



Dave Yost • Auditor of State

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Springfield Local School District
Mahoning County
11335 Youngstown-Pittsburgh Road
PO Box 549
New Middletown, Ohio 44442

To the Board of Education:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Springfield Local School District, Mahoning County, Ohio, as of June 30, 2011, and the respective changes in financial position, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basic financial statements, the District implemented Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

November 30, 2011

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The management's discussion and analysis of the Springfield Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- The District restated net assets at June 30, 2010 as described in Note 3.C to the basic financial statements. In total, net assets of governmental activities decreased \$108,616 which represents a 1.85% decrease from fiscal year 2010.
- General revenues accounted for \$9,539,685 in revenue or 80.63% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,291,599 or 19.37% of total revenues of \$11,831,284.
- The District had \$11,939,900 in expenses related to governmental activities; \$2,291,599 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$9,539,685 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The District restated fund balances at June 30, 2010 as described in Note 3.B to the basic financial statements. The general fund had \$9,643,988 in revenues and \$9,744,410 in expenditures and other financing uses. During fiscal year 2011, the general fund's fund balance decreased \$100,422 from \$1,235,216 to \$1,134,794.
- The District's bond retirement fund had \$179,432 in revenues and \$340,432 in expenditures. During fiscal year 2011, the bond retirement fund's fund balance decreased \$161,000 from \$1,099,661 to \$938,661.

Using these Basic Financial Statements

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

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and bond retirement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The District's fiduciary activities are reported in a separate statement of fiduciary net assets on page 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 21-50 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets at June 30, 2011 and June 30, 2010. The net assets of the District were restated at June 30, 2010 as described in Note 3.C to the basic financial statements.

	Net Assets	
	Governmental Activities <u>2011</u>	Restated Governmental Activities <u>2010</u>
<u>Assets</u>		
Current and other assets	\$ 6,801,981	\$ 6,791,539
Capital assets, net	<u>5,229,162</u>	<u>5,649,729</u>
Total assets	<u>12,031,143</u>	<u>12,441,268</u>
<u>Liabilities</u>		
Current liabilities	4,068,992	4,098,480
Long-term liabilities	<u>2,188,426</u>	<u>2,460,447</u>
Total liabilities	<u>6,257,418</u>	<u>6,558,927</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	4,369,042	4,374,407
Restricted	1,379,585	1,402,364
Unrestricted	<u>25,098</u>	<u>105,570</u>
Total net assets	<u>\$ 5,773,725</u>	<u>\$ 5,882,341</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$5,773,725. Of this total, \$1,379,585 is restricted in use.

At year-end, capital assets represented 43.46% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$4,369,042. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

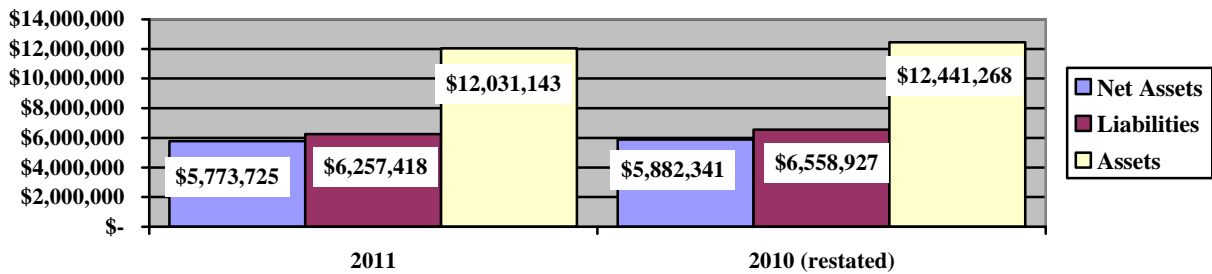
**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

A portion of the District's net assets, \$1,379,585, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$25,098 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2011 and June 30, 2010. The net assets of the District were restated at June 30, 2010 as described in Note 3.C to the basic financial statements.

Governmental Activities



The table below shows the changes in net assets for governmental activities for fiscal years 2011 and 2010. The net assets of the District were restated at June 30, 2010 as described in Note 3.C to the basic financial statements.

Change in Net Assets

	Governmental Activities 2011	Restated Governmental Activities 2010
Revenues		
Program revenues:		
Charges for services and sales	\$ 483,274	\$ 483,106
Operating grants and contributions	1,808,325	1,166,727
General revenues:		
Property taxes	3,053,846	3,193,823
School district income taxes	1,727,223	1,584,789
Grants and entitlements	4,726,563	5,436,493
Investment earnings	5,088	8,162
Other	26,965	19,753
Total revenues	11,831,284	11,892,853

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

	Change in Net Assets	
	Governmental Activities 2011	Restated Governmental Activities 2010
	<u>2011</u>	<u>2010</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 5,071,246	\$ 4,753,065
Special	1,086,162	913,846
Vocational	197,279	188,801
Other	112,176	136,865
Support services:		
Pupil	619,331	551,071
Instructional staff	357,859	506,357
Board of education	28,980	18,541
Administration	1,251,004	1,204,947
Fiscal	331,902	322,340
Business	5,160	3,310
Operations and maintenance	1,058,527	968,988
Pupil transportation	579,616	541,277
Central	43,296	46,010
Operation of non-instructional services:		
Food service operations	544,929	524,733
Other non-instructional services	4,102	14,644
Extracurricular activities	563,923	533,109
Interest and fiscal charges	<u>84,408</u>	<u>101,136</u>
Total expenses	<u>11,939,900</u>	<u>11,329,040</u>
Change in net assets	(108,616)	563,813
Net assets at beginning of year (restated)	<u>5,882,341</u>	<u>5,318,528</u>
Net assets at end of year	<u>\$ 5,773,725</u>	<u>\$ 5,882,341</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$108,616. Total governmental expenses of \$11,939,900 were offset by program revenues of \$2,291,599 and general revenues of \$9,539,685. Program revenues supported 19.19% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 80.36% of total governmental revenue. The increase in operating grants and contributions is attributable to monies received during fiscal year 2011 related to the Pathway to Student Success program, which is administered through the Ohio Department of Education. The increase is also attributable to federal monies received during fiscal year 2011 related to the Education Jobs program. This increase offsets the decrease in grants and entitlements general revenue.

