

Springboro Community School District

Warren County

Single Audit

July 1 , 2002 Through June 30, 2003

Fiscal Year Audited Under GAGAS: 2003

BALESTRA, HARR & SCHERER CPAs, INC.

528 South West Street, P.O. Box 687
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**Auditor of State
Betty Montgomery**

Board of Education
Springboro Community School District
270 West Central Avenue
Springboro, Ohio 45066

We have reviewed the Independent Auditor's Report of the Springboro Community School District, Warren County, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 7, 2004

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Springboro Community City School District
Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Springboro Community School District
270 West Central Avenue
Springboro, Ohio 45066

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springboro Community School District (the School District), Warren County, as of and for the year ended June 30, 2003, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2003, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2004, on our consideration of the District's internal control over financial reporting and on 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.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

As described in Note 4 to the basic financial statements, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.
February 13, 2004

Springboro Community City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

The discussion and analysis of the Springboro Community City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2003 are as follows:

- Net assets of governmental activities decreased \$240,395
- General revenues accounted for \$27,423,132 in revenue or 88% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,747,150 or 12% of total revenues of \$31,170,282.
- The School District had \$31,410,677 in expenses related to governmental activities; Only \$3,747,150 of these expenses were offset by program specific charges for services and sales, grants and contributions.
- The School District has two major funds; the General Fund and the Bond Retirement Debt Service Fund. The General Fund had \$25,546,945 in revenues and \$25,426,305 in expenditures. The General Fund's balance increased \$13,669. The Bond Retirement Debt Service Fund had \$2,514,190 in revenues and \$2,151,569 in expenditures, resulting in a \$362,621 increase in fund balance.

USING THIS ANNUAL FINANCIAL REPORT

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2003?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Springboro Community City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

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

- In the Statement of Net Assets and the Statement of Activities, all of the School District's programs and services are reported as governmental activities including instruction, support services, operation of non instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 7. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Bond Retirement Debt Service.

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

Springboro Community City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2003 compared to 2002.

Table 1
Net Assets

	Governmental Activities	
	2003	2002
Assets		
Current and Other Assets	\$21,138,152	\$21,231,652
Capital Assets	31,259,903	30,947,904
Total Assets	<u>52,398,055</u>	<u>52,179,556</u>
Liabilities		
Long-term Liabilities	32,821,496	33,097,574
Other Liabilities	19,399,137	18,664,165
Total Liabilities	<u>52,220,633</u>	<u>51,761,739</u>
Net Assets		
Invested in Capital Assets, Net of Debt	(362,854)	(1,361,736)
Restricted	1,990,679	2,603,390
Unrestricted	(1,450,403)	(823,837)
Total Net Assets	<u>\$177,422</u>	<u>\$417,817</u>

Springboro Community City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2003. Since this is the first year Springboro Community City School District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2002 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets

	Governmental Activities
	2003
Revenues	
Program Revenues	
Charges for Services and Sales	\$1,348,708
Operating Grants and Contributions	2,346,921
Capital Grants and Contributions	51,521
Total Program Revenues	3,747,150
General Revenues	
Property Taxes	16,289,702
Grants, Entitlements and Contributions Not Restricted	10,821,674
Investment Earnings	75,118
Miscellaneous	236,638
Total General Revenues	27,423,132
Total Revenues	31,170,282
Program Expenses	
Instruction:	
Regular	14,862,510
Special	1,685,723
Vocational	245,607
Other	119,489
Support Services:	
Pupil	1,332,355
Instructional Staff	1,778,749
Board of Education	118,078
Administration	1,946,770
Fiscal	742,409
Business	115,296
Operation and Maintenance of Plant	2,079,986
Pupil Transportation	2,051,344
Central	237,081
Operation of Non-Instructional Services	1,498,791
Extracurricular Activities	837,981
Interest and Fiscal Charges	1,758,508
Total Expenses	31,410,677
Increase in Net Assets	(240,395)
Net Assets at Beginning of Year	417,817
Net Assets at End of Year	\$177,422

Springboro Community City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements. Comparisons to 2002 have not been made since they are not available.

Table 3
Governmental Activities

	Total Cost of Services 2003	Net Cost of Services 2003
Program Expenses		
Instruction:		
Regular	\$14,862,510	\$14,407,647
Special	1,685,723	1,245,515
Vocational	245,607	244,722
Other	119,489	113,888
Support Services:		
Pupil	1,332,355	1,250,928
Instructional Staff	1,778,749	1,435,378
Board of Education	118,078	115,135
Administration	1,946,770	1,929,984
Fiscal	742,409	739,931
Business	115,296	114,942
Operation and Maintenance of Plant	2,079,986	2,040,857
Pupil Transportation	2,051,344	1,253,193
Central	237,081	221,589
Operation of Non-Instructional Services	1,498,791	243,477
Extracurricular Activities	837,981	547,833
Interest and Fiscal Charges	1,758,508	1,758,508
Total	\$31,410,677	\$27,663,527

THE SCHOOL DISTRICT FUNDS

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$30,777,569 and expenditures of \$31,426,499.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2003, the School District amended its General Fund budget, but not significantly.

