debt service fund				
Amount to be provided for retirement of general long-term obligations				
Total assets and other debits	<u>\$3,300,825</u>	<u>\$128,782</u>	<u>\$869,065</u>	<u>\$389,779</u>

The notes to the general purpose financial statements are an integral part of this statement.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$112,058	\$2,388	\$20,359			\$1,919,105
					2,771,064
815					1,740
					35,540
19,035					19,035
					8,618
24,364					24,364
					88,004
76,304			\$10,160,357		10,236,661
				\$518,649	518,649
				3,355,582	3,355,582
<u>\$232,576</u>	<u>\$2,388</u>	<u>\$20,359</u>	<u>\$10,160,357</u>	<u>\$3,874,231</u>	<u>\$18,978,362</u>

--Continued

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES:				
Accounts payable	\$2,072	\$9,301		\$1,980
Accrued wages and benefits	628,986	14,768		
Compensated absences payable	20,969	250		
Pension obligation payable.	107,966			
Deferred revenue	2,284,010		\$350,417	
Due to other governments.	433			
Due to students				
Interfund loans payable.				35,540
General obligation bonds payable				
Total liabilities	<u>3,044,436</u>	<u>24,319</u>	<u>350,417</u>	<u>37,520</u>
EQUITY AND OTHER CREDITS:				
Investment in general fixed assets.				
Retained earnings: unreserved.				
Fund balances:				
Reserved for encumbrances	5,376	15,456		12,402
Reserved for prepayments	8,618			
Reserved for debt service.			518,648	
Reserved for budget stabilization.	57,162			
Reserved for textbooks	30,842			
Unreserved-undesignated.	<u>154,391</u>	<u>89,007</u>		<u>339,857</u>
Total equity and other credits	<u>256,389</u>	<u>104,463</u>	<u>518,648</u>	<u>352,259</u>
Total liabilities, equity and other credits	<u>\$3,300,825</u>	<u>\$128,782</u>	<u>\$869,065</u>	<u>\$389,779</u>

The notes to the general purpose financial statements are an integral part of this statement.

<u>Proprietary Fund Types</u>		<u>Fund Type</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$228					\$13,581
13,397					657,151
10,830				\$620,885	652,934
10,861				43,350	162,177
6,778					2,641,205
					433
		\$20,359			20,359
					35,540
				3,209,996	3,209,996
<u>42,094</u>		<u>20,359</u>		<u>3,874,231</u>	<u>7,393,376</u>
			\$10,160,357		10,160,357
190,482	\$2,388				192,870
					33,234
					8,618
					518,648
					57,162
					30,842
					583,255
<u>190,482</u>	<u>2,388</u>		<u>10,160,357</u>		<u>11,584,986</u>
<u>\$232,576</u>	<u>\$2,388</u>	<u>\$20,359</u>	<u>\$10,160,357</u>	<u>\$3,874,231</u>	<u>\$18,978,362</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
From local sources:					
Taxes	\$2,156,345		\$418,692	\$213,588	\$2,788,625
Tuition	2,280				2,280
Earnings on investments	107,666				107,666
Other local revenues	50,248	\$223,734	7,214		281,196
Other revenue		4,213			4,213
Intergovernmental - State	4,368,601	65,446	47,674	34,183	4,515,904
Intergovernmental - Federal		157,761			157,761
Total revenue	6,685,140	451,154	473,580	247,771	7,857,645
Expenditures:					
Current:					
Instruction:					
Regular	3,455,709	46,331		5,198	3,507,238
Special	355,697	85,386			441,083
Vocational	184,028				184,028
Other	6,981	5,114			12,095
Support services:					
Pupil	186,112	29,234			215,346
Instructional staff	235,561	36,909		3,172	275,642
Board of Education	10,967				10,967
Administration	868,335	3,526		2,000	873,861
Fiscal	172,355		7,144	9,980	189,479
Business	625				625
Operations and maintenance	597,208			2,150	599,358
Pupil transportation	400,672	5,779			406,451
Central	26,208	8,257			34,465
Community services		15,922			15,922
Extracurricular activities	141,642	188,768			330,410
Facilities, acquisition and construction				382,985	382,985
Debt service:					
Principal retirement			155,000		155,000
Interest and fiscal charges			129,381		129,381
Total expenditures	6,642,100	425,226	291,525	405,485	7,764,336
Excess of revenues over (under) expenditures	43,040	25,928	182,055	(157,714)	93,309
Other financing sources:					
Proceeds from sale of assets	50				50
Total other financing sources	50				50
Excess of revenues and other financing sources over (under) expenditures and other financing uses	43,090	25,928	182,055	(157,714)	93,359
Fund balances, July 1	213,299	78,535	336,593	509,973	1,138,400
Fund balances, June 30	\$256,389	\$104,463	\$518,648	\$352,259	\$1,231,759