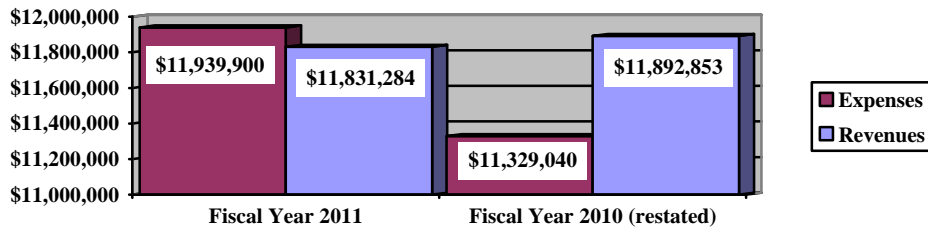
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,466,863 or 54.16% of total governmental expenses for fiscal year 2011.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2011 and 2010. The net assets of the District were restated at June 30, 2010 as described in Note 3.C to the basic financial statements.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2011 and 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The net assets of the District were restated at June 30, 2010 as described in Note 3.C to the basic financial statements.

	Total Cost of Services 2011	Net Cost of Services 2011	Restated Total Cost of Services 2010	Restated Net Cost of Services 2010
Program expenses				
Instruction:				
Regular	\$ 5,071,246	\$ 4,401,959	\$ 4,753,065	\$ 4,398,701
Special	1,086,162	491,461	913,846	707,028
Vocational	197,279	175,237	188,801	166,923
Other	112,176	34,812	136,865	78,938
Support services:				
Pupil	619,331	512,862	551,071	368,573
Instructional staff	357,859	280,628	506,357	368,995
Board of education	28,980	28,980	18,541	18,541
Administration	1,251,004	1,250,607	1,204,947	1,204,947
Fiscal	331,902	331,902	322,340	322,340
Business	5,160	5,160	3,310	3,310
Operations and maintenance	1,058,527	1,053,036	968,988	959,200
Pupil transportation	579,616	574,513	541,277	540,561
Central	43,296	31,471	46,010	34,151
Operation of non-instructional services:				
Food service operations	544,929	1,770	524,733	52,718
Other non-instructional services	4,102	3,002	14,644	215
Extracurricular activities	563,923	386,493	533,109	352,930
Interest and fiscal charges	84,408	84,408	101,136	101,136
Total expenses	<u>\$ 11,939,900</u>	<u>\$ 9,648,301</u>	<u>\$ 11,329,040</u>	<u>\$ 9,679,207</u>

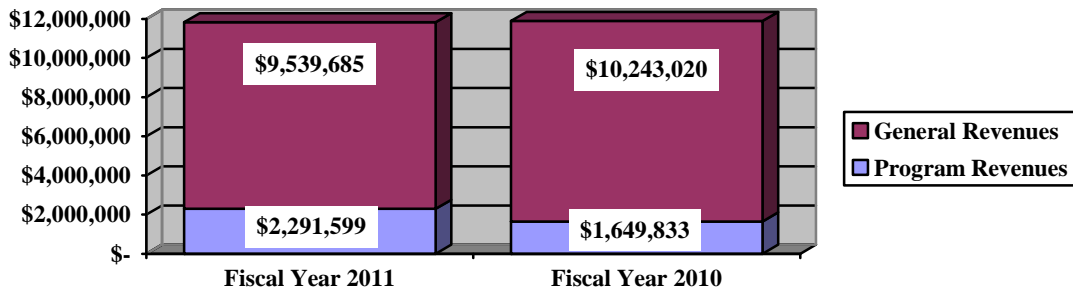
**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The dependence upon tax and other general revenues for governmental activities is apparent, 78.92% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.81%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2011 and 2010.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$2,274,476, which is lower than last year's total restated balance of \$2,398,915 (as described in Note 3.B). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and June 30, 2010.

	Fund Balance <u>June 30, 2011</u>	Restated Fund Balance <u>June 30, 2010</u>	Increase/ (Decrease)	Percentage Change
General	\$ 1,134,794	\$ 1,235,216	\$ (100,422)	(8.13) %
Bond Retirement	938,661	1,099,661	(161,000)	(14.64) %
Other Governmental	<u>201,021</u>	<u>64,038</u>	<u>136,983</u>	213.91 %
Total	<u>\$ 2,274,476</u>	<u>\$ 2,398,915</u>	<u>\$ (124,439)</u>	(5.19) %

General Fund

The District's general fund balance decreased \$100,422. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 4,519,296	\$ 4,296,261	\$ 223,035	5.19 %
Earnings on investments	5,088	8,162	(3,074)	(37.66) %
Intergovernmental	4,969,288	5,346,866	(377,578)	(7.06) %
Other revenues	<u>150,316</u>	<u>154,488</u>	<u>(4,172)</u>	<u>(2.70) %</u>
Total	<u>\$ 9,643,988</u>	<u>\$ 9,805,777</u>	<u>\$ (161,789)</u>	<u>(1.65) %</u>
<u>Expenditures</u>				
Instruction	\$ 5,449,684	\$ 5,254,712	\$ 194,972	3.71 %
Support services	3,874,694	3,932,987	(58,293)	(1.48) %
Non-instructional services	3,102	2,959	143	4.83 %
Extracurricular activities	367,767	341,561	26,206	7.67 %
Facilities acquisition and construction	26,223	703,633	(677,410)	(96.27) %
Debt service	<u>2,940</u>	<u>2,940</u>	<u>-</u>	<u>- %</u>
Total	<u>\$ 9,724,410</u>	<u>\$ 10,238,792</u>	<u>\$ (514,382)</u>	<u>(5.02) %</u>

Overall revenues of the general fund decreased \$161,789 or 1.65%. Tax revenue increased \$223,035 or 5.19% due to increased income tax revenue that is a result of increasing wages earned by the District's constituents and improving real estate values resulting in increased property taxes. Intergovernmental revenue decreased \$377,578 or 7.06% due to declines in homestead and rollback receipts and restricted grants in aid. All other revenue remained comparable to fiscal year 2010.

