



**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT  
WARREN COUNTY**

**REGULAR AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT  
WARREN COUNTY**

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## INDEPENDENT ACCOUNTANTS' REPORT

Springboro Community City School District  
Warren County  
270 West Central Avenue  
Springboro, Ohio 45066

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Springboro Community City School District, Warren County, Ohio (the District), as of and for the fiscal 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 District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 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

December 21, 2000

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**Springboro Community City School District  
Warren County**

**Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2000**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<i>Assets and Other Debits:</i>				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$308,417	\$419,118	\$821,115	\$1,727,479
Cash and Cash Equivalents:				
With Fiscal and Escrow Agents	0	0	13,606	257,474
Receivables:				
Taxes	9,691,099	0	2,498,337	1,787,600
Accounts	998	693	0	0
Intergovernmental	3,403	87,318	0	88,107
Accrued Interest	0	0	0	0
Interfund Receivable	193,329	0	0	0
Due from Other Funds	0	0	0	0
Prepaid Items	9,657	0	0	0
Materials and Supplies Inventory	0	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	321,519	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<i>Other Debits:</i>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$10,528,422</b>	<b>\$507,129</b>	<b>\$3,333,058</b>	<b>\$3,860,660</b>



<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$135,492	\$17,520	\$141,657	\$0	\$0	\$3,570,798
0	0	0	0	0	271,080
0	0	0	0	0	13,977,036
0	0	0	0	0	1,691
0	0	0	0	0	178,828
0	0	1,472	0	0	1,472
0	0	0	0	0	193,329
0	13,434	0	0	0	13,434
0	0	0	0	0	9,657
4,002	0	0	0	0	4,002
6,344	0	0	0	0	6,344
0	0	0	0	0	321,519
473,107	0	0	43,992,885	0	44,465,992
0	0	0	0	1,128,442	1,128,442
0	0	0	0	30,575,737	30,575,737
<b>\$618,945</b>	<b>\$30,954</b>	<b>\$143,129</b>	<b>\$43,992,885</b>	<b>\$31,704,179</b>	<b>\$94,719,361</b>

(continued)

**Springboro Community City School District  
Warren County**

**Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2000  
(Continued)**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<i>Liabilities,</i>				
<i>Fund Equity and Other Credits:</i>				
<i>Liabilities:</i>				
Accounts Payable	\$112,515	\$21,871	\$0	\$5,107
Accrued Wages and Benefits	1,840,575	44,517	0	0
Retainage Payable	0	0	0	257,474
Compensated Absences Payable	129,275	0	0	0
Interfund Payable	0	93,329	0	0
Intergovernmental Payable	334,443	7,192	0	0
Due to Other Funds	13,434	0	0	0
Deferred Revenue	8,969,492	0	2,191,010	1,787,600
Undistributed Monies	0	0	0	0
Matured Interest Payable	0	0	3,606	0
Matured Bonds Payable	0	0	10,000	0
Accrued Interest Payable	5,438	0	0	0
Claims Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Contingency Payable	0	0	0	0
Notes Payable	209,000	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<u>11,614,172</u>	<u>166,909</u>	<u>2,204,616</u>	<u>2,050,181</u>
<i>Fund Equity and Other Credits:</i>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	38,543	17,590	0	233,561
Reserved for Budget Stabilization	321,519	0	0	0
Reserved for Property Taxes	721,607	0	307,327	0
Unreserved:				
Undesignated (Deficit)	<u>(2,167,419)</u>	<u>322,630</u>	<u>821,115</u>	<u>1,576,918</u>
<b>Total Fund Equity (Deficit) and Other Credits</b>	<u>(1,085,750)</u>	<u>340,220</u>	<u>1,128,442</u>	<u>1,810,479</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u><u>\$10,528,422</u></u>	<u><u>\$507,129</u></u>	<u><u>\$3,333,058</u></u>	<u><u>\$3,860,660</u></u>

See accompanying notes to the financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
\$345	\$4,184	\$0	\$0	\$0	\$144,022
40,854	0	0	0	0	1,925,946
0	0	0	0	0	257,474
9,875	0	0	0	1,310,870	1,450,020
0	100,000	0	0	0	193,329
10,026	0	0	0	138,738	490,399
0	0	0	0	0	13,434
1,965	0	0	0	0	12,950,067
0	0	74,141	0	0	74,141
0	0	0	0	0	3,606
0	0	0	0	0	10,000
0	0	0	0	0	5,438
0	12,230	0	0	0	12,230
0	0	0	0	134,571	134,571
0	0	0	0	460,000	460,000
0	0	0	0	0	209,000
0	0	0	0	29,660,000	29,660,000
63,065	116,414	74,141	0	31,704,179	47,993,677
0	0	0	43,992,885	0	43,992,885
233,442	0	0	0	0	233,442
322,438	(85,460)	0	0	0	236,978
0	0	0	0	0	289,694
0	0	0	0	0	321,519
0	0	0	0	0	1,028,934
0	0	68,988	0	0	622,232
555,880	(85,460)	68,988	43,992,885	0	46,725,684
<b>\$618,945</b>	<b>\$30,954</b>	<b>\$143,129</b>	<b>\$43,992,885</b>	<b>\$31,704,179</b>	<b>\$94,719,361</b>

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**Springboro Community City School District  
Warren County**

**Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types and Expendable Trust Fund  
For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Property and Other Local Taxes	\$10,361,637	\$0	\$2,668,416	\$0	\$0	\$13,030,053
Intergovernmental	5,929,625	418,313	166,631	88,107	0	6,602,676
Interest	102,817	0	0	153,814	2,968	259,599
Tuition and Fees	100,933	17,487	0	0	0	118,420
Rent	6,202	0	0	0	0	6,202
Extracurricular Activities	0	280,988	0	0	0	280,988
Gifts and Donations	96	59,221	0	0	1,000	60,317
Miscellaneous	87,123	51,093	0	6,476	0	144,692
<b>Total Revenues</b>	<b>16,588,433</b>	<b>827,102</b>	<b>2,835,047</b>	<b>248,397</b>	<b>3,968</b>	<b>20,502,947</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	8,507,398	81,514	0	26,757	0	8,615,669
Special	775,208	9,664	0	0	0	784,872
Vocational	57,895	0	0	0	0	57,895
Support Services:						
Pupils	657,640	71,490	0	0	1,000	730,130
Instructional Staff	590,506	152,168	0	0	0	742,674
Board of Education	102,352	0	0	5,732	0	108,084
Administration	1,343,050	13,443	0	0	0	1,356,493
Fiscal	235,482	0	43,314	0	0	278,796
Business	58,202	7,401	0	0	0	65,603
Operation and Maintenance of Plant	1,917,084	1,560	0	3,070	0	1,921,714
Pupil Transportation	1,214,511	0	0	0	0	1,214,511
Central	162,102	6,706	0	0	0	168,808
Operation of Non-Instructional						
Services	25,973	224,023	0	0	0	249,996
Extracurricular Activities	327,939	240,916	0	0	0	568,855
Capital Outlay	22,153	0	0	203,204	0	225,357
Debt Service:						
Principal Retirement	54,740	0	1,200,000	0	0	1,254,740
Interest and Fiscal Charges	26,928	0	1,522,996	0	0	1,549,924
<b>Total Expenditures</b>	<b>16,079,163</b>	<b>808,885</b>	<b>2,766,310</b>	<b>238,763</b>	<b>1,000</b>	<b>19,894,121</b>
Excess of Revenues Over Expenditures	509,270	18,217	68,737	9,634	2,968	608,826
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	50	0	0	0	0	50
Operating Transfers Out	(307,599)	0	0	0	0	(307,599)
<b>Total Other Financing Sources (Uses)</b>	<b>(307,549)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(307,549)</b>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	201,721	18,217	68,737	9,634	2,968	301,277
Fund Balances (Deficit) at Beginning of Year	(1,287,471)	322,003	1,059,705	1,800,845	66,020	1,961,102
<b>Fund Balances (Deficit) at End of Year</b>	<b>(\$1,085,750)</b>	<b>\$340,220</b>	<b>\$1,128,442</b>	<b>\$1,810,479</b>	<b>\$68,988</b>	<b>\$2,262,379</b>

See accompanying notes to the financial statements.

**Springboro Community City School District  
Warren County**

**Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
All Governmental Fund Types and Expendable Trust Fund  
For the Fiscal Year Ended June 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property and Other Local Taxes	\$10,152,062	\$10,152,062	\$0	\$0	\$0	\$0
Intergovernmental	5,926,222	5,926,222	0	343,831	343,831	0
Interest	111,695	111,695	0	0	0	0
Tuition and Fees	109,741	109,741	0	17,487	17,487	0
Rent	6,202	6,202	0	0	0	0
Extracurricular Activities	0	0	0	280,988	280,988	0
Gifts and Donations	96	96	0	76,981	76,981	0
Miscellaneous	75,860	75,860	0	49,914	49,914	0
Total Revenues	<u>16,381,878</u>	<u>16,381,878</u>	<u>0</u>	<u>769,201</u>	<u>769,201</u>	<u>0</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	8,371,026	8,371,026	0	77,634	77,634	0
Special	758,231	758,231	0	15,324	15,324	0
Vocational	57,495	57,495	0	0	0	0
Other	17,701	17,701	0	0	0	0
Support Services:						
Pupils	647,030	647,030	0	71,614	71,614	0
Instructional Staff	647,276	647,276	0	138,539	138,539	0
Board of Education	122,903	122,903	0	0	0	0
Administration	1,199,805	1,199,805	0	15,124	15,124	0
Fiscal	246,731	246,731	0	0	0	0
Business	69,097	69,097	0	5,388	5,388	0
Operation and Maintenance of Plant	1,907,113	1,907,113	0	628	628	0
Pupil Transportation	1,195,298	1,195,298	0	0	0	0
Central	161,995	161,995	0	6,647	6,647	0
Operation of Non-Instructional						
Services	25,084	25,084	0	233,717	233,717	0
Extracurricular Activities	318,800	318,762	38	244,438	244,438	0
Capital Outlay	22,153	22,153	0	0	0	0
Debt Service:						
Principal Retirement	750,000	750,000	0	0	0	0
Interest and Fiscal Charges	1,859	1,859	0	0	0	0
Total Expenditures	<u>16,519,597</u>	<u>16,519,559</u>	<u>38</u>	<u>809,053</u>	<u>809,053</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(137,719)</u>	<u>(137,681)</u>	<u>38</u>	<u>(39,852)</u>	<u>(39,852)</u>	<u>0</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	50	50	0	0	0	0
Proceeds from Sale of Long Term Notes	750,000	750,000	0	0	0	0
Refund of Prior Year Expenditures	24,974	24,974	0	487	487	0
Advances In	0	0	0	93,329	93,329	0
Advances Out	(93,329)	(93,329)	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(419,432)	(419,432)	0	0	0	0
Total Other Financing Sources (Uses)	<u>262,263</u>	<u>262,263</u>	<u>0</u>	<u>93,816</u>	<u>93,816</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	124,544	124,582	38	53,964	53,964	0
Fund Balances at Beginning of Year	409,177	409,177	0	284,229	284,229	0
Prior Year Encumbrances Appropriated	<u>139,510</u>	<u>139,510</u>	<u>0</u>	<u>43,526</u>	<u>43,526</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u><b>\$673,231</b></u>	<u><b>\$673,269</b></u>	<u><b>\$38</b></u>	<u><b>\$381,719</b></u>	<u><b>\$381,719</b></u>	<u><b>\$0</b></u>