The notes to the general purpose financial statements are an integral part of this statement.

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes.....	\$1,998,539	\$2,026,119	\$27,580			
Tuition.....	2,249	2,280	31			
Earnings on investments.....	106,200	107,666	1,466			
Other local revenues.....	47,053	47,702	649	\$219,326	\$223,594	\$4,268
Other revenue				4,133	4,213	80
Intergovernmental - State.....	4,309,134	4,368,601	59,467	64,196	65,445	1,249
Intergovernmental - Federal.....				154,750	157,761	3,011
Total revenues.....	6,463,175	6,552,368	89,193	442,405	451,013	8,608
Expenditures:						
Instruction:						
Regular.....	3,702,069	3,543,744	158,325	165,957	47,587	118,370
Special.....	361,067	360,434	633	100,321	88,543	11,778
Vocational.....	180,472	187,232	(6,760)	46		46
Other.....	25,393	7,218	18,175	8,559	5,116	3,443
Support services:						
Pupil.....	162,722	194,161	(31,439)	50,288	29,234	21,054
Instructional staff.....	226,806	238,750	(11,944)	27,819	37,127	(9,308)
Board of Education.....	13,315	10,968	2,347			
Administration.....	810,378	871,505	(61,127)	1,385	3,526	(2,141)
Fiscal.....	179,906	177,733	2,173			
Business.....	4,987	626	4,361			
Operations and maintenance.....	599,031	623,656	(24,625)			
Pupil transportation.....	375,754	405,062	(29,308)		5,898	(5,898)
Central.....	21,316	26,209	(4,893)	9,611	7,995	1,616
Community services.....				15,740	15,965	(225)
Extracurricular activities.....	150,696	141,838	8,858	153,674	202,647	(48,973)
Facilities services.....	25,847		25,847			
Debt service:						
Principal retirement.....						
Interest and fiscal charges.....						
Total expenditures.....	6,839,759	6,789,136	50,623	533,400	443,638	89,762
Excess (deficiency) of revenues over (under) expenditures.....	(376,584)	(236,768)	139,816	(90,995)	7,375	98,370
Other financing sources (uses):						
Refund of prior year's expenditures.....	5,635	5,713	78	55	56	1
Refund of prior year's (receipts).....	52	53	1			
Advances in.....						
Advances (out).....		(35,540)	(35,540)			
Proceeds of sale of fixed assets.....	49	50	1			
Total other financing sources (uses).....	5,736	(29,724)	(35,460)	55	56	1
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).....	(370,848)	(266,492)	104,356	(90,940)	7,431	98,371
Fund balances, July 1.....	1,078,066	1,078,066		93,586	93,586	
Prior year encumbrances appropriated.....	15,723	15,723		3,267	3,267	
Fund balances, June 30.....	<u>\$722,941</u>	<u>\$827,297</u>	<u>\$104,356</u>	<u>\$5,913</u>	<u>\$104,284</u>	<u>\$98,371</u>

The notes to the general purpose financial statements are an integral part of this statement.