Overall expenditures of the general fund decreased \$514,382 or 5.02%. The most significant decrease was in facilities acquisition and construction, which decreased due to the completion of a construction project during the previous fiscal year. All other expenditures remained comparable to fiscal year 2010.

Bond Retirement Fund

The District's bond retirement fund had \$179,432 in revenues and \$340,432 in expenditures. During fiscal year 2011, the bond retirement fund's fund balance decreased \$161,000 from \$1,099,661 to \$938,661.

General Fund Budgeting Highlights

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

For the general fund, original and final budgeted revenues and other financing sources were \$9,338,501 and \$9,487,246, respectively. Actual revenues and other financing sources for fiscal year 2011 were \$9,490,337. This represents a \$3,091 increase over final budgeted amounts.

General fund original and final appropriations (appropriated expenditures including other financing uses) were \$10,726,393 and \$10,710,817, respectively. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$9,677,431, which was \$1,033,386 less than the final budgeted amounts.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District had \$5,229,162 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2011 balances compared to June 30, 2010 balances:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2011	2010
Land	\$ 99,230	\$ 99,230
Land improvements	982,774	1,067,425
Building and improvements	3,738,588	3,974,637
Furniture and equipment	79,231	107,777
Vehicles	329,339	400,660
Total	\$ 5,229,162	\$ 5,649,729

The overall decrease in capital assets of \$420,567 is due to depreciation expense of \$432,397 exceeding capital outlays of \$11,830 during fiscal year 2011.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

During fiscal year 2011, the District restated long-term obligations at June 30, 2010 due to an accreted interest liability that should have been reported (see Note 3.C for details). At June 30, 2011, the District had \$264,996 in capital appreciation bonds, \$367,894 in accreted interest, \$593,200 in lease purchase agreements and \$1,924 in capital lease obligations outstanding. Of this total, \$415,477 is due within one year and \$812,537 is due in more than one year. The following table summarizes the bonds, lease purchase agreements and capital lease obligations outstanding.

Outstanding Debt, at Year End

	Governmental	Restated
	Activities	Governmental
	2011	2010
Current interest bonds	\$ -	\$ 330,000
Capital appreciation bonds	264,996	264,996
Accreted interest	367,894	323,512
Lease purchase agreements	593,200	675,635
Capital lease obligations	1,924	4,691
Total	\$ 1,228,014	\$ 1,598,834

See Note 11 to the basic financial statements for additional information on the District's debt administration.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Current Financial Related Activities

Overall, the District is financially strong. As the preceding information shows, the District relies heavily upon property taxes, income taxes, and grants and entitlements. On May 5, 2009, the school district income tax was renewed for a period of five years, beginning January 1, 2010. This tax revenue, along with the District's cash balance, should provide the District with the necessary funds to meet its operating expenses for at least the next five fiscal years. However, the future financial stability of the District is not without challenges. The income tax expires on December 31, 2014 and will require voter approval for an additional five years.

Since the District relies on the State for approximately 54% of the general operating revenues, one of the largest challenges facing the District is that of State funding. State funding for schools is based on several factors, all of which are subject to deliberations and approval of the Ohio General Assembly. The administration of Governor John Kasich has proposed a move away from the Evidence-Based Model to a new formula for fund distribution to school districts. However, since a new funding mechanism is not formulated as of yet, the administration has decided to fund school districts in fiscal year 2012 based on a transitional approach until a new formula is devised. This transitional approach is referred to as the bridge formula, which the administration hopes to replace with a permanent formula by fiscal year 2013 or 2014. As of August 1, 2011, the bridge formula appears to show a foundation reduction from fiscal year 2011 receipts. This reduction, together with the loss of federal stimulus money and tangible personal property tax reimbursement, is considerable and the District is currently evaluating all operations to determine how further cost savings could be realized through applying more scientific analysis to processes and procedures.

The next challenge facing the District is the rapid decline in enrollment over the past several years, especially if these declines continue. The District has thus far been able to manage the decline in enrollment by aggressively adjusting the certified and classified staffing levels as necessary. Should enrollment continue to decline, this will become increasingly more difficult as further reductions would entail that the District consider program reductions and negotiate changes to current labor contracts.

On a more positive note, in addition to the renewal of the income tax, the District entered into new labor agreements effective September 1, 2010 with both the Springfield Local Classroom Teachers Association and the Springfield Local Classified Employees' Association. These agreements are for a period of three years ending on August 31, 2013. Significant changes were agreed on in the areas of staffing and insurance without which the District would not have been able to forecast with such optimism. The District considers its strong and trusting relationship between its Board, administrators, and all employees to be its most valuable asset.