See accompanying notes to the financial statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,524,131	\$2,524,131	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166,631	166,631	0	0	0	0	0	0	0
0	0	0	113,677	113,677	0	3,996	3,996	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	1,000	1,000	0
0	0	0	6,476	6,476	0	0	0	0
<u>2,690,762</u>	<u>2,690,762</u>	<u>0</u>	<u>120,153</u>	<u>120,153</u>	<u>0</u>	<u>4,996</u>	<u>4,996</u>	<u>0</u>
0	0	0	26,757	26,757	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	1,000	1,000	0
0	0	0	0	0	0	0	0	0
0	0	0	9,512	9,512	0	0	0	0
0	0	0	0	0	0	0	0	0
43,314	43,314	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	3,070	3,070	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	1,690,045	1,690,045	0	0	0	0
1,509,000	1,509,000	0	0	0	0	0	0	0
1,534,829	1,534,829	0	0	0	0	0	0	0
<u>3,087,143</u>	<u>3,087,143</u>	<u>0</u>	<u>1,729,384</u>	<u>1,729,384</u>	<u>0</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
(396,381)	(396,381)	0	(1,609,231)	(1,609,231)	0	3,996	3,996	0
0	0	0	0	0	0	0	0	0
209,000	209,000	0	0	0	0	0	0	0
0	0	0	593,686	593,686	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
111,833	111,833	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>320,833</u>	<u>320,833</u>	<u>0</u>	<u>593,686</u>	<u>593,686</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(75,548)	(75,548)	0	(1,015,545)	(1,015,545)	0	3,996	3,996	0
777,441	777,441	0	777,430	777,430	0	63,520	63,520	0
0	0	0	1,984,399	1,984,399	0	0	0	0
<u>\$701,893</u>	<u>\$701,893</u>	<u>\$0</u>	<u>\$1,746,284</u>	<u>\$1,746,284</u>	<u>\$0</u>	<u>\$67,516</u>	<u>\$67,516</u>	<u>\$0</u>

**Springboro Community City School District  
Warren County**

**Combined Statement of Revenues,  
Expenses and Changes in Fund Equity  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2000**

	<b>Enterprise</b>	<b>Internal Service</b>	<b>Totals (Memorandum Only)</b>
<b><i>Operating Revenues:</i></b>			
Sales	\$646,880	\$0	\$646,880
Charges for Services	0	1,024,581	1,024,581
Other	1,038	15,981	17,019
Total Operating Revenues	647,918	1,040,562	1,688,480
<b><i>Operating Expenses:</i></b>			
Salaries	207,645	0	207,645
Fringe Benefits	56,867	0	56,867
Purchased Services	5,310	137,568	142,878
Materials and Supplies	123,648	0	123,648
Cost of Sales	253,945	0	253,945
Depreciation	28,247	0	28,247
Claims	0	952,081	952,081
Other	344	0	344
Total Operating Expenses	676,006	1,089,649	1,765,655
Operating Loss	(28,088)	(49,087)	(77,175)
<b><i>Non-Operating Revenues:</i></b>			
Federal Donated Commodities	31,046	0	31,046
Federal and State Subsidies	57,182	0	57,182
Total Non-Operating Revenues	88,228	0	88,228
Income (Loss) Before Operating Transfers	60,140	(49,087)	11,053
Operating Transfers In	0	307,599	307,599
Net Income	60,140	258,512	318,652
Retained Earnings (Deficit) at Beginning of Year - Restated (See Note 24)	262,298	(343,972)	(81,674)
Retained Earnings (Deficit) at End of Year	322,438	(85,460)	236,978
Contributed Capital at Beginning and End of Year	233,442	0	233,442
<b>Total Fund Equity at End of Year</b>	<b>\$555,880</b>	<b>(\$85,460)</b>	<b>\$470,420</b>

See accompanying notes to the financial statements.