For the General Fund, budget basis revenue was \$24,294,680, below original estimates of \$25,582,641. Of this \$1,287,961 difference, most was due to less property tax monies being received than anticipated. For the General Fund, expenditures and encumbrances were \$25,328,100, above original estimates of \$24,067,562. Of this \$1,260,538, most was due to the increase in instruction costs. The School District's ending unobligated General Fund balance was \$1,415,951.

Springboro Community City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2003, the School District had \$31,259,903 invested in land, buildings, furniture and equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2003 balances compared to 2002.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2003	2002
Land	\$972,382	\$972,382
Buildings & Improvements	27,912,948	25,812,466
Furniture and Equipment	905,006	1,417,081
Vehicles	1,469,567	1,198,593
Construction in Progress	0	1,547,382
Totals	\$31,259,903	\$30,947,904

For additional information on capital assets, see note 8 to the basic financial statements.

Debt

At June 30, 2003, the School District had general obligation bonds outstanding of \$28,066,998. The bonds were issued for school construction. The District also had OASBO Loans outstanding of \$2,548,000 issued for various capital acquisition purposes. For additional information on debt, see note 13 to the basic financial statements.

ECONOMIC FACTORS

Springboro Community City School District is financially stable. As the preceding information shows, the School District depends primarily upon property taxes and the State School Foundation Program. Springboro Community City School District must continued to closely monitor spending patterns to maintain its existing financial situation.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Tim Dettwiller, Treasurer at Springboro Community City School District, 1685 South Main Street, Springboro, Ohio 45066.

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Springboro Community City School District, Ohio

Statement of Net Assets

June 30, 2003

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,987,820
Accounts Receivable	19,330
Materials and Supplies Inventory	5,928
Intergovernmental Receivable	79,088
Prepaid Items	30,219
Property Taxes Receivable	17,919,412
Restricted Cash and Cash Equivalents	96,355
Nondepreciable Capital Assets	972,382
Capital Assets, Net	<u>30,287,521</u>
<i>Total Assets</i>	<u>52,398,055</u>
Liabilities	
Accounts Payable	192,758
Accrued Wages and Benefits Payable	2,715,802
Accrued Interest Payable	122,297
Claims Payable	63,135
Deferred Revenue	15,535,008
Intergovernmental Payable	770,137
Long-Term Liabilities:	
Due Within One Year	2,644,555
Due In More Than One Year	<u>30,176,941</u>
<i>Total Liabilities</i>	<u>52,220,633</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	(362,854)
Restricted for:	
Debt Service	1,185,783
Capital Outlay	112,247
Other Purposes	692,649
Unrestricted	<u>(1,450,403)</u>
<i>Total Net Assets</i>	<u><u>\$177,422</u></u>

See accompanying notes to the basic financial statements

Springboro Community City School District, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2003

	Program Revenues				Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Changes in Net Assets
					Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$14,862,510	\$316,974	\$86,368	\$51,521	(\$14,407,647)
Special	1,685,723	5,310	434,898	0	(1,245,515)
Vocational	245,607	885	0	0	(244,722)
Other	119,489	443	5,158	0	(113,888)
Support Services:					
Pupil	1,332,355	32,326	49,101	0	(1,250,928)
Instructional Staff	1,778,749	44,487	298,884	0	(1,435,378)
Board of Education	118,078	443	2,500	0	(115,135)
Administration	1,946,770	14,078	2,708	0	(1,929,984)
Fiscal	742,409	2,478	0	0	(739,931)
Business	115,296	354	0	0	(114,942)
Operation and Maintenance of Plant	2,079,986	11,339	27,790	0	(2,040,857)
Pupil Transportation	2,051,344	6,903	791,248	0	(1,253,193)
Central	237,081	708	14,784	0	(221,589)
Operation of Non-Instructional					
Services	1,498,791	645,623	609,691	0	(243,477)
Extracurricular Activities	837,981	266,357	23,791	0	(547,833)
Interest and Fiscal Charges	1,758,508	0	0	0	(1,758,508)
<i>Totals</i>	<u>\$31,410,677</u>	<u>\$1,348,708</u>	<u>\$2,346,921</u>	<u>\$51,521</u>	<u>(27,663,527)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					14,103,015
Debt Service					2,186,687
Grants, Entitlements and Contributions not					
Restricted to Specific Programs					10,821,674
Investment Earnings					75,118
Miscellaneous					236,638
<i>Total General Revenues</i>					<u>27,423,132</u>
<i>Change in Net Assets</i>					(240,395)
<i>Net Assets Beginning of Year - See Note 3</i>					<u>417,817</u>
<i>Net Assets End of Year</i>					<u><u>\$177,422</u></u>

See accompanying notes to the basic financial statements

Springboro Community City School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2003