In conclusion, the District's system of budgeting and internal controls is well regarded. All of the District's financial abilities and experience will be needed to meet the financial challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Edward N. Sobnosky, Treasurer, Springfield Local School District, Box AK 11335, Youngstown-Pittsburg Road, New Middletown, Ohio 44442.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 2,629,744
Receivables:	
Property taxes	3,104,554
Income taxes	714,996
Accounts	4,849
Due from other governments	345,124
Prepayments	352
Materials and supplies inventory	2,362
Capital assets:	
Land	99,230
Depreciable capital assets, net	5,129,932
Capital assets, net	5,229,162
 Total assets	 12,031,143
 Liabilities:	
Accounts payable	3,923
Accrued wages and benefits	837,121
Pension obligation payable	239,143
Due to other governments	33,935
Unearned revenue	2,952,449
Accrued interest payable	2,421
Long-term liabilities:	
Due within one year	637,598
Due in more than one year	1,550,828
 Total liabilities	 6,257,418
 Net Assets:	
Invested in capital assets, net of related debt	4,369,042
Restricted for:	
Capital projects	180,018
Debt service	938,661
Federally funded programs	229,240
Student activities	31,066
Other purposes	600
Unrestricted	25,098
 Total net assets.	 \$ 5,773,725

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 5,071,246	\$ 42,727	\$ 626,560	\$ (4,401,959)
Special	1,086,162	-	594,701	(491,461)
Vocational	197,279	-	22,042	(175,237)
Other	112,176	-	77,364	(34,812)
Support services:				
Pupil.	619,331	-	106,469	(512,862)
Instructional staff	357,859	-	77,231	(280,628)
Board of education	28,980	-	-	(28,980)
Administration.	1,251,004	-	397	(1,250,607)
Fiscal.	331,902	-	-	(331,902)
Business.	5,160	-	-	(5,160)
Operations and maintenance	1,058,527	-	5,491	(1,053,036)
Pupil transportation.	579,616	-	5,103	(574,513)
Central	43,296	-	11,825	(31,471)
Operation of non-instructional services:				
Food service operations	544,929	264,592	278,567	(1,770)
Other non-instructional services	4,102	-	1,100	(3,002)
Extracurricular activities.	563,923	175,955	1,475	(386,493)
Interest and fiscal charges	84,408	-	-	(84,408)
Total governmental activities	\$ 11,939,900	\$ 483,274	\$ 1,808,325	(9,648,301)

General Revenues:

Property taxes levied for:	
General purposes	2,783,187
Debt service.	136,842
Capital projects	133,817
School district income tax	1,727,223
Grants and entitlements not restricted	
to specific programs	4,726,563
Investment earnings	5,088
Miscellaneous	26,965
Total general revenues	9,539,685
Change in net assets	(108,616)
Net assets at beginning of year (restated).	5,882,341
Net assets at end of year	\$ 5,773,725