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$404,539	\$418,692	\$14,153	\$209,249	\$213,588	\$4,339	\$2,612,327	\$2,658,399	\$46,072
						2,249	2,280	31
						106,200	107,666	1,466
6,970	7,214	244				273,349	278,510	5,161
						4,133	4,213	80
46,063	47,674	1,611	33,489	34,183	694	4,452,882	4,515,903	63,021
						154,750	157,761	3,011
457,572	473,580	16,008	242,738	247,771	5,033	7,605,890	7,724,732	118,842
			22,474	6,605	15,869	3,890,500	3,597,936	292,564
						461,388	448,977	12,411
			4,100		4,100	184,618	187,232	(2,614)
						33,952	12,334	21,618
						213,010	223,395	(10,385)
				4,106	(4,106)	254,625	279,983	(25,358)
						13,315	10,968	2,347
				2,000	(2,000)	811,763	877,031	(65,268)
30,000	7,144	22,856	408,418	9,980	398,438	618,324	194,857	423,467
						4,987	626	4,361
				2,150	(2,150)	599,031	625,806	(26,775)
						375,754	410,960	(35,206)
						30,927	34,204	(3,277)
						15,740	15,965	(225)
						304,370	344,485	(40,115)
			354,555	415,220	(60,665)	380,402	415,220	(34,818)
155,000	155,000					155,000	155,000	
666,854	129,381	537,473				666,854	129,381	537,473
851,854	291,525	560,329	789,547	440,061	349,486	9,014,560	7,964,360	1,050,200
(394,282)	182,055	576,337	(546,809)	(192,290)	354,519	(1,408,670)	(239,628)	1,169,042
						5,690	5,769	79
						52	53	1
			34,818	35,540	722	34,818	35,540	722
							(35,540)	(35,540)
						49	50	1
			34,818	35,540	722	40,609	5,872	(34,737)
(394,282)	182,055	576,337	(511,991)	(156,750)	355,241	(1,368,061)	(233,756)	1,134,305
336,593	336,593		524,566	524,566		2,032,811	2,032,811	
			7,581	7,581		26,571	26,571	
<u>(\$57,689)</u>	<u>\$518,648</u>	<u>\$576,337</u>	<u>\$20,156</u>	<u>\$375,397</u>	<u>\$355,241</u>	<u>\$691,321</u>	<u>\$1,825,626</u>	<u>\$1,134,305</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating revenues:			
Tuition and fees	\$3,153		\$3,153
Sales/charges for services	218,998		218,998
Total operating revenues.	<u>222,151</u>		<u>222,151</u>
Operating expenses:			
Personal services	139,988		139,988
Contract services	5,874		5,874
Materials and supplies.	221,588		221,588
Depreciation.	7,964		7,964
Total operating expenses	<u>375,414</u>		<u>375,414</u>
Operating loss	<u>(153,263)</u>		<u>(153,263)</u>
Nonoperating revenues:			
Operating grants	131,153		131,153
Federal commodities	31,685		31,685
Interest revenue.	6,423		6,423
Total nonoperating revenues	<u>169,261</u>		<u>169,261</u>
Net income	15,998		15,998
Retained earnings, July 1, as restated.	<u>174,484</u>	<u>\$2,388</u>	<u>176,872</u>
Retained earnings, June 30	<u>\$190,482</u>	<u>\$2,388</u>	<u>\$192,870</u>

The notes to the general purpose financial statements are an integral part of this statement.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash flows from operating activities:			
Cash received from tuition and fees	\$3,153		\$3,153
Cash received from sales/service charges	218,953		218,953
Cash payments for personal services.	(148,804)		(148,804)
Cash payments for contract services	(5,686)		(5,686)
Cash payments for supplies and materials	<u>(192,543)</u>		<u>(192,543)</u>
Net cash used in operating activities	<u>(124,927)</u>		<u>(124,927)</u>
Cash flows from noncapital financing activities:			
Cash received from operating grants.	<u>136,082</u>		<u>136,082</u>
Net cash provided by noncapital financing activities	<u>136,082</u>		<u>136,082</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(25,282)</u>		<u>(25,282)</u>
Net cash used in capital and related financing activities	<u>(25,282)</u>		<u>(25,282)</u>
Cash flows from investing activities:			
Interest received	<u>6,423</u>		<u>6,423</u>
Net cash provided by investing activities.	<u>6,423</u>		<u>6,423</u>
Net increase in cash and cash equivalents	(7,704)		(7,704)
Cash and cash equivalents at beginning of year	<u>119,762</u>	<u>\$2,388</u>	<u>122,150</u>
Cash and cash equivalents at end of year	<u>\$112,058</u>	<u>\$2,388</u>	<u>\$114,446</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	(\$153,263)		(\$153,263)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	7,964		7,964
Federal donated commodities	31,685		31,685
Changes in assets and liabilities:			
Increase in supplies inventory.	(790)		(790)
Increase in accounts receivable	(45)		(45)
Decrease in accounts payable	188		188
Decrease in accrued wages and benefits.	(4,532)		(4,532)
Increase in compensated absences payable	625		625
Increase in pension obligation payable	(4,909)		(4,909)
Increase in deferred revenue.	<u>(1,850)</u>		<u>(1,850)</u>
Net cash used in operating activities.	<u>(\$124,927)</u>		<u>(\$124,927)</u>