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,438,943	\$760,625	\$788,252	\$2,987,820
Receivables:				
Property Taxes	15,548,345	2,371,067	0	17,919,412
Accounts	3,586	0	15,744	19,330
Interfund	67,655	0	0	67,655
Intergovernmental	2,628	0	76,460	79,088
Prepaid Items	30,219	0	0	30,219
Materials and Supplies Inventory	0	0	5,928	5,928
Restricted Assets:				
Cash and Cash Equivalents	96,355	0	0	96,355
<i>Total Assets</i>	<u>\$17,187,731</u>	<u>\$3,131,692</u>	<u>\$886,384</u>	<u>\$21,205,807</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$124,755	\$0	\$68,003	\$192,758
Accrued Wages and Benefits Payable	2,630,198	0	85,604	2,715,802
Interfund Payable	0	0	67,655	67,655
Claims Payable	63,135	0	0	63,135
Intergovernmental Payable	491,218	0	10,216	501,434
Deferred Revenue	13,768,060	2,066,197	2,500	15,836,757
<i>Total Liabilities</i>	<u>17,077,366</u>	<u>2,066,197</u>	<u>233,978</u>	<u>19,377,541</u>
Fund Balances				
Reserved for Encumbrances	50,447	0	74,373	124,820
Reserved for Property Taxes	1,780,285	304,870	0	2,085,155
Reserved for Budget Stabilization	96,355	0	0	96,355
Unreserved, Undesignated, Reported in:				
General Fund (Deficit)	(1,816,722)	0	0	(1,816,722)
Special Revenue Funds	0	0	701,143	701,143
Debt Service Funds	0	760,625	0	760,625
Capital Projects Funds (Deficit)	0	0	(123,110)	(123,110)
<i>Total Fund Balances</i>	<u>110,365</u>	<u>1,065,495</u>	<u>652,406</u>	<u>1,828,266</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$17,187,731</u>	<u>\$3,131,692</u>	<u>\$886,384</u>	<u>\$21,205,807</u>

See accompanying notes to the basic financial statements.

Springboro Community City School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 As of June 30, 2003*

Total Governmental Fund Balances		\$ 1,828,266
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		31,259,903
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Intergovernmental and Property Taxes	301,749	
Total		301,749
Accrued Interest Payable related to long term obligations is not reported in the funds.		(122,297)
A portion of pension obligations are not paid within the available period and therefore are not reported in the funds		(268,703)
Long-Term Liabilities, including bonds, long-term portion of compensated absences and the long-term portion of and therefore are not reported in the funds.		
Compensated Absences	(1,321,036)	
Capital Lease Obligations	(885,462)	
School Improvement Bonds	(28,066,998)	
Loans Payable	(2,548,000)	
Total		(32,821,496)
Net Assets of Governmental Activities		\$ 177,422

See accompanying notes to the basic financial statements

Springboro Community City School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$14,311,382	\$2,260,820	\$0	\$16,572,202
Intergovernmental	10,941,367	253,342	1,267,437	12,462,146
Investment Earnings	69,027	0	6,091	75,118
Customer Sales and Services	0	0	626,189	626,189
Tuition and Fees	88,503	0	263,193	351,696
Extracurricular Activities	0	0	370,823	370,823
Gifts and Donations	531	0	82,226	82,757
Miscellaneous	136,135	28	100,475	236,638
<i>Total Revenues</i>	<u>25,546,945</u>	<u>2,514,190</u>	<u>2,716,434</u>	<u>30,777,569</u>
Expenditures				
Current:				
Instruction:				
Regular	12,434,393	0	449,400	12,883,793
Special	1,519,833	0	176,396	1,696,229
Vocational	67,923	0	0	67,923
Other	119,489	0	0	119,489
Support Services:				
Pupil	1,243,079	0	76,159	1,319,238
Instructional Staff	1,384,998	0	374,792	1,759,790
Board of Education	114,848	0	3,240	118,088
Administration	1,908,838	0	11,041	1,919,879
Fiscal	678,159	33,001	0	711,160
Business	114,032	0	0	114,032
Operation and Maintenance of Plant	2,568,193	0	30,307	2,598,500
Pupil Transportation	1,941,638	0	0	1,941,638
Central	210,113	0	27,376	237,489
Operation of Non-Instructional Services	20,271	0	1,378,009	1,398,280
Extracurricular Activities	510,169	0	321,439	831,608
Capital Outlay	220,037	0	977,944	1,197,981
Debt Service:				
Principal	220,254	730,000	0	950,254
Interest and Fiscal Charges	150,038	1,388,568	22,522	1,561,128
<i>Total Expenditures</i>	<u>25,426,305</u>	<u>2,151,569</u>	<u>3,848,625</u>	<u>31,426,499</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>120,640</u>	<u>362,621</u>	<u>(1,132,191)</u>	<u>(648,930)</u>
Other Financing Sources				
Proceeds from Sale of Capital Assets	4,730	0	0	4,730
Inception of Capital Lease	142,345	0	0	142,345
Transfers In	0	0	254,046	254,046
Transfers Out	(254,046)	0	0	(254,046)
<i>Total Other Financing Sources</i>	<u>(106,971)</u>	<u>0</u>	<u>254,046</u>	<u>147,075</u>
<i>Net Change in Fund Balance</i>	<u>13,669</u>	<u>362,621</u>	<u>(878,145)</u>	<u>(501,855)</u>
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>96,696</u>	<u>702,874</u>	<u>1,530,551</u>	<u>2,330,121</u>
<i>Fund Balances End of Year</i>	<u>\$110,365</u>	<u>\$1,065,495</u>	<u>\$652,406</u>	<u>\$1,828,266</u>