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<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.	\$ 1,440,860	\$ 938,661	\$ 250,223	\$ 2,629,744
Receivables:				
Property taxes.	2,962,328	-	142,226	3,104,554
Income taxes	714,996	-	-	714,996
Accounts	2,425	-	2,424	4,849
Due from other governments	-	-	345,124	345,124
Interfund loans	103,358	-	-	103,358
Prepayments.	352	-	-	352
Materials and supplies inventory.	-	-	2,362	2,362
Total assets	<u>\$ 5,224,319</u>	<u>\$ 938,661</u>	<u>\$ 742,359</u>	<u>\$ 6,905,339</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 3,923	\$ 3,923
Accrued wages and benefits.	777,415	-	59,706	837,121
Compensated absences payable	101,304	-	-	101,304
Pension obligation payable	217,224	-	21,919	239,143
Interfund loans payable.	-	-	103,358	103,358
Due to other governments	31,254	-	2,681	33,935
Deferred revenue	145,155	-	214,475	359,630
Unearned revenue.	2,817,173	-	135,276	2,952,449
Total liabilities.	<u>4,089,525</u>	<u>-</u>	<u>541,338</u>	<u>4,630,863</u>
Fund Balances:				
Nonspendable:				
Prepayments.	352	-	-	352
Materials and supplies inventory.	-	-	2,362	2,362
Restricted:				
Debt service	-	938,661	-	938,661
Capital improvements	-	-	175,489	175,489
Special education	-	-	35,151	35,151
Extracurricular.	-	-	31,066	31,066
Other purposes.	-	-	1,475	1,475
Committed:				
Student and staff support	35,981	-	-	35,981
Assigned:				
Student instruction	4,098	-	-	4,098
Student and staff support.	47,833	-	-	47,833
School supplies	7,360	-	-	7,360
Other purposes.	2,388	-	-	2,388
Unassigned (deficit)	1,036,782	-	(44,522)	992,260
Total fund balances	<u>1,134,794</u>	<u>938,661</u>	<u>201,021</u>	<u>2,274,476</u>
Total liabilities and fund balances	<u>\$ 5,224,319</u>	<u>\$ 938,661</u>	<u>\$ 742,359</u>	<u>\$ 6,905,339</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total governmental fund balances		\$	2,274,476
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			5,229,162
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds			
Property taxes receivable	\$	152,105	
Intergovernmental receivable		<u>207,525</u>	
Total			359,630
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(2,421)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		859,108	
Lease purchase agreement obligation payable		593,200	
Capital lease obligation payable		1,924	
General obligation bonds payable		<u>632,890</u>	
Total			<u>(2,087,122)</u>
Net assets of governmental activities		<u>\$</u>	<u>5,773,725</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 2,792,073	\$ 153,758	\$ 133,915	\$ 3,079,746
Income taxes	1,727,223	-	-	1,727,223
Tuition	5,058	-	-	5,058
Earnings on investments	5,088	-	-	5,088
Charges for services	-	-	262,168	262,168
Extracurricular	80,624	-	95,331	175,955
Classroom materials and fees	28,662	-	-	28,662
Contributions and donations	19,621	-	2,575	22,196
Contract services	5,000	-	-	5,000
Other local revenues	11,351	-	2,424	13,775
Intergovernmental - state	4,969,288	25,674	42,592	5,037,554
Intergovernmental - federal	-	-	1,355,348	1,355,348
Total revenues	<u>9,643,988</u>	<u>179,432</u>	<u>1,894,353</u>	<u>11,717,773</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,493,187	-	374,858	4,868,045
Special	734,702	-	344,998	1,079,700
Vocational	189,740	-	4,146	193,886
Other	32,055	-	79,921	111,976
Support services:				
Pupil	518,564	-	117,872	636,436
Instructional staff	293,151	-	79,488	372,639
Board of education	28,980	-	-	28,980
Administration	1,227,855	-	400	1,228,255
Fiscal	319,560	2,759	2,899	325,218
Business	5,160	-	-	5,160
Operations and maintenance	953,582	-	6,377	959,959
Pupil transportation	502,474	-	-	502,474
Central	25,368	-	11,780	37,148
Operation of non-instructional services:				
Food service operations	-	-	538,107	538,107
Other non-instructional services	3,102	-	1,000	4,102
Extracurricular activities	367,767	-	99,356	467,123
Facilities acquisition and construction	26,223	-	-	26,223
Debt service:				
Principal retirement	2,767	330,000	82,435	415,202
Interest and fiscal charges	173	7,673	33,733	41,579
Total expenditures	<u>9,724,410</u>	<u>340,432</u>	<u>1,777,370</u>	<u>11,842,212</u>
Excess (deficiency) of revenues over (under) expenditures	(80,422)	(161,000)	116,983	(124,439)
Other financing sources (uses):				
Transfers in	-	-	20,000	20,000
Transfers (out)	(20,000)	-	-	(20,000)
Total other financing sources (uses)	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	(100,422)	(161,000)	136,983	(124,439)
Fund balances at beginning of year (restated)	<u>1,235,216</u>	<u>1,099,661</u>	<u>64,038</u>	<u>2,398,915</u>
Fund balances at end of year	<u>\$ 1,134,794</u>	<u>\$ 938,661</u>	<u>\$ 201,021</u>	<u>\$ 2,274,476</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds	\$	(124,439)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. Depreciation expense exceeds capital outlays in the current period accordingly		
Capital asset additions	\$ 11,830	
Current year depreciation	<u>(432,397)</u>	
Total		(420,567)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Property taxes	(25,900)	
Intergovernmental revenue	<u>139,411</u>	
Total		113,511
Repayment of bond, capital lease and lease purchase agreement principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets		
		415,202
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities		
Decrease in accrued interest payable	1,553	
Accretion of interest on "capital appreciation" bonds	<u>(44,382)</u>	
Total		(42,829)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(49,494)</u>
Change in net assets of governmental activities	\$	<u>(108,616)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 2,748,298	\$ 2,792,073	\$ 2,792,073	\$ -
Income taxes	1,637,021	1,663,096	1,663,096	-
Tuition	4,979	5,058	5,058	-
Earnings on investments.	4,750	4,826	5,088	262
Classroom materials and fees	25,373	25,777	26,538	761
Contributions and donations.	197	200	200	-
Contract services	4,922	5,000	5,000	-
Other local revenues	358	365	614	249
Intergovernmental - state.	4,889,587	4,967,469	4,969,288	1,819
Total revenues	<u>9,315,485</u>	<u>9,463,864</u>	<u>9,466,955</u>	<u>3,091</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,412,680	4,406,273	4,420,646	(14,373)
Special	769,564	768,446	740,334	28,112
Vocational.	196,371	196,086	188,698	7,388
Other	83,824	83,702	31,256	52,446
Support services:				
Pupil.	448,600	447,949	496,594	(48,645)
Instructional staff.	429,855	429,231	319,760	109,471
Board of education	19,498	19,470	28,980	(9,510)
Administration.	1,276,343	1,274,489	1,218,767	55,722
Fiscal	319,116	318,653	323,948	(5,295)
Business.	3,481	3,476	5,235	(1,759)
Operations and maintenance.	997,266	995,818	949,503	46,315
Pupil transportation	642,531	641,598	504,637	136,961
Central	29,426	29,383	25,368	4,015
Extracurricular activities	279,240	278,834	274,124	4,710
Facilities acquisition and construction.	739,889	738,815	26,223	712,592
Total expenditures	<u>10,647,684</u>	<u>10,632,223</u>	<u>9,554,073</u>	<u>1,078,150</u>
Excess of expenditures over revenues.	(1,332,199)	(1,168,359)	(87,118)	1,081,241
Other financing sources (uses):				
Transfers (out)	(63,092)	(63,000)	(20,000)	43,000
Advances in.	14,619	14,852	14,852	-
Advances (out)	(15,617)	(15,594)	(103,358)	(87,764)
Sale of capital assets	20	20	20	-
Refund of prior year expenditures	8,377	8,510	8,510	-
Total other financing sources (uses).	<u>(55,693)</u>	<u>(55,212)</u>	<u>(99,976)</u>	<u>(44,764)</u>
Net change in fund balance	(1,387,892)	(1,223,571)	(187,094)	1,036,477
Fund balance at beginning of year	1,493,666	1,493,666	1,493,666	-
Prior year encumbrances appropriated	36,628	36,628	36,628	-
Fund balance at end of year	<u>\$ 142,402</u>	<u>\$ 306,723</u>	<u>\$ 1,343,200</u>	<u>\$ 1,036,477</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2011

	Agency
Assets:	
Equity in pooled cash and cash equivalents.	\$ 9,570,900
Total assets.	\$ 9,570,900
Liabilities:	
Due to other governments.	\$ 9,519,146
Due to students.	51,754
Total liabilities.	\$ 9,570,900

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District is the 446th largest in the State of Ohio (among 918 public school districts and community schools) in terms of enrollment. It currently operates 1 elementary school, 1 middle school and 1 comprehensive high school. The District is staffed by 81 certified and 41 classified personnel to provide services to approximately 1,116 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities provided it does not conflict with or contradict GASB pronouncements. The District’s significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity”, and as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The reporting entity is comprised of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System (ACCESS) is a jointly governed organization among 22 school districts and 2 county educational service centers. ACCESS was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge dependent upon the software package utilized. ACCESS is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in ACCESS. Financial information can be obtained from the Treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Youngstown, Ohio 44512.