**Springboro Community City School District  
Warren County**

**Combined Statement of Revenues, Expenses and  
Changes in Fund Equity - Budget and Actual (Budget Basis)  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2000**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>						
Sales	\$646,880	\$646,880	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	1,011,147	1,011,147	0
Refund of Prior Year Expense	1,038	1,038	0	0	0	0
Federal and State Subsidies	57,182	57,182	0	0	0	0
Other	0	0	0	15,981	15,981	0
<b>Total Operating Revenues</b>	<u>705,100</u>	<u>705,100</u>	<u>0</u>	<u>1,027,128</u>	<u>1,027,128</u>	<u>0</u>
<b>Expenses:</b>						
Salaries	206,136	206,136	0	0	0	0
Fringe Benefits	64,295	64,295	0	0	0	0
Purchased Services	61,928	61,928	0	141,072	141,072	0
Materials and Supplies	349,710	349,710	0	0	0	0
Capital Outlay	3,751	3,751	0	0	0	0
Other	344	344	0	1,177,075	1,177,075	0
<b>Total Operating Expenses</b>	<u>686,164</u>	<u>686,164</u>	<u>0</u>	<u>1,318,147</u>	<u>1,318,147</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	18,936	18,936	0	(291,019)	(291,019)	0
Operating Transfers In	0	0	0	307,599	307,599	0
Excess of Revenues and Operating Transfers Over Expenses	18,936	18,936	0	16,580	16,580	0
Fund Equity at Beginning of Year	114,359	114,359	0	942	942	0
Prior Year Encumbrances Appropriated	250	250	0	0	0	0
<b>Fund Equity at End of Year</b>	<u><b>\$133,545</b></u>	<u><b>\$133,545</b></u>	<u><b>\$0</b></u>	<u><b>\$17,522</b></u>	<u><b>\$17,522</b></u>	<u><b>\$0</b></u>

See accompanying notes to the financial statements.

**Springboro Community City School District  
Warren County**

**Combined Statement of Cash Flows  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2000**

	<b>Enterprise</b>	<b>Internal Service</b>	<b>Totals (Memorandum Only)</b>
<b><i>Increase (Decrease) in Cash and Cash Equivalents:</i></b>			
<b><i>Cash Flows from Operating Activities:</i></b>			
Cash Received from Customers	\$646,880	\$1,011,147	\$1,658,027
Cash Received from Other Operating Sources	1,038	15,981	17,019
Cash Payments to Suppliers for Goods and Services	(413,444)	(141,072)	(554,516)
Cash Payments to Employees for Services	(206,136)	0	(206,136)
Cash Payments for Employee Benefits	(64,295)	0	(64,295)
Cash Payments for Claims and Judgments	0	(1,177,075)	(1,177,075)
Cash Payments for Other Operating Expenses	(344)	0	(344)
Net Cash Used for Operating Activities	<u>(36,301)</u>	<u>(291,019)</u>	<u>(327,320)</u>
<b><i>Cash Flows from Noncapital Financing Activities:</i></b>			
Federal and State Subsidies	57,182	0	57,182
Operating Transfers In	0	307,599	307,599
Net Cash Provided by Noncapital Financing Activities	<u>57,182</u>	<u>307,599</u>	<u>364,781</u>
Net Increase in Cash and Cash Equivalents	20,881	16,580	37,461
Cash and Cash Equivalents at Beginning of Year	<u>114,611</u>	<u>940</u>	<u>115,551</u>
Cash and Cash Equivalents at End of Year	<u>\$135,492</u>	<u>\$17,520</u>	<u>\$153,012</u>
<b><i>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</i></b>			
Operating Loss	<u>(\$28,088)</u>	<u>(\$49,087)</u>	<u>(\$77,175)</u>
<b><i>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</i></b>			
Depreciation	28,247	0	28,247
Donated Commodities Used During Year	31,046	0	31,046
<b><i>Changes in Assets and Liabilities:</i></b>			
Increase in Due From Other Funds	0	(13,434)	(13,434)
Increase in Materials and Supplies Inventory	(3,773)	0	(3,773)
Increase in Inventory Held for Resale	(1,579)	0	(1,579)
Decrease in Accounts Payable	(56,235)	(3,504)	(59,739)
Increase in Accrued Wages and Benefits	6,402	0	6,402
Decrease in Compensated Absences Payable	(1,912)	0	(1,912)
Decrease in Intergovernmental Payable	(10,409)	0	(10,409)
Decrease in Claims Payable	0	(224,994)	(224,994)
Total Adjustments	<u>(8,213)</u>	<u>(241,932)</u>	<u>(250,145)</u>
<b>Net Cash Used for Operating Activities</b>	<b><u>(\$36,301)</u></b>	<b><u>(\$291,019)</u></b>	<b><u>(\$327,320)</u></b>

See accompanying notes to the financial statements.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1990 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 44.7 square miles. It is located in Warren County, and includes the City of Springboro and Clearcreek Township and a small portion of Franklin Township. It is staffed by 107 non-certificated employees, 177 certificated full-time teaching personnel and 11 administrative employees who provide services to 3,092 students and other community members. The School District currently operates 5 instructional buildings, 1 administrative building, and 1 garage.

*A. Reporting Entity*

The reporting entity is comprised of the primary government. 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 Springboro Community City 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 organizations' 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 organizations' 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 the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The School District is associated with three jointly governed organizations. These organizations are the Southwestern Ohio Computer Association (SWOCA), the Warren County Career Center, and the Southwestern Ohio Educational Purchasing Council.

*Southwestern Ohio Computer Association* - The School District is a participating member of the Southwestern Ohio Computer Association (SWOCA). SWOCA provides data services needed by the participating school districts. D. Russell Lee Vocational School serves as the fiscal agent. This is a jointly governed organization and the School District's participation is discussed in Note 20 to the general-purpose Financial Statements.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**  
(continued)

*Warren County Career Center* - The School District became a member of a cooperative agreement to establish the Warren County Career Center to provide for the vocational and special education needs of the students. The School District is not involved in the budgeting or management of the Warren County Career Center. A board member appointed by School District school board members serves as a member of the Warren County Career Center Board of Education. This is a jointly governed organization and the School District's participation is discussed in Note 20 to the General-Purpose Financial Statements.