See accompanying notes to the basic financial statements

Springboro Community City School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2003*

Net Change in Fund Balances - Total Governmental Funds \$ (501,855)

**Amounts reported for governmental activities in the
statement of activities are different because:**

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. Also the value of donated assets are not recorded in the governmental funds, but are recorded as contribution revenue on the statement of activities.

Fixed Asset Additions - Purchased	1,819,202	
Fixed Asset Additions - Donated	739,470	
Current Year Depreciation	<u>(2,197,834)</u>	
Total		360,838

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the amount of the losses on the disposal of fixed assets.

Proceeds from Sale of Capital Assets	(4,730)	
Loss on Disposal of Capital Assets	<u>(44,109)</u>	
Total		(48,839)

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

Intergovernmental and Property Taxes	<u>(346,757)</u>	
Total		(346,757)

Inception of capital leases are recorded as other financing sources in the governmental funds, but are recorded as an increase of long term obligations, so it is not recorded in the statement of activities

(142,345)

Repayment of bond and loan principal is recorded as expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.

852,000

Accretion of the capital appreciation bonds payable is not recorded in the governmental funds, but is recorded as an expense on the statement of activities.

(200,970)

Repayment of capital lease principal is recorded as expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.

98,254

In the statement of activities, interest is accrued on outstanding bonds and long-term notes payable, whereas in governmental funds, an interest expenditure is reported when due.

(3,590)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(330,861)	
Pension Obligations	<u>23,730</u>	
Total		<u>(307,131)</u>

Net Change in Net Assets of Governmental Activities \$ (240,395)

See accompanying notes to the basic financial statements

Springboro Community City School District, Ohio

*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<i>Total Revenues and Other Financing Sources</i>	<u>25,582,641</u>	<u>24,315,874</u>	<u>24,294,680</u>	<u>(21,194)</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>24,067,562</u>	<u>25,289,680</u>	<u>25,328,100</u>	<u>(38,420)</u>
<i>Net Change in Fund Balance</i>	1,515,079	(973,806)	(1,033,420)	(59,614)
<i>Fund Balance Beginning of Year</i>	2,389,763	2,389,763	2,389,763	0
<i>Prior Year Encumbrances Appropriated</i>	<u>59,608</u>	<u>59,608</u>	<u>59,608</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,964,450</u></u>	<u><u>\$1,475,565</u></u>	<u><u>\$1,415,951</u></u>	<u><u>(\$59,614)</u></u>

See accompanying notes to the basic financial statements

Springboro Community City School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2003

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$75,540</u>
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Liabilities

Undistributed Monies	<u>\$75,540</u>
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See accompanying notes to the basic financial statements

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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 150 non-certificated employees, 222 certificated full-time teaching personnel and 11 administrative employees who provide services to 3,879 students and other community members. The School District currently operates 4 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's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the 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 17 to the Basic Financial Statements.

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 17 to the Basic Financial Statements.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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

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 as the fiscal agent. This is a jointly governed organization and the School District's participation is discussed in Note 17 to the Basic Financial Statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

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

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

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

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. The funds used by this School District can be classified using two categories, governmental and fiduciary. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities.

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

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 is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

Bond Retirement Debt Service Fund The Bond Retirement Debt Service Fund accounts for tax revenues collected to repay outstanding general obligation bonds.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are agency funds which account for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenditures) in total net assets.

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

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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, except for (1) principal and interest on general long-term debt, which is recorded when due, (2) the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period that the vacation and sick leave have matured, and (3) the costs for accrued workers compensation which will not be paid during the available period. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

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 balance sheet.

During fiscal year 2003, 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 2003. 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, 2003.

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, the auxiliary services non-major special revenue fund, and the permanent fund in accordance with School District policy. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$69,027. The non-major funds received interest in the amount of \$6,091.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2003, 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 fiscal year in which services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies held for consumption and donated commodities held for resale.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

The School District’s only capital assets are general assets. General capital assets are those assets specifically related governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 50 years
Furniture and Equipment	5 - 15 years
Vehicles	3 - 15 years

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.

The entire sick leave benefit and vacation liabilities are reported on the government-wide financial statements. On the governmental fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as “matured compensated absences payable” in the fund from which the employees who will receive the payment is paid.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accrued Liabilities and Long-term Obligations

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

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

K. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets.

L. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a 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 have been established for encumbrances, budget stabilization and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes represents balances in special revenue funds for grants received which are restricted as to their use by grantors and the amounts restricted for set-asides (see Note 15).