Mahoning County Career & Technical Center

The Mahoning County Career & Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possess its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Career & Technical Center, at 7300 North Palmyra Road, Canfield, Ohio 44406.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

B. Fund Accounting

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those funds 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 District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - A fund provided for the retirement of serial bonds and short term loans. All revenue derived from general or special levies, either within or exceeding the ten-mil limitation which is levied for debt charges on bonds or loans shall be paid into this fund.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has three agency funds to account for fiscal agent monies held on-behalf of the Mahoning County Insurance Consortium, other governments, and student activities.

C. Basis of Presentation and Measurement Focus

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. 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, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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.

Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2011 are recorded as deferred revenue in the governmental funds.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2011 is as follows:

1. The Mahoning County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15th and the filing by January 20th.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended official certificates of estimated resources issued for fiscal year 2011.
3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
4. Any revisions that alter the total fund appropriations must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
6. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to July 1, 2011. However, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
7. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2011. 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 shares price which is the price the investment could be sold for on June 30, 2011.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$5,088, which includes \$2,293 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

Governmental capital assets are those assets specifically related to 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 year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains its capitalization threshold at \$5,000. 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. The District does not possess infrastructure.

All reported capital assets except land 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>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental activities column on the statement of net assets.

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2011, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least ten years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. 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, 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 year. Bonds, lease-purchase agreements and capital lease obligations are recognized as a liability on the fund financial statements when due.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. Estimates

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

P. 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 basic financial statements.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 1,196,150	\$ 1,099,661	\$ 103,104	\$ 2,398,915
Fund reclassifications:				
Uniform school supplies fund	7,296	-	(7,296)	-
Rotary fund	2,388	-	(2,388)	-
Public school support fund	<u>29,382</u>	<u>-</u>	<u>(29,382)</u>	<u>-</u>
Total fund reclassifications	<u>39,066</u>	<u>-</u>	<u>(39,066)</u>	<u>-</u>
Restated fund balance at July 1, 2010	<u>\$ 1,235,216</u>	<u>\$ 1,099,661</u>	<u>\$ 64,038</u>	<u>\$ 2,398,915</u>

The fund reclassifications did not have an effect on net assets as previously reported.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Restatement of Net Assets

The District's net assets have been restated to reflect accreted interest that should have been reported as part of the general obligation various purpose refunding bonds liability at June 30, 2010. The change in the District's long-term obligations had the following effect on net assets as previously reported by the governmental activities:

	Governmental Activities
Net assets, June 30, 2010	\$ 6,205,853
Adjustment for accreted interest liability	(323,512)
Restated net assets, June 30, 2010	\$ 5,882,341

See Note 11 for the effect of the change on long-term obligation balances as previously reported by the District at June 30, 2010.

D. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food service	\$ 6,212
Education jobs	13,235
Title I disadvantaged children	22,686
Improving teacher quality	27

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool;
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - 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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$2,680,536. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$500,010 of the District's bank balance of \$2,976,313 was covered by the FDIC, while \$2,476,303 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2011, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	\$ 9,520,108	\$ 9,520,108

The weighted average maturity of investments is one day.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 9,520,108	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,680,536
Investments	<u>9,520,108</u>
Total	<u>\$ 12,200,644</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 2,629,744
Agency funds	<u>9,570,900</u>
Total	<u>\$ 12,200,644</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2011 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 103,358</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund transfers for the year ended June 30, 2011, consisted of the following, as reported on the fund financial statements:

Transfer to nonmajor governmental fund from:

General fund	<u>\$ 20,000</u>
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Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

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

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 145,087,210	95.53	\$ 148,815,170	95.56
Public utility personal	6,659,520	4.38	6,769,530	4.35
Tangible personal property	<u>133,760</u>	<u>0.09</u>	<u>133,760</u>	<u>0.09</u>
Total	<u>\$ 151,880,490</u>	<u>100.00</u>	<u>\$ 155,718,460</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General operations	\$32.50		\$32.50	
Bonded debt	2.40		0.00	
Permanent improvement	1.00		1.00	

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 - RECEIVABLES

Receivables at June 30, 2011 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

<u>Governmental activities:</u>	<u>Amount</u>
Property taxes	\$ 3,104,554
Income taxes	714,996
Accounts	4,849
Due from other governments	<u>345,124</u>
Total	<u>\$ 4,169,523</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 8 - CAPITAL ASSETS

Fiscal year 2011 capital asset activity was as follows:

	Balance			Balance
<u>Governmental activities:</u>	<u>06/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/11</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 99,230	\$ -	\$ -	\$ 99,230
<i>Total capital assets, not being depreciated</i>	<u>99,230</u>	<u>-</u>	<u>-</u>	<u>99,230</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,215,349	-	-	2,215,349
Buildings and improvements	8,963,041	-	-	8,963,041
Equipment and furniture	650,683	11,830	-	662,513
Vehicles	948,893	-	-	948,893
<i>Total capital assets, being depreciated</i>	<u>12,777,966</u>	<u>11,830</u>	<u>-</u>	<u>12,789,796</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,147,924)	(84,651)	-	(1,232,575)
Buildings and improvements	(4,988,404)	(236,049)	-	(5,224,453)
Equipment and furniture	(542,906)	(40,376)	-	(583,282)
Vehicles	(548,233)	(71,321)	-	(619,554)
<i>Total accumulated depreciation</i>	<u>(7,227,467)</u>	<u>(432,397)</u>	<u>-</u>	<u>(7,659,864)</u>
Total capital assets, net	<u>\$ 5,649,729</u>	<u>\$ (420,567)</u>	<u>\$ -</u>	<u>\$ 5,229,162</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 179,031
<u>Support services:</u>	
Fiscal	549
Operations and maintenance	75,533
Pupil transportation	71,321
Central	6,148
Extracurricular activities	96,800
Food service operations	<u>3,015</u>
Total depreciation expense	<u>\$ 432,397</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

On March 29, 2007, the District entered into lease agreements with Pitney Bowes. These lease agreements met the criteria of a capital lease as defined by FASB Statement 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 expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Governmental capital assets acquired by capital lease have been capitalized as equipment in the amount of \$13,037, which is equal to the present value of the future minimum payments at the date of the lease inception. A corresponding liability has been recorded and is presented as a component of long-term liabilities on the statement of net assets. During fiscal year 2011, principal payments equaled \$2,767 and interest payments equaled \$173, for total debt service of \$2,940. These amounts are reflected as principal retirement and interest and fiscal charges expenditures in the fund financial statements.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2011.