*Southwestern Ohio Educational Purchasing Council* - The School District is a participating member of the Southwestern Ohio Educational Purchasing Council (the "Council"). The Council's purpose is to obtain prices for quality merchandise and service commonly used by schools. The Montgomery County Educational Service Center acts the fiscal agent. This is a jointly governed organization and the School District's participation is discussed in Note 20 to the General-Purpose Financial Statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Springboro Community City School 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 School 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 more significant of the School District's accounting policies are described below.

**A. Basis Of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

*Governmental Fund Types:*

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

*General Fund* - The general fund is the operating fund of the School District and is used to account 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.

*Special Revenue Funds* - 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 expenditure 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* - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

*Proprietary Fund Types:*

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

*Enterprise Funds* - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent 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 where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

*Internal Service Fund* - This 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.

*Fiduciary Fund Types:*

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*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 a general nature, the following account groups are used:

*General Fixed Assets Account Group* - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

*General Long-Term Obligations Account Group* - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

**B. Measurement Focus and Basis of Accounting**

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

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary funds' operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, grants, interest, tuition, and student fees.

The School District reports deferred revenues 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. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, which are intended to finance fiscal year 2001 operations and delinquent property taxes, whose availability is indeterminable, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Budgetary Process**

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 tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

*Tax Budget:*

Prior to January 15, 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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Warren County Budget Commission for rate determination.

*Estimated Resources:*

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 School 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000. At year-end, the School District requested and received an amended certificate in which estimated revenues match actual revenues.



Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, 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 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 so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted and they were not significant.

The budget figures which appear 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.

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

*Lapsing of Appropriations:*

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Cash and Investments**

To improve cash management, 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 the School 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. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account presented on the combined balance sheet as "cash and cash equivalents with fiscal and escrow agents" and represents deposits. Retainage accounts held until the completion of major construction projects have been held in separate bank accounts and are presented as "cash and cash equivalents with fiscal and escrow agents."

During fiscal year 2000, investments were limited to STAR Ohio, overnight repurchase agreements, and money market mutual funds.

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.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 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.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings are allocated to the general fund, building fund capital project fund, and the expendable trust fund in accordance with School District policy. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$102,817 which includes \$58,632 assigned from other School District funds. The capital projects fund and the expendable trust funds received interest in the amount of \$153,814 and \$2,968, respectively.

For purposes of the combined statement of cash flows, the proprietary fund types' portion of pooled cash and cash equivalents is considered a cash equivalent because the School District is able to withdraw resources from these funds without prior notice or penalty.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

E. Inventory

Inventories of enterprise funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of enterprise funds consist of donated food and purchased food held for resale and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which the services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. During 2000 the School District changed its capitalization threshold from two hundred dollars to five hundred dollars and also had a revaluation performed. The School District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of ten years.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements (to the extent they are intended to finance the current fiscal year) and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

*Entitlements*

*General Fund*

State Foundation Program  
School Bus Program  
State Property Tax Relief

*Non-Reimbursable Grants*

*Special Revenue Funds*

Professional Development Grant  
Education Management Information Systems  
Textbook Subsidy  
Ohio Reads  
Eisenhower Grant  
Title VI-B  
Title I  
Title VI  
Drug Free Schools Program  
Public Preschool Grant

*Capital Project Fund*

School Net Plus

*Reimbursable Grants*

*General Fund*

Driver Education Reimbursement  
Vocational Education Travel/Salary

*Special Revenue Fund*

Title VI-R  
E-Rate Grant

*Proprietary Funds*

National School Lunch Program  
Government Donated Commodities

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Grants and entitlements received in the governmental funds amounted to approximately thirty-one percent of governmental fund revenue during the 2000 fiscal year.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the School District 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 vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employee's wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligation account group to the extent they will not be paid with current expendable available financial resources. Payments made more than two months after year-end are considered not to have used current available resources. Bonds and capital leases are reported as a liability of the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**K. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**L. Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables."

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**N. Fund Balance Reserves**

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, budget stabilization, and property taxes.

The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for property taxes represents

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

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. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Q. Total Columns on General-Purpose Financial Statements

Total columns on the general-purpose financial statements 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 cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)-All Governmental Fund Types and Similar Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types are presented 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 are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING** (continued)

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
Governmental Fund Types and Expendable Trust Fund

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Expendable Trust Fund
GAAP Basis	\$201,721	\$18,217	\$68,737	\$9,634	\$2,968
Adjustments:					
Revenue Accrual	(171,272)	(57,414)	(144,285)	465,442	1,028
Expenditure Accrual	382,255	37,241	(11,833)	(1,251,953)	0
Reallocation of Debt Service Requirements	(111,833)	0	111,833	0	0
Debt Proceeds	0	0	209,000	0	0
Debt Payments	0	0	(309,000)	0	0
Advances	(93,329)	93,329	0	0	0
Encumbrances	(82,960)	(38,341)	0	(238,668)	0
Budget Basis	<u>\$124,582</u>	<u>\$53,032</u>	<u>(\$75,548)</u>	<u>(\$1,015,545)</u>	<u>\$3,996</u>



Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING** (continued)