The notes to the general purpose financial statements are an integral part of this statement.

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District is the 418th largest in the State of Ohio (among 660 public and community school districts) in terms of enrollment. It currently operates one elementary school, one middle school, and one comprehensive high school. The District is staffed by 36 non-certificated and 87 certificated personnel to provide services to approximately 1,308 students and other community members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity." When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the District's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with the District:

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1. Jointly Governed Organizations:

Area Cooperative Computerized Educational Service System (ACCESS)

ACCESS is a jointly governed organization among 22 school districts and 2 county educational service centers. ACCESS was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge dependent upon the software package utilized. ACCESS is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in ACCESS. Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507-1693.

Mahoning County Joint Vocational School District

The Mahoning County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 13 participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Joint Vocational School District, at 2801 Market Street, Room 202, Youngstown, Ohio 44407.

2. Public Entity Risk Pool:

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1. Governmental Funds:

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund

The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by proprietary funds).

2. Proprietary Funds:

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary fund types:

Enterprise Funds

The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund

The internal service fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Fiduciary Funds:

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. At June 30, 2000, there were no accruals for the agency fund which, in another fund type, would be recognized in the combined balance sheet.

4. Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used.

General Fixed Assets Account Group

This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group

This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminate and are intended to finance fiscal 2001 operations, have been recorded as deferred revenues, except for that portion which is available from the County Auditor as advanced at June 30. This amount is recognized as revenue.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In proprietary funds, unused donated commodities are reported as deferred revenue.

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2000 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Mahoning County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2000.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. Supplemental appropriations were legally enacted by the Board of Education in fiscal year 2000, however, none of these amendments were significant.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 14 provides a reconciliation of the budgetary and GAAP basis of accounting for governmental fund types and Note 11 provides disclosure of the encumbrances outstanding for enterprise funds at fiscal year end.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

Investments are reported at cost except for investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), which is reported at fair value. Fair value is based on quoted market prices.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District has invested funds in STAR Ohio during fiscal 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Under existing Ohio statutes all investment earnings are assigned to the general fund except for those specifically related to the Food Service enterprise fund. The following funds were credited with more interest revenue than would have been received based upon their share of the District's investments:

<u>Fund</u>	<u>Interest Actually Received</u>	<u>Interest Based Upon Share of Investments</u>	<u>Interest Assigned By Other Funds</u>
General	\$107,666	\$52,369	\$55,297
<u>Enterprise</u>			
Food Service	6,423	6,193	230

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investment account at year end is provided in Note 4.

F. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture, fixtures and equipment	5 - 20

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for proprietary fund operations are recognized as non-operating revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program
School Bus Purchase Program

Non-Reimbursable Grants

Special Revenue Funds

Title VI
Educational Management Information Systems
Title I
Disadvantaged Pupil Impact Aid
Teacher Development
Eisenhower Grant
Title VI-B
Safe School Help Line
School Net
Ohio Reads
Drug Free Grant

Capital Projects Funds

Permanent Improvement
Technology Equity

Reimbursable Grants

General Fund

Driver Education Reimbursement

Enterprise Fund

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately 58% of the District's operating revenue during the 2000 fiscal year.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Compensated Absences

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

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

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

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

I. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

J. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, prepayments, budget stabilization, textbooks, and debt service. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Interfund Transactions

During the course of normal operations, the District may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers. The District made no interfund operating transfers during fiscal year 2000.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had one short-term interfund loan receivable and payable at June 30, 2000.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable and payable at June 30, 2000.