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

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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.

O. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has the authority to allocate appropriations to the function and object level without resolution by the Board.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made before the end of the prior fiscal year. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

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.

P. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the General Fund include amounts required by state statute to be set aside for budget stabilization. See Note 15 for additional information regarding set-asides.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

Changes in Accounting Principles For fiscal year 2003, the School District has implemented GASB Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”, GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”, GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.” At June 30, 2002, there was no effect on fund balances as a result of implementing GASB Statements 37 and 38.

GASB 34 creates new basic financial statements for reporting on the School District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. The beginning net assets amount for governmental programs reflects the change in fund balances for governmental funds at June 30, 2002 caused by the conversion to the accrual basis of accounting.

The government-wide financial statements split the School District’s programs between business-type activities, if any, and governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2002, caused by the reclassification of funds based on the guidance provided in Statement No. 34 and the conversion to the accrual basis of accounting.

Restatement of Fund Balance It was determined that the Food Service Enterprise Fund should be reclassified as a special revenue fund and the internal service fund be reclassified as part of the General Fund. This restatement and the implementation of Interpretation No. 6 had the following effects on fund balance of the major and nonmajor funds of the School District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented, which includes a net prior period adjustment due to the misstatement of land and capital appreciation bonds in the prior year.

	Bond			
	<u>General</u>	<u>Retirement</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2002	\$8,649	\$822,095	\$1,403,587	\$2,234,331
Fund Reclassification	(78,319)	0	552,670	474,351
All Other Adjustments	<u>166,366</u>	<u>(119,221)</u>	<u>(425,706)</u>	<u>(378,561)</u>
Adjusted Fund Balances, June 30, 2002	<u>\$96,696</u>	<u>\$702,874</u>	<u>\$1,530,551</u>	2,330,121
GASB 34 Adjustments				(1,988,658)
Net Prior Period Adjustments				76,354
Governmental Activities Net Assets, June 30, 2002				<u>\$417,817</u>

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE
(Continued)

	Business-Type Activities
Fund Equity, June 30, 2002	\$474,351
Fund Reclassification	<u>(474,351)</u>
Adjusted Net Assets, June 30, 2002	<u><u>\$0</u></u>

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	\$13,669
Revenue Accruals	(1,399,340)
Expenditure Accrual	426,325
Encumbrances	<u>(74,074)</u>
Budget Basis	<u><u>(\$1,033,420)</u></u>

NOTE 5 – DEPOSITS AND INVESTMENTS

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

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

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 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;
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 (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 \$1,025,472 and the bank balance was \$1,344,404. Of the bank balance:

\$272,704 was covered by federal depository insurance; and

The remainder was uninsured and uncollateralized. 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.

	<u>Unclassified</u>	<u>Category 3</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 0	\$2,095,927	\$2,095,927
Money Market Mutual Fund	0	10,663	10,663
STAR Ohio	<u>27,653</u>	<u>0</u>	<u>27,653</u>
Totals	<u>\$27,653</u>	<u>\$2,106,590</u>	<u>\$2,134,243</u>

The classification of cash and cash equivalents, and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$3,159,715	\$0
Investments:		
STAR Ohio	(27,653)	27,653
Repurchase Agreements	(2,095,927)	2,095,927
Money Market Mutual Funds	(10,663)	10,663
GASB Statement 3	<u>\$1,025,472</u>	<u>\$2,134,243</u>

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 (used in business) property located in the School District. Property tax revenue received during calendar 2003 for real and public utility property taxes represents collections of calendar 2002 taxes. Property tax payments received during calendar 2003 for tangible personal property (other than public utility property) are for calendar 2003 taxes.

2003 real property taxes are levied after April 1, 2003, on the assessed value listed as of January 1, 2004, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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. 2003 public utility property taxes became a lien December 31, 2002, are levied after April 1, 2003, and are collected in 2003 with real property taxes.

2003 tangible personal property taxes are levied after April 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are twenty-five percent of true value.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 6 - PROPERTY TAXES (Continued)

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second- Half Collections		2003 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$488,734,660	90.71%	\$525,159,000	91.41%
Public Utility Personal	25,955,990	4.82%	26,717,040	4.65%
Tangible Personal Property	24,072,590	4.47%	22,664,570	3.94%
Total	<u>\$538,763,240</u>	<u>100.00%</u>	<u>\$574,540,610</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$55.56		\$55.41	

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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Warren County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real, personal property, and public utility taxes which are measurable as of June 30, 2003, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance at June 30, 2003, was \$2,085,155 and is recognized as revenue: \$1,780,285 in the General Fund and \$304,870 in the Bond Retirement Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 7 - RECEIVABLES

Receivables at June 30, 2003, consisted of property taxes, interfund, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
General Fund (Major Fund):	\$2,628
Non-major Special Revenue Funds:	
Title VI-B	41,344
Title I	8,512
Food Service	1,624
E-Rate	7,013
Drug Free Workplace	8,981
Improving Teacher Quality	8,986
	<u>76,460</u>
Total Non-major Special Revenue Funds	<u>76,460</u>
Total All Funds	<u><u>\$79,088</u></u>