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2012	\$ 1,960
Total future minimum lease payments	1,960
Less: Amount representing interest	<u>(36)</u>
Present value of future minimum lease payments	<u>\$ 1,924</u>

NOTE 10 - LEASE-PURCHASE AGREEMENT

On June 27, 2002, the District entered into a \$1,200,000 lease-purchase agreement with the Springfield School Building Corporation (SSBC) for the financing of a new athletic facilities complex including an eight-lane all-weather track, a home grandstand with seating for approximately 2,000 including a press box, a visitor grandstand with seating for approximately 1,000, a band shell structure and grandstand, home and visitor concession buildings with restroom facilities, ticket booths, fencing, and lighting, (hereafter the "Project"). The source of revenue to fund the principal and interest payments is derived from the property tax levy in the permanent improvement fund (a nonmajor governmental fund). During fiscal year 2011, the District made principal and interest payments totaling \$116,168 on the lease-purchase agreement.

A liability in the amount of the present value of minimum lease payments has been recorded on the statement of net assets. Governmental capital assets consisting of land improvements and buildings and improvements have been capitalized in the amount of \$1,200,000. This amount represents the costs of the Project funded by the lease-purchase agreement that were incurred prior to June 30, 2011.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10 - LEASE-PURCHASE AGREEMENT - (Continued)

The following is a schedule of the future long-term minimum payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2011.

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2012	\$ 116,168
2013	116,168
2014	116,168
2015	116,168
2016	116,168
2017	<u>116,168</u>
Total future minimum lease payments	697,008
Less: Amount representing interest	<u>(103,808)</u>
Present value of future minimum lease payments	<u>\$ 593,200</u>

In conjunction with the lease-purchase agreement, the District entered into a ground-lease agreement whereby the District subleases the real property upon which the Project is being constructed to the SSBC. The District is the lessor and SSBC is the lessee under the ground-lease agreement. The ground-lease commenced on June 27, 2002 and terminates on June 1, 2017, or earlier upon the termination of the lease-purchase agreement or the District's exercise to take advantage of the purchase option.

The SSBC entered into an assignment of rents and leases agreement with the Farmers National Bank, whereby the SSBC, in consideration for the \$1,200,000 in lease-purchase proceeds provided by the Farmers National Bank, assigns to Farmers National Bank all rents, payments and income derived from the lease-purchase agreement during the term of the ground-lease.

NOTE 11 - LONG-TERM OBLIGATIONS

- A. On June 24, 1999, the District issued general obligation bonds (Series 1999 Refunding Bonds) to advance refund the District's 1990 general obligation school improvement bonds by purchasing U.S. Government State and Local Government Series securities (SLGS) that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds are not included in the District's outstanding debt since the District has satisfied its obligations through the advance refunding.

The refunding issue is comprised of both current interest bonds, par value \$3,100,000, and capital appreciation bonds par value \$264,996. The interest rates on the current interest bonds range from 3.25% - 4.65%. The current interest bonds were retired during fiscal year 2011. The capital appreciation bonds mature on December 1, 2011 and December 1, 2012 (approximate yield to maturity of 5.13% and 5.20%, respectively) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2011 and December 1, 2012 is \$680,000. Total accreted interest of \$367,894 has been included on the statement of net assets at June 30, 2011.

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending <u>June 30,</u>	<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 136,459	\$ 203,541	\$ 340,000
2013	<u>128,537</u>	<u>211,463</u>	<u>340,000</u>
Total	<u>\$ 264,996</u>	<u>\$ 415,004</u>	<u>\$ 680,000</u>

- C.** Long-term obligations of the governmental activities have been restated to reflect accreted interest not previously reported at June 30, 2010. The effect of the change in governmental activities long-term obligations and fiscal year 2011 long-term obligations activity is as follows:

<u>Governmental activities:</u>	Restated			Balance <u>06/30/11</u>	Amounts Due <u>In One Year</u>
	<u>Balance 06/30/10</u>	<u>Increases</u>	<u>Decreases</u>		
Refunding bonds - Series 1999					
Current interest bonds	\$ 330,000	\$ -	\$ (330,000)	\$ -	\$ -
Capital appreciation bonds	264,996	-	-	264,996	136,459
Accreted interest	<u>323,512</u>	<u>44,382</u>	<u>-</u>	<u>367,894</u>	<u>191,325</u>
Total general obligation bonds	<u>918,508</u>	<u>44,382</u>	<u>(330,000)</u>	<u>632,890</u>	<u>327,784</u>
Lease purchase agreement	675,635	-	(82,435)	593,200	86,735
Capital lease obligation	4,691	-	(2,767)	1,924	958
Compensated absences	<u>861,613</u>	<u>261,917</u>	<u>(163,118)</u>	<u>960,412</u>	<u>222,121</u>
Total governmental activities	<u>\$ 2,460,447</u>	<u>\$ 306,299</u>	<u>\$ (578,320)</u>	<u>\$ 2,188,426</u>	<u>\$ 637,598</u>

Compensated absences will be paid out of the fund from which the employee is paid, which for the District is primarily the general fund.

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$14,676,288 (including available funds of \$938,661) and an unvoted debt margin of \$155,585.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

The comprehensive commercial coverage limits are \$24,060,141 and a deductible of \$1,000 per occurrence. The inland marine coverage no longer has separate liability limits for musical instruments, audio-visual equipment, or miscellaneous equipment. These items are now included in Property Damage coverage subject to the per occurrence and deductible limits.

The business auto coverage now has a combined liability single limit of \$3,000,000 per accident. There are no longer individual limits for bodily injury or property damage.