L. Inventory

Inventories of proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by the State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. See Note 16 for detail of statutory reserves.

N. Estimates

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

O. Memorandum Only - Total Columns

Total columns on the GPFS are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

Due to an error in the calculation of accumulated depreciation at June 30, 1999, a prior period adjustment is required to properly state retained earnings in the Food Service enterprise fund. The adjustment for accumulated depreciation had the following effect on retained earnings as previously reported at June 30, 1999:

	<u>Enterprise</u>
Retained earnings as previously reported	\$186,572
Restatement of accumulated depreciation	<u>(12,088)</u>
 Restated retained earnings at July 1, 1999	 <u>\$174,484</u>

B. Deficit Fund Balances

Fund balance at June 30, 2000 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Management Information System	\$ (262)
Disadvantaged Pupil Impact Aid	(2)
Title I (3,003)	
 <u>Capital Projects Funds</u>	
Emergency Building Repair	(35,540)

These funds complied with Ohio state law, which does not permit a cash basis deficit at year end.

The deficit fund balance in the Disadvantaged Pupil Impact Aid, Management Information System, and Title I special revenue funds are caused by accruing wage, benefit and compensated absence obligations in accordance with GAAP. These deficits will be eliminated by intergovernmental revenues and other subsidies not recognized at June 30.

The deficit balance in the Emergency Building Repair capital projects fund is caused by the application of GAAP, namely in the reporting of a liability for short-term interfund loans received. These deficit balances will be eliminated as revenues become available to repay these short-term interfund loans.

4. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Inactive deposits are public deposits 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 certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Depository 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 money 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 or interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days 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 instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the District's deposits was \$103,205 and the bank balance was \$318,142. Of the bank balance:

1. \$100,000 was covered by federal depository insurance.
2. \$218,142 was covered by collateral held by a qualified third party trustee in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments: GASB Statement No. 3 requires the District investments to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes insured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

At June 30, 2000, the District had an investment of \$1,903,904 in STAR Ohio. STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of pooled cash and cash equivalents on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9 Investments of the cash management pool:	\$ 2,007,109	\$
Investment in STAR Ohio	(1,903,904)	1,903,904
GASB Statement No. 3	\$ 103,205	\$1,903,904

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

5. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2000, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$35,540	\$
<u>Special Revenue Funds</u>		
Emergency Building Repairs	_____	<u>35,540</u>
Total	<u>\$35,540</u>	<u>\$35,540</u>

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 1999 taxes were collected was \$102,908,160. Agricultural/residential and public utility/minerals real estate represented \$81,292,270 or 79.00% of this total, commercial and industrial real estate represented \$9,233,300 or 8.97% of this total, public utility tangible represented \$7,780,380 or 7.56% of this total and general tangible property represented \$4,602,210 or 4.47% of this total. The voted general tax rate at the fiscal year ended June 30, 2000 was \$33.50 per \$1,000.00 of assessed valuation for operations and \$3.50 per \$1,000.00 of assessed valuation for debt retirement.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

The Mahoning County Treasurer collects real estate property taxes on behalf of all taxing districts within the County. The Mahoning County Auditor periodically remits to the District its portion of the taxes collected with final settlement in March and September. Such collections are available to pay current period liabilities.

The Mahoning County Treasurer collects personal property taxes on behalf of all taxing districts within the County. The Mahoning County Auditor periodically remits to the District its portion of the taxes collected with final settlement in February and August. Such collections are available to pay current period liabilities.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES - (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. There were no tax advances available at June 30, 2000.

7. RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts, interfund loans and intergovernmental state and federal grants and entitlements (to the extent they are intended to finance the current fiscal year). Intergovernmental grants receivable have been presented as "Due from other governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General</u>	
Taxes - current & delinquent	\$2,420,647
Accounts	843
Interfund loans	35,540
 <u>Debt Service Fund</u>	
Taxes - current & delinquent	350,417
 <u>Enterprise Funds</u>	
Due from other governments	19,035

8. FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance</u> <u>July 1, 1999</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2000</u>
Land/ improvements	\$ 528,776	\$	\$	\$ 528,776
Buildings/ improvements	6,935,074			6,935,074
Furniture/ equipment	2,007,444	43,381		2,050,825
Vehicles	<u>617,927</u>	<u>59,735</u>	<u>(31,980)</u>	<u>645,682</u>
Total	<u>\$10,089,221</u>	<u>\$103,116</u>	<u>\$(31,980)</u>	<u>\$10,160,357</u>

A summary of the proprietary fixed assets at June 30, 2000 follows:

Furniture and equipment	\$ 207,671
Less: accumulated depreciation	<u>(131,367)</u>
Net fixed assets	<u>\$ 76,304</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

9. LONG-TERM OBLIGATIONS

- A.** On June 24, 1999, the District issued \$3,364,996 general obligation various purpose refunding bonds. The bonds bear interest at rates ranging from 3.25 percent to 5.20 percent per annum and mature in various installments through December 1, 2012. The proceeds of the bonds were used to advance refund the District's 1990 general obligation school improvement bonds by purchasing U.S. Government State and Local Government Series securities (SLGS) that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds are not included in the District's outstanding debt since the District has satisfied its obligations through the advance refunding. The principal balance of the general obligation various purpose refunding bonds at June 30, 2000 was \$3,209,996.

The assets held in trust as a result of the advance refundings described above are not included in the accompanying GPFS.

The following is a description of the District's general obligation refunding bond activity for fiscal year 2000:

	<u>Outstanding July 1, 1999</u>	<u>Issued in 2000</u>	<u>Retired in 2000</u>	<u>Outstanding June 30, 2000</u>
General Obligation Bonds	<u>\$3,364,996</u>	<u>\$ _____</u>	<u>\$(155,000)</u>	<u>\$3,209,996</u>

- B.** The following is a description of the District's future annual debt service requirements to maturity for the general obligation refunding bonds:

<u>Fiscal Year Ending June 30</u>	<u>Principal on General Obligation Bonds</u>	<u>Interest on General Obligation Bonds</u>	<u>Total</u>
2001	\$ 215,000	\$ 122,993	\$ 337,993
2002	225,000	114,791	339,791
2003	235,000	105,760	340,760
2004	245,000	95,976	340,976
2005	260,000	85,368	345,368
2006 - 2010	1,435,000	244,866	1,679,866
2011 - 2013	<u>594,996</u>	<u>422,677</u>	<u>1,017,673</u>
Total	<u>\$3,209,996</u>	<u>\$1,192,431</u>	<u>\$4,402,427</u>

- C.** During the year ended June 30, 2000, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid.

	<u>Balance July 1, 1999</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2000</u>
Compensated absences	\$ 600,518	\$134,074	\$(113,707)	\$ 620,885
Pension obligation payable	43,862	43,350	(43,862)	43,350
General obligation bonds payable	<u>3,364,996</u>	<u>_____</u>	<u>(155,000)</u>	<u>3,209,996</u>
Total	<u>\$4,009,376</u>	<u>\$177,424</u>	<u>\$(312,569)</u>	<u>\$3,874,231</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

9. LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$6,570,387 (including available funds of \$518,648) and an unvoted debt margin of \$102,908.

10. RISK MANAGEMENT

A. Comprehensive

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

The comprehensive commercial coverage limits are \$15,484,200 and a deductible of \$1,000 per occurrence. The inland marine policy has a liability limit of \$500,000 on musical instruments, \$134,500 on photographic equipment, \$500,000 on athletic equipment and office machines, and \$282,700 on electronic equipment and data. All of the above mentioned inland marine coverages have a \$250 deductible. The boiler and machinery policy has a liability limit of \$12,205,200 and a deductible of \$1,000 per occurrence.

The business auto coverage now has a combined liability single limit of \$1,000,000 per accident. There are no longer individual limits for bodily injury or property damage.