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 8 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2003, was as follows:

	Ending Balance 06/30/02*	Additions	Deletions	Ending Balance 06/30/03
<u>Governmental Activities</u>				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$972,382	\$0	\$0	\$972,382
Construction in Progress	1,547,382	1,039,889	(2,587,271)	0
<i>Total Capital Assets, Not Being Depreciated</i>	<u>2,519,764</u>	<u>1,039,889</u>	<u>(2,587,271)</u>	<u>972,382</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	37,730,103	3,339,283	0	41,069,386
Furniture and Equipment	5,934,160	292,525	(56,083)	6,170,602
Vehicles	2,112,732	474,246	(119,106)	2,467,872
<i>Total Capital Assets, Being Depreciated</i>	<u>45,776,995</u>	<u>4,106,054</u>	<u>(175,189)</u>	<u>49,707,860</u>
<i>Less Accumulated Depreciation:</i>				
Building and Improvements	(11,917,637)	(1,238,801)	0	(13,156,438)
Furniture and Equipment	(4,517,079)	(804,211)	55,694	(5,265,596)
Vehicles	(914,139)	(154,822)	70,656	(998,305)
<i>Total Accumulated Depreciation</i>	<u>(17,348,855)</u>	<u>(2,197,834)</u>	<u>126,350</u>	<u>(19,420,339)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>28,428,140</u>	<u>1,908,220</u>	<u>(48,839)</u>	<u>30,287,521</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$30,947,904</u>	<u>\$2,948,109</u>	<u>(\$2,636,110)</u>	<u>\$31,259,903</u>

* Restated – See Note 3

Depreciation expense was charged to government functions as follows:

Instruction:	
Regular	\$1,890,947
Special	4,524
Support Services:	
Pupil	3,166
Instructional Services	23,948
Administration	47,522
Fiscal Services	3,851
Business	4,711
Operation and Maintenance of Plant	30,432
Pupil Transportation	79,770
Central Services	514
Non-Instructional Services	98,835
Extracurricular Activities	9,614
Total Depreciation Expense	<u>\$2,197,834</u>

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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 2003, the School District contracted with Indiana Insurance Company for property insurance with a \$62,952,620 aggregate limit and a \$1,000 deductible and inland marine of \$64,000 limit and a \$500 deductible. Professional liability is protected by the Nationwide Mutual Insurance Company with a per occurrence limit of \$1,000,000 and a \$3,000,000 aggregate limit with a \$2,500 deductible under a commercial umbrella policy.

The School District's vehicles are covered by the Nationwide Insurance Company and hold a \$250 comprehensive deductible and \$500 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Vehicles are also covered under the commercial umbrella policy.

The Travelers' Insurance Company (Harcum-Hyre agency) maintains both a \$80,000 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 change in coverage from last year.

The School District provides medical/surgical insurance through Anthem, a commercial insurance company.

Dental insurance is offered to all eligible employees through the self-insurance program. The School District pays \$60.32 for family coverage or \$18.90 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 program. The School District pays \$10.23 for family coverage or \$4.10 for individual coverage per month which represents ninety percent of the premium required. The claims liability of \$63,135 reported in the general fund at June 30, 2003, 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 the past three fiscal years were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2001	\$12,230	\$205,402	\$175,343	\$42,289
2002	42,289	219,530	208,146	53,673
2003	53,673	236,793	246,255	63,135

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 10 – 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 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001, were \$451,534, \$132,310, and \$164,941 respectively; 60 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$179,287 represents the unpaid contribution for fiscal year 2003.

B. State Teachers Retirement System

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

New members have a choice of three retirement plans, a Defined Benefits (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2003, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations 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, 2003, 2002, and 2001, were \$2,230,972, \$1,014,545, and \$803,586, respectively; 85 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$342,936 represents the unpaid contribution for fiscal year 2003.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, all members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - 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-certificated 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.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$158,278 for fiscal year 2003. STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000, and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to 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 the premium. After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$255,856.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2003, (the latest information available), were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants receiving health care benefits.

NOTE 13 - LONG TERM OBLIGATIONS

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

	Principal Outstanding 06/30/02*	Additions	Reductions	Principal Outstanding 06/30/03	Amounts Due in One Year
Governmental Activities					
School Improvement Bond					
1996 and 1991 Refunding 5.24%	\$28,596,028	\$200,970	\$730,000	\$28,066,998	\$820,000
Loan Payable	2,670,000	-	122,000	2,548,000	963,000
Capital Leases Payable	841,371	142,345	98,254	885,462	726,573
Compensated Absences	990,175	330,861	0	1,321,036	134,982
Total Governmental Activities					
Long-Term Liabilities	<u>\$33,097,574</u>	<u>\$674,176</u>	<u>\$950,254</u>	<u>\$32,821,496</u>	<u>\$2,644,555</u>

* Restated - See Note 3

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 13 - LONG TERM OBLIGATIONS (Continued)