Net Income/Excess of Revenues Over Expenses All Proprietary Fund Types		
	Enterprise Funds	Internal Service Fund
GAAP Basis	\$60,140	\$258,512
Adjustments:		
Revenue Accruals	(31,046)	(13,434)
Expense Accruals	(41,812)	(228,498)
Depreciation Expense	28,247	
Materials and Supplies Expense	3,773	0
Inventory Held for Resale	1,579	0
Encumbrances	(1,945)	0
	\$18,936	\$16,580
Budget Basis		

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

A. Accountability

At June 30, 2000, the general fund had a deficit fund balance of \$1,085,774 which was due to adjustments for accrued liabilities. The School District is monitoring the general fund deficit and will take appropriate action if deemed necessary. The Title VI-B special revenue fund and the internal service fund had a deficit fund balance/retained earnings of \$27,422 and \$85,460, respectively. The deficits in these funds were created by application of generally accepted accounting principles. The School District increased the rate charged for the internal service fund benefits during fiscal year 2000. The School District believes the rate increase will eliminate the deficit balance; however, the School District will continue to monitor the deficit.

B. Compliance

There were no certification of funds made prior to the commitment of funds in 28% of the expenditures that were tested. The School District did not attach the required 412 certification to the permanent appropriations that the Board of Education approved on September 29, 1999.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**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 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 accounts, including passbook accounts.

Protection of the 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 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 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;

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

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. Bond; 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) 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 (STAROhio);
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 moneys available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating 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 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 School District's deposits was \$801,965 and the bank balance was \$847,190. Of the bank balance:

1. \$484,440 was covered by federal depository insurance; and
2. \$161,164 was covered by pledged securities held by the institution in the School District's name; and

Springboro Community City School District  
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Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

3. \$201,586 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

**Investments** The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School 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 School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. Money Market Mutual Funds and STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Unclassified	Category 3	Fair Value
Money Market Mutual Fund	\$1,469,485	\$0	\$1,469,485
Repurchase Agreement	0	1,547,299	1,547,299
STAR Ohio	25,094	0	25,094
Totals	\$1,494,579	\$1,547,299	\$3,041,878

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 6 - PROPERTY TAXES** (continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2000 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$348,302,390	86.53%	\$432,100,000	89.08%
Public Utility	33,120,250	8.23	33,000,000	6.80
Tangible Personal Property	21,081,557	5.24	20,000,000	4.12
<b>Total Assessed Value</b>	<b><u>\$402,504,197</u></b>	<b><u>100.00%</u></b>	<b><u>\$485,100,000</u></b>	<b><u>100.00%</u></b>
Tax rate per \$1,000 of assessed valuation	\$56.20		\$56.20	

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible 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, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$721,607 in the General Fund and \$307,327 in the Debt Service Fund.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, accounts (rent and student fees), interest, intergovernmental grants and interfund. 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. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. The Eisenhower and Title VI-B special revenue funds had intergovernmental receivables of \$6,525 and \$80,793, respectively. The Schoolnet capital projects fund had intergovernmental receivables of \$88,107.

**NOTE 8 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2000 follows:

Furniture and Equipment	\$683,945
Less accumulated depreciation	<u>(210,838)</u>
Net Fixed Assets	<u><u>\$473,107</u></u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

<u>Asset Category</u>	<u>Restated Balance at June 30, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2000</u>
Buildings,				
Land and Improvements	\$37,669,889	\$14,564	\$0	\$37,684,453
Furniture and Equipment	4,838,703	100,837	0	4,939,540
Vehicles	1,258,037	110,855	0	1,368,892
Construction In Progress	<u>6,321,155</u>	<u>0</u>	<u>6,321,155</u>	<u>0</u>
Totals	<u><u>\$50,087,784</u></u>	<u><u>\$226,256</u></u>	<u><u>\$6,321,155</u></u>	<u><u>\$43,992,885</u></u>

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2000, the School District contracted with Indiana Insurance Company for property insurance with a \$20,000,000 aggregate limit and a \$1,000 deductible and inland marine of \$25,000 limit and

Springboro Community City School District  
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Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 9 - RISK MANAGEMENT** (continued)

a \$500 deductible. Professional liability is protected by the Nationwide Mutual Insurance Company with a per occurrence limit of \$1,000,000 and a \$5,000,000 aggregate limit under a commercial umbrella policy.

The School District's vehicles are covered by the Nationwide Insurance Company and hold a \$250 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Vehicles are also covered under the commercial umbrella policy.

The Ohio Casualty Insurance Company maintains both a \$20,000 public official bond for the Treasurer and a \$10,000 blanket bond for other employees.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on claim history and administrative costs.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant changes in coverage from last year.

The School District also provides an option for medical/surgical benefits through a self-insurance internal service fund, administered by Buckeye Employee Benefits Services, Inc. The School District pays into the self-insurance internal service fund \$579.46 for family coverage or \$240.47 for individual coverage per month which represents ninety percent of the premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information. Dental insurance is offered to all eligible employees through the self-insurance internal service fund. The School District pays \$60.17 for family coverage or \$23.55 for individual coverage per month which represents ninety percent of the premium required. Vision insurance is offered to all eligible employees through the self-insurance internal service fund. The School District pays \$9.55 for family coverage or \$3.83 for individual coverage per month which represents ninety percent of the premium required. The claims liability of \$12,230 reported in the fund at June 30, 2000, is based on an estimate provided by the third party administrator and 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. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in fiscal year 2000 and 1999 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1999	\$176,862	\$1,136,108	\$1,075,746	\$237,224
2000	237,224	952,081	1,177,075	12,230

Springboro Community City School District  
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Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer public employee retirement system. 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.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2000, 5.55 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS' Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$111,838, \$161,683, and \$185,003, respectively; 33.08 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$74,844 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 School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. 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 43215-3371, or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$515,529, \$422,657, and \$749,293 respectively; 84.28 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$81,047 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.