The District still has liability insurance coverage limits of \$3,000,000 per claim and \$5,000,000 annual aggregate. However, the employee benefits liability is now included in the basic policy with the policy limits. In addition, the liability policy has a fire damage limit of \$500,000 for any one fire, and a medical expense limit of \$10,000 for any one person.

The District has violence coverage with a plan aggregate limit of \$1,000,000 and EMT charges aggregate limit of \$5,000, in addition to medical expense and travel expense aggregate limits of \$25,000 each.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There was no reduction in coverage from the prior fiscal year.

B. Mahoning County Employee Insurance Consortium

The District has joined together with other school districts in Mahoning County to form the Mahoning County Employee Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 12 member school districts. The plan was organized to provide health care and other benefits to its member organizations.

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

The health and dental coverage is administered by Medical Mutual of Ohio, a third party administrator. Humana Specialty Benefits provides the life insurance coverage.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 12 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

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

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

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Media/Financial Reports*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$137,897, \$145,439 and \$99,716, respectively; 51.62 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 13 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

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

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$640,241, \$630,658 and \$604,434, respectively; 82.22 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$28,487 made by the District and \$20,348 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Media/Financial Reports*".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$39,899, \$27,478 and \$67,413, respectively; 51.62 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$8,874, \$8,649 and \$8,227, respectively; 51.62 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$49,249, \$48,512 and \$46,495, respectively; 82.22 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (187,094)
Net adjustment for revenue accruals	70,857
Net adjustment for expenditure accruals	(122,755)
Net adjustment for other sources/uses	79,976
Funds budgeted elsewhere	(3,102)
Adjustment for encumbrances	61,696
GAAP basis	\$ (100,422)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, rotary fund and public school support fund.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 17 - SET-ASIDES

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	177,084	177,084
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(345,746)	(266,711)
Excess qualified expenditures from prior years	(1,601,405)	-
Current year offsets	-	-
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	-
Total	<u>\$ (1,770,067)</u>	<u>\$ (89,627)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. For the capital improvements reserve, qualifying expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

NOTE 18 - SCHOOL DISTRICT INCOME TAX

The voters of the District passed a 1% school district income tax on the November 2, 2004 election that became effective on January 1, 2005. This income tax was effective for five years. On May 5, 2009, the school district income tax was renewed for a period of five years, beginning January 1, 2010. Income tax revenue credited to the general fund during fiscal year 2011 was \$1,727,223, including income taxes receivable of \$714,996.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 19 - COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 61,773
Other governmental	<u>65,797</u>
 Total	 <u>\$ 127,570</u>

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	N/A	10.555	26,176	26,176
Cash Assistance:				
School Breakfast Program		10.553	59,086	59,086
National School Lunch Program		10.555	154,322	154,322
Total U.S. Department of Agriculture			239,584	239,584
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	C1-S1 2011	84.010	164,534	163,957
Title I Part A Stimulus	ARRA - 2010	84.389	14,852	-
Title I Part A Stimulus	ARRA - 2011	84.389	49,876	49,616
Total Title I Grants to Local Agencies Cluster			229,262	213,573
IDEA, Part B Grant	6B-SF-2011	84.027	200,049	200,049
IDEA, Part B Stimulus	ARRA - 2011	84.391	87,571	149,188
Total IDEA, Part B Grant			287,620	349,237
State Fiscal Stabilization Fund (SFSF)	ARRA	84.394	375,328	375,328
			375,328	375,328
Title II-A Grant	TR-S1-2011	84.367	37,839	44,013
Total Title II-A Grant			37,839	44,013
Title II-D Grant	TJ-S1-2011	84.318	559	559
Total Title II-D Grant			559	559
Drug Free School Grant	DR-S1-2011	84.186	202	202
Total Drug Free School Grant			202	202
Ed Jobs	2011	84.410	43,148	42,872
Total Ed Jobs			43,148	42,872
LSTA Mini Grant	2011	45.310	22,479	21,604
Total LSTA Mini Grant			22,479	21,604
Total Department of Education			996,437	1,047,388
Total Federal Expenditures			1,236,021	1,286,972

The accompanying notes are an integral part of this schedule.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local receipts. It is assumed federal monies are expended first.



Dave Yost • Auditor of State

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

Springfield Local School District
Mahoning County
11335 Youngstown-Pittsburgh Road
PO Box 549
New Middletown, Ohio 44442

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 30, 2011, in which we noted the District implemented Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 30, 2011.

We intend this report solely for the information and use of management, the audit committee, Board of Education, and federal awarding agencies and pass-through entities, and other within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

November 30, 2011



Dave Yost • Auditor of State

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

Springfield Local School District
Mahoning County
11335 Youngstown-Pittsburgh Road
PO Box 549
New Middletown, Ohio 44442

To the Board of Education:

Compliance

We have audited the compliance of Springfield Local School District, Mahoning County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Springfield Local School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Springfield Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We also noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated November 30, 2011.

We intend this report solely for the information and use of the audit committee, management, Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

November 30, 2011

**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	IDEA Part B (CFDA #84.027) IDEA Part B Stimulus (CFDA #84.391) State Fiscal Stabilization Fund (CFDA #84.394)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	<p>Title I Time and Effort Logs and Semi-annual Certification – Allowable Costs/Cost Principals. The District employs two full-time Title I instructors as well as four part-time tutors who work solely on a single Federal award. The four part-time tutors completed time and effort logs for the periods September through December and January through June. However, these logs were not signed by either the employee or supervisor. The two full-time Title I instructors did not complete the semi-annual certification.</p>	Yes	

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Springfield Local School District
Mahoning County
11335 Youngstown-Pittsburgh Road
PO Box 549
New Middleton, Ohio 44442

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Springfield Local School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on May 20, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Dave Yost
Auditor of State

November 30, 2011

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Dave Yost • Auditor of State

SPRINGFIELD LOCAL SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 3, 2012**