Springboro High School Addition General Obligation Bonds - On February 7, 1996, the School District issued \$32,664,632 in voted general obligation bonds for the purpose of constructing a new high school building and to refund a 1991 School Improvement bond issuance. \$6,535,000 were issued as serial bonds with interest rates ranging from 3.50% to 4.40%, and maturity dates of December 1, 1996 to December 1, 2003. \$25,045,000 are term bonds with interest rates ranging from 5.10% to 6.00%, and maturity dates of December 1, 2011, 2016, and 2023. \$1,084,632 are capital appreciation bonds with maturity dates of December 1, 2004, 2005, and 2006, with maturity amounts of \$910,000, \$965,000, and \$915,000 respectively. The capital appreciation bonds were accreted \$200,970 in fiscal year 2003 for a total outstanding bond value of \$28,066,998. The bonds were issued for a twenty-five year period. The bond value at final maturity will be \$28,655,000. The bonds will be retired from the debt service fund.

Springboro Capital Funding Loan - In 2002, Springboro Community City School District borrowed \$1,829,000 from the Ohio School Boards Association School Expanded Asset Pooled Financing Program, for the purpose of HVAC improvements throughout the School District. The loan is for a fifteen year period with final maturity at June 2017. The debt will be retired from the general fund.

Springboro School Bus Purchase Loan - In May 2001, Springboro Community City School District borrowed \$841,000 from the Ohio School Boards Association School Pool, for the purpose of buying school buses for the School District. The loan is for a three-year period with final maturity at May 2004. The debt will be retired from the general fund as part of a refunding transaction occurring in October 2003 (See also note 20).

Compensated absences will be paid from the fund from which the person is paid. Capital lease obligations will be paid from the general 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.

The overall debt margin of the School District as of June 30, 2003, was \$22,190,655, with an unvoted debt margin of \$2,622,865.

Principal and interest requirements to retire the school improvement bonds and the OASBO Loans outstanding at June 30, 2003, are as follows:

Fiscal Year						
Ending June 30,	Principal	Interest	Total	Principal	Interest	Total
2004	\$820,000	\$1,354,832	\$2,174,832	\$963,000	\$96,024	\$1,059,024
2005	910,000	1,857,039	2,767,039	122,000	71,642	193,642
2006	965,000	1,928,289	2,893,289	122,000	66,128	188,128
2007	915,000	1,930,417	2,845,417	122,000	60,614	182,614
2008	960,000	1,307,992	2,267,992	122,000	55,098	177,098
2009-2013	5,745,000	5,578,929	11,323,929	610,000	192,778	802,778
2014-2018	7,520,000	3,775,057	11,295,057	487,000	54,964	541,964
Thereafter	10,820,000	1,605,222	12,425,222	0	0	0
Total	<u>\$28,655,000</u>	<u>\$19,337,777</u>	<u>\$47,992,777</u>	<u>\$2,548,000</u>	<u>\$597,248</u>	<u>\$3,145,248</u>

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 14 – INTERFUND ACTIVITY

As of June 30, 2003 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 (Major Fund)	\$67,655	\$0
Non-major Special Revenue Funds:		
Title VI	0	9,574
Preschool	0	1,251
Title VI-B	0	49,978
Title I	0	3,462
Title V	0	3,390
Total Non-major Special Revenue Funds	<u>0</u>	<u>67,655</u>
Total All Funds	<u><u>\$67,655</u></u>	<u><u>\$67,655</u></u>

The General Fund periodically provides advances to grant funds to provide temporary resources to such funds until grant monies are received at which time the advances are repaid.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund (Major Fund)	\$0	\$254,046
Non-major Special Revenue Funds:		
Title VI-R	34	0
Title I	310	0
Information Technology Tech Prep	3,240	0
Schoolnet Plus	48	0
Adult Education	414	0
Total Non-major Special Revenue Funds	<u>4,046</u>	<u>0</u>
Non-major Capital Project Fund:		
Permanent Improvement	250,000	0
Total All Funds	<u><u>\$254,046</u></u>	<u><u>\$254,046</u></u>

The General Fund also provides transfers to various funds in the School District to subsidize activities which benefit the School District. These transfers are not intended to be repaid.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 15 – 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 or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years.

For fiscal year ended June 30, 2003, the School District is no longer required to set aside funds in the budget reserve set-aside, with the exception of monies received from the Bureau of Workers' Compensation, which must be retained for budget stabilization or spent for specified purposes.

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

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Cash Balance 07/01/2002	\$0	\$0	\$96,355
Current Year Set-Aside Requirement	513,771	513,771	0
Offset Credits and Prior Year Carryover	(121,621)	(527,507)	0
Qualifying Expenditures	<u>(485,246)</u>	<u>(82,945)</u>	<u>0</u>
Balance Carried Forward to FY 2004	<u>(\$93,096)</u>	<u>(\$96,681)</u>	<u>\$96,355</u>
Set Aside Reserve Cash Balance as of June 30, 2003	\$0	\$0	\$96,355

The School District had qualifying disbursements during the year that reduced the set-aside amounts below zero in the Capital Acquisition and Textbooks Set-asides. These extra amounts may be carried forward and used to reduce the set-aside requirements of future years.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 16 – CAPITALIZED LEASES – LESSEE DISCLOSURE

The School District has entered into a capitalized lease for the purchase of computers. During previous years, the School District entered into capitalized leases for the purchase of modular classrooms, computers, copiers and to construct a new central office. 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.