Springboro Community City School District  
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Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

The School 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. Through June 30, 2000, the board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$687,372 during the 2000 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1999. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, 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.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2000, the allocation rate is 8.45 percent. 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 125 percent of annual health care expenses. Expenses for health care at June 30, 2000 were \$126 million and the target level was \$157.5 million. At June 30, 2000 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has 56,632 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$113,092 during the 2000 fiscal year.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 12 - COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time, with the exception of the Superintendent, Treasurer, Director of Educational Services, and Director of Support Services. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 255 days. Upon retirement and after being employed in the district for ten years, payment is made for twenty-five percent of the employee's accumulated sick leave up to a maximum of sixty-four days.

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

The School District entered into capitalized leases in prior years for the acquisition of copiers. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the combined financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group at \$275,714. A corresponding liability was recorded in the general long-term obligations account group.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	GLTOAG
2001	\$64,871
2002	63,290
2003	20,567
Total	148,728
Less: Amount Representing Interest	(14,157)
Present Value of Net Minimum Lease Payments	\$134,571

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 14 - LONG TERM DEBT**

Changes in general long-term obligations of the School District for the 2000 fiscal year were:

	Principal Outstanding 6/30/99	Additions	Deletions	Principal Outstanding 6/30/00
School Improvement Bond				
1978 5.50%	\$485,000	0	\$185,000	\$300,000
1996 and 1991 Refunding 5.24%	30,375,000	0	1,015,000	29,360,000
Total Bonded Debt	<u>30,860,000</u>	<u>0</u>	<u>1,200,000</u>	<u>29,660,000</u>
Intergovernmental Payables	112,945	138,738	112,945	138,738
Compensated Absences	806,694	504,176	0	1,310,870
Contingency Payable	0	460,000	0	460,000
Capital Leases	189,311	0	54,740	134,571
Total General Long-Term Obligations	<u>\$31,968,950</u>	<u>\$1,102,914</u>	<u>\$1,367,685</u>	<u>\$31,704,179</u>

The School District's overall legal debt margin was \$14,918,442 with an unvoted debt margin of \$485,1000 at June 30, 2000.

*Springboro High School Addition General Obligation Bonds* - In 1996, Springboro Community City School District issued \$33,625,000 in voted general obligation bonds for the purpose of a new high school building and to refund a 1991 School Improvement bond issuance. The bonds were issued for a twenty-five year period with final maturity at December 1, 2023. The bonds will be retired from the debt service fund.

*Springboro School Improvement Bond* - In 1978, Springboro Community City School District issued \$4,000,000 in voted general obligation bonds for the purpose of making improvements to the School District's buildings. The bonds were issued for a twenty-four year period with final maturity at December 1, 2002. The bonds will be retired from the debt service fund.

In prior years, the School District defeased School Improvement obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On June 30, 2000, \$2,460,000 bonds outstanding are considered defeased.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 14 - LONG TERM DEBT** (continued)

Compensated absences will be paid from the fund from which the person is paid. Capital lease obligations will be paid from the general fund. Intergovernmental payables, which represent contractually required pension contributions, are paid from the fund from which the employees are paid.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2000, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$1,330,000	\$1,465,830	\$2,795,830
2002	650,000	1,418,953	2,068,953
2003	730,000	1,388,567	2,118,567
2004	820,000	1,354,832	2,174,832
2005	390,000	1,857,039	2,247,039
2006-2010	3,755,000	7,600,882	11,355,882
2011-2015	6,425,000	4,888,892	11,313,892
2016-2020	8,320,000	2,954,264	11,274,264
2021-2024	<u>7,240,000</u>	<u>681,868</u>	<u>7,921,868</u>
Totals	<u><u>\$29,660,000</u></u>	<u><u>\$23,611,127</u></u>	<u><u>\$53,271,127</u></u>

**NOTE 15 - SHORT TERM DEBT**

As of June 30, 2000, the School District had outstanding short term obligations in the amount of \$209,000. During fiscal year 2000, the School District retired school bus acquisition notes in the amount of \$309,000. The debt had been reported in and was paid from the General Fund. The interest rate is 3.84% and will mature on January 14, 2001.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 16 - CONTRACTUAL COMMITMENTS**

As of June 30, 2000, the School District had contractual purchase commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
Dugan and Meyer Construction	4/5 Elementary	\$99,405
Ind-Com Builders	4/5 Elementary	43,308
Prism Electrical Contractors	4/5 Elementary	1,104
Fanning/Howey Architects	4/5 Elementary	48,867
D.A.G. Construction	4/5 Elementary	13,659

**NOTE 17 - INTERFUND ACTIVITY**

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$193,329	\$0
Special Revenue Funds:		
Eisenhower	0	357
Title VI-B		92,972
Total Special Revenue Funds	0	93,329
Self-Insurance Internal Service Fund	0	100,000
Total All Funds	<u>\$193,329</u>	<u>\$193,329</u>

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 18 - ENTERPRISE FUND INFORMATION**

The School 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 Springboro Community City School District as of and for the fiscal year ended June 30, 2000.