The District still has liability insurance coverage limits of \$2,000,000 per claim and \$5,000,000 annual aggregate. However, the employee benefits liability is now included in the basic policy with the policy limits. This coverage has a \$1,000 deductible. In addition, the liability policy has a fire damage limit of \$100,000 for any one fire, and a medical expense limit of \$5,000 for any one person.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

B. Mahoning County Employee Insurance Consortium

The District has joined together with other school districts in Mahoning County to form the Mahoning County Employee Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 13 member school districts. The plan was organized to provide life insurance, health care and other benefits to its member organizations.

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

The health and dental coverage is administered by Professional Risk Management, a third party administrator. National Term Life Insurance Company provides the life insurance coverage.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

10. RISK MANAGEMENT - (Continued)

C. Worker's Compensation

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

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

11. SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating revenue	\$218,998	\$3,153	\$222,151
Operating expenses before depreciation	364,545	2,905	367,450
Depreciation	7,964		7,964
Operating income (loss)	(153,511)	248	(153,263)
Operating grants	131,153		131,153
Federal donated commodities	31,685		31,685
Net income	15,750	248	15,998
Fixed asset additions	25,282		25,282
Net working capital	123,030	1,978	125,008
Total assets	230,598	1,978	232,576
Total liabilities	42,094		42,094
Total equity	188,504	1,978	190,482
Encumbrances outstanding at June 30, 2000	631		631

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

12. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$114,850, \$104,622, and \$146,155, respectively; 59 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$57,054, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$525,722, \$544,501, and \$527,716, respectively; 85 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$82,708, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

12. DEFINED BENEFIT PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2000, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

13. POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$300,413 during fiscal 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999 (the latest information available), net health care costs paid by STRS were \$249.929 million and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were \$126.4 million and the target level was \$189.6 million. At June 30, 1999 (the latest information available), SERS had net assets available for payment of health care benefits of \$188.0 million and SERS had approximately 51,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$84,912 during the 2000 fiscal year.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

14. BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

**Excess of Revenues and Other Financing
Sources Over (Under) Expenditures and Other
Financing Uses**

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>
Budget basis	\$(266,492)	\$ 7,431	\$182,055	\$(156,750)
Net adjustment for revenue accruals	132,772	141		
Net adjustment for expenditure accruals	139,155	(6,004)		20,194
Net adjustment for other financing sources (uses)	29,774	(56)		(35,540)
Encumbrances (budget basis)	<u>7,881</u>	<u>24,416</u>	<u> </u>	<u>14,382</u>
GAAP basis	<u>\$ 43,090</u>	<u>\$25,928</u>	<u>\$182,055</u>	<u>\$ (157,714)</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

15. CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2000.

B. Litigation

There is no current litigation pending which would have a material effect on the financial statements.

C. State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$4,117,954 of total school foundation support.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The court concluded, "...the mandate of the (Ohio) Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

16. STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 1999	\$	\$	\$57,162
Current year set-aside requirement	152,258	152,258	
Current year offsets		(204,338)	
Qualifying disbursements	<u>(121,416)</u>	<u>(162,920)</u>	<u> </u>
 Total	 <u>\$ 30,842</u>	 <u>\$(215,000)</u>	 <u>\$57,162</u>
 Cash balance carried forward to FY 2001	 <u>\$ 30,842</u>	 <u>\$ </u>	 <u>\$57,162</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for textbooks	\$30,842
Amount restricted for budget stabilization	<u>57,162</u>
Total restricted assets	<u>\$88,004</u>

17. SCHOOL DISTRICT INCOME TAX

The voters of the District passed a 1% school district income tax at the November 2, 1999 election that became effective January 1, 2000. This tax is effective for 5 years. School district income tax revenue for the general fund during fiscal year 2000 was \$189,089.

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STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the financial statements of the Springfield Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated October 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated October 31, 2000.

Springfield Local School District
Mahoning County
Report of Independent Accountants on Compliance and on
Internal Control Required by Government Auditing Standards
Page 2

This report is intended for the information and use of the District's Board of Education and management, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 31, 2000



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OFFICE OF THE AUDITOR

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SPRINGFIELD LOCAL SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 14, 2000**