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, 2003.

<u>Fiscal Year Ending June 30,</u>	<u>Minimum Lease Payment</u>
2004	\$766,100
2005	89,487
2006	47,166
2007	<u>37,202</u>
Total	939,955
Less: Amount Representing Interest	<u>(54,493)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$885,462</u></u>

NOTE 17 - 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 approximately \$47,000 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 SR48 North, Lebanon, Ohio 45036.

Springboro Community City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 17 - 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 18 - STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE 19 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the 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, 2003.

B. Litigation

The School District is currently party to legal proceedings. The School District's management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

NOTE 20 - SUBSEQUENT EVENTS

In October of 2003, the School District entered into a lease purchase agreement with the Ohio School Boards Association pool loan program to purchase land and refinance the school bus purchase loan in the amount of \$841,000 which was scheduled for maturity during fiscal year 2004. The total amount of the new obligation is \$1,064,000 with a final maturity date of January 1, 2032.

Springboro Community School District
Warren County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2003

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>United States Department of Agriculture</u>						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	N/A	10.550	\$0	\$45,074	\$0	\$46,162
National School Lunch Program	LL-P4	10.555	79,013	0	79,013	0
Total United States Department of Agriculture - Nutrition Cluster			79,013	45,074	79,013	46,162
<u>United States Department of Education</u>						
<i>Passed through Ohio Department of Education</i>						
Safe & Drug Free Schools & Communities	DR-S1	84.186	9,390	0	7,777	0
Eisenhower Professional State Grants	MS-S1	84.281	2,122	0	3,542	0
Title I Grants to Local Education Agencies	C1-SI	84.010	45,997	0	64,583	0
<i>Special Education Cluster</i>						
Special Education Grants to States	6B-SF	84.027	232,282	0	290,805	0
Special Education Preschool Grants	PG-S1	84.173	15,030	0	15,030	0
Total Special Education Cluster			247,312	0	305,835	0
Class Size Reduction	CR-S1	84.340	13,728	0	8,343	0
Improving Teacher Quality State Grants	TR-S1	84.367	49,777	0	57,469	0
Education Technology State Grants	TJ-S1	84.318	1,238	0	1,258	0
Innovative Education Program Strategies	C2-S1	84.298	34,439	0	39,032	0
Total United States Department of Education			404,003	0	487,839	0
Total Federal Financial Assistance			<u>\$483,016</u>	<u>\$45,074</u>	<u>\$566,852</u>	<u>\$46,162</u>

N/A = Pass through entity number not available
See Accompanying Notes to Schedule of Federal Awards Expenditures.

SPRINGBORO COMMUNITY SCHOOL DISTRICT
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2003

NOTE A -SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B -FOOD DISTRIBUTIONS

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the School District had no significant food commodities in inventory.

BALESTRA, HARR & SCHERER CPAs, INC.

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Ohio Society of Certified Public Accountants

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of the Board
Springboro Community City School District
270 West Central Avenue
Springboro, Ohio 45066

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springboro Community City School District (the School District), as of and for the year ended June 30, 2003, and have issued our report thereon dated February 13, 2004, in which we indicated the School District adopted Governmental Accounting Standards Board Statement numbers 34, 37, 38, and Interpretation 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance that are required to be reported under *Government Auditing Standard*. However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the School District in a separate letter dated February 13, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 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.

Members of the Board
Springboro Community City School District
Springboro, Ohio 45066

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management, members of the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.
February 13, 2004

BALESTRA, HARR & SCHERER CPAs, INC.

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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Members of the Board
Springboro Community School District
270 West Central Avenue
Springboro, Ohio 45066

Compliance

We have audited the compliance of Springboro Community City School District (the School District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2003. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Springboro Community City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit we considered the internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Members of the Board
Springboro Community School District
Springboro, Ohio 45066

Report on Compliance With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance With OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulation, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, members of the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.
February 13, 2004

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

SPRINGBORO COMMUNITY SCHOOL DISTRICT
WARREN COUNTY
JUNE 30, 2003

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster, CFDA # 84.027 and 84.173 & Nutrition Cluster, CFDA # 10.550 and 10.555
(d)(1)(viii)	Dollar Threshold: Type A \B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

SPRINGBORO COMMUNITY SCHOOL DISTRICT
WARREN COUNTY
JUNE 30, 2003

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

Finding Number	None
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
CFDA Title and Number	
Federal Award Number/Year	
Federal Agency	
Pass-Through Agency	



**Auditor of State
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SPRINGBORO COMMUNITY 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
APRIL 22, 2004**