**A. Segment Information**

	<u>Food Services</u>	<u>School Supplies</u>	<u>Total</u>
Operating Revenues	\$534,830	\$113,088	\$647,918
Operating Expenses	567,464	108,542	676,006
Operating Income (Loss)	(32,634)	4,546	(28,088)
Donated Commodities	31,046	0	31,046
Federal and State Subsidies	57,182	0	57,182
Net Income	55,594	4,546	60,140
Net Working Capital	95,791	6,885	102,676
Total Assets	612,060	6,885	618,945
Encumbrances	1,117	828	1,945
Total Equity	548,995	6,885	555,880
Long-Term Compensated Absences Payable	9,875	0	9,875
Long-Term Intergovernmental Payable	10,026	0	10,026

**B. Contributed Capital**

	<u>Food Service</u>
Contributions from Other Funds	\$233,442
Contributed Capital at July 1, 1999	<u>0</u>
Contributed Capital at June 30, 2000	<u><u>\$233,442</u></u>

**NOTE 19 - SET-ASIDE CALCULATIONS AND FUND 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 the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES** (continued)

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$229,814	\$229,814
Current Year Set-aside Requirement	275,115	275,115	91,705	641,935
Qualifying Disbursements	<u>(292,173)</u>	<u>(275,115)</u>	<u>0</u>	<u>(1,744,851)</u>
Set-aside Cash Balance as of June 30, 2000	<u>(\$17,058)</u>	<u>\$0</u>	<u>\$321,519</u>	<u>321,519</u>
Total Restricted Assets				<u>\$321,519</u>

Although the School District may have had offsets and qualifying disbursements during the year that reduced the set-aside amounts for textbooks to below zero, these extra amounts can be used to reduce the set-aside requirement of future years.

**NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS**

*Southwestern Ohio Computer Association-* The School District is a participant in the Southwestern Ohio Computer Association (SWOCA) which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Warren, Butler, and Preble Counties and Loveland City Schools. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of SWOCA consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid \$27,142 to SWOCA for services rendered during the fiscal year. Financial information can be obtained from Michael Crumley, executive director, at 3603 Hamilton - Middletown Road, Hamilton, Ohio 45011.

*Warren County Career Center-* The Warren County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from the participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Warren County Career Center is not part of the School District and its operations are not included as part of the reporting entity. The School District gave no financial contributions during the fiscal year. Financial information can be obtained from Evelyn Sellman, treasurer, at 3525 SR 48 North, Lebanon, Ohio 45036

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS** (continued)

*Southwestern Ohio Educational Purchasing Council* - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC). The Montgomery County Educational Service Center acts as the fiscal agent for the group. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. The School District gave no financial contributions during the fiscal year. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton 45424.

**NOTE 21 - SCHOOL FUNDING COURT 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 the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$4,592,337 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has 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 has 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 of 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 funding 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.



Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 21 - SCHOOL FUNDING COURT DECISION** (continued)

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.

**NOTE 22 - 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation:

As of June 30, 2000, the School District is involved in various legal proceedings. Two of these lawsuits were settled after the balance sheet date as stated in Note 24 - Subsequent Events.

**NOTE 23 -PRIOR PERIOD ADJUSTMENT**

During fiscal year 2000, the District had a reappraisal of the District fixed assets performed. The food service enterprise fund and general fixed asset account group had a significant increases in the amount for fixed assets after the appraisal was completed. This increase in the fixed assets reported in the food service fund increased the retained earnings from a deficit of \$17,453 to a \$262,298 and increased the general fixed asset account group balance from \$45,077,509 to \$50,087,784 at June 30, 1999.

**NOTE 24 - SUBSEQUENT EVENTS**

On November 27, 2000, the School District settled a lawsuit that was pending with Dugan and Meyers in relation to amounts owed to the contractor for services provided during the construction of the elementary school building with a settlement amount of \$460,000. This is accrued as a contingency payable in the financial statements. The lawsuit had been under negotiation of several months before a conclusion could be reached.

Springboro Community City School District  
Warren County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 24 - SUBSEQUENT EVENTS** (continued)

The School District has also settled a lawsuit that was pending with Black Electric with a settlement amount of \$60,000.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Springboro Community City School District  
Warren County  
270 West Central Avenue  
Springboro, Ohio 45066

To the Board of Education:

We have audited the financial statements of Springboro Community City School District, Warren County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated December 21, 2000. We conducted our audits 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-10483-001 and 2000-10483-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 21, 2000.

**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 December 21, 2000.

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

**Jim Petro**  
Auditor of State

December 21, 2000

**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT  
WARREN COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2000**

**FINDING NUMBER 2000-10483-001**

**Material noncompliance - Certification of Available Funds**

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

1. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Education may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Treasurer may authorize payment through a Then and Now Certificate without the affirmation of the Board of Education, if such expenditure is otherwise valid.

In 28% of expenditures tested, there was no certification of funds made prior to the commitment of the funds.

We recommend that the District use then and now certificates or blanket certificates.

**FINDING NUMBER 2000-10483-002**

**Material noncompliance - "412" Certificates**

Ohio Rev. Code, Section 5705.412, requires the treasurer, superintendent and president of the board of education to certify that adequate revenues will be available to maintain all personnel, programs and services essential to provision of an adequate educational program for a specified number of days. This certification must be attached to all appropriation measures.

The District did not attach the required certification to the permanent appropriations that the Board of Education approved on September 29, 1999.

We recommend that the District attach the required certification to all required documents.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 13, 2001**