

SPRINGFIELD LOCAL SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
AND OTHER SUPPLEMENTARY INFORMATION
AND AUDITORS' REPORTS

JUNE 30, 2009



Mary Taylor, CPA
Auditor of State

Board of Education
Springfield Local School District
6900 Hall Street
Holland, Ohio 43528

We have reviewed the *Independent Auditors' Report* of the Springfield Local School District, Lucas County, prepared by Gilmore, Jasion & Mahler, LTD, for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 8, 2010

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GILMORE, JASION & MAHLER, LTD

INDEPENDENT AUDITORS' REPORT

Board of Education
Springfield Local School District
Holland, Ohio

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 (District), as of and for the year ended June 30, 2009, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 as of June 30, 2009, and the respective changes in financial position and net assets where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 15, 2010, on our consideration of The District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison for the General Fund on pages 5 through 11 and page 43 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Gilmore, Jason & Mahler, LTD

January 15, 2010

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009
Unaudited**

The discussion and analysis of the financial performance of Springfield Local School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. 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 notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

In total, net assets decreased \$410,663.

General revenues accounted for \$35,651,452, or 81% of all revenues. Program specific revenues in the form of operating grants and contributions accounted for \$8,182,146, or 19% of total revenues of \$43,833,598.

The District's major funds included the General Fund, the Bond Retirement Fund, and the Building Construction Fund.

The General Fund had \$33,925,788 in revenues and other financing sources and \$35,202,724 in expenditures and other financing uses. The General Fund's balance decreased \$1,276,936 from the prior fiscal year. Intergovernmental revenue increased from FY 2008 to FY 2009 by \$1,717,414 due to increases in grant monies. Expenditures increased from FY 2008 to FY 2009 by \$1,105,515 caused by scheduled employee rate increases and increases in health insurance.

The Bond Retirement Fund had \$3,865,937 in revenues and other financing sources and \$4,186,837 in expenditures and other financing uses. The Bond Retirement Fund's balance decreased \$320,900 from the prior fiscal year. Taxes decreased from FY 2008 to FY 2009, \$85,433 due to decreases in property valuations and/or tax delinquencies. Expenditures decreased \$3,493,919 due to a partial pay-down of the 2004 bond issue through a refinancing and new issue in February, 2008.

The Building Construction Fund had \$2,218,350 in revenues and other financing sources and \$7,634,765 in expenditures and other financing uses. The Building Construction Fund's balance decreased \$5,416,415 from the prior fiscal year. Expenditures of \$6,126,148 attributed to the decrease in FY 2009.

The revenue generated from the Bond Retirement Fund is used to pay for the current portion of bonded debt.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the 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 a greater 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 non-major funds presented in total in a single column.

For the District, the General Fund is by far the most significant fund. The General Fund, the Bond Retirement Fund, and the Building Construction Funds are the major funds.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009
Unaudited
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and 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 2009?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to accounting used by most private-sector companies. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes 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 District discloses a single type of activity:

Governmental Activities - All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The major governmental funds are the General Fund, the Bond Retirement Fund, and the Building Construction Fund.

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

Reporting the District's Fiduciary Responsibilities - The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a Private Purpose Trust Fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in the agency fund. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets in the accompanied financial statements. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance the operation.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009
Unaudited
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2009. Taxes receivable decreased due to the effects of a sexennial update for 2006. These decreases affected the District's current assets as well as liabilities. The financial position of the District has improved as result in the increase in real estate taxes and grants. The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. Those two revenue sources represent 94 percent of total governmental activities revenue.

**Table 1
Net Assets
Governmental Activities**

	2009	2008
<u>Assets:</u>		
Current and Other Assets	\$31,528,000	\$39,274,676
Capital Assets, Net	28,412,182	23,930,094
Total Assets	59,940,182	63,204,770
<u>Liabilities:</u>		
Current and Other Liabilities	30,943,155	32,109,234
Long-Term Liabilities	18,779,831	20,467,677
Total Liabilities	49,722,986	52,576,911
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	21,057,274	14,886,347
Restricted	(6,997,883)	2,457,706
Unrestricted	(3,842,195)	(6,716,194)
Total	\$10,217,196	\$10,627,859

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009
Unaudited
(Continued)**

Table 2 reflects the changes in net assets for fiscal year 2009.

**Table 2
Change in Net Assets
Governmental Activities**

	2009	2008
<u>Revenues:</u>		
Program Revenues:		
Charges for Services and Sales	\$2,356,956	\$2,650,068
Operating Grants, Contributions and Interest	5,825,190	4,458,956
Capital Grants and Contributions		31,589
Total Program Revenues	8,182,146	7,140,613
General Revenues:		
Property Taxes	26,454,637	25,182,570
Grants and Entitlements	8,794,665	9,198,864
Interest	171,972	600,800
Gifts and Donations	62,423	35,635
Miscellaneous	152,377	274,021
Accrued Interest Received on Bonds	3,128	19,657
Proceeds from Sale of Capital Assets	12,250	2,305
Total General Revenues	35,651,452	35,313,852
Total Revenues	43,833,598	42,454,465
<u>Expenses:</u>		
Instruction	26,016,673	24,816,570
Support Services:		
Pupils	1,767,370	1,798,601
Instructional Staff	718,377	645,353
Board of Education	52,929	42,396
Administration	2,991,954	3,203,992
Fiscal	733,101	677,359
Operation and Maintenance of Plant	3,916,885	3,816,672
Pupil Transportation	2,250,713	1,985,055
Central	188,099	141,201
Non-Instructional	2,496,250	2,549,294
Extracurricular Activities	1,162,912	1,112,172
Capital Outlay	964,145	732,949
Interest and Fiscal Charges	984,853	1,179,859
Total Expenses	44,244,261	42,701,473
Increase/(Decrease) in Net Assets	(\$410,663)	(\$247,008)

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009
Unaudited
(Continued)**

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
Instruction	\$26,016,673	\$21,802,138	\$24,816,570	\$20,747,332
Support Services:				
Pupils	1,767,370	1,759,117	1,798,601	1,785,950
Instructional Staff	718,377	692,103	645,353	612,096
Board of Education	52,929	52,929	42,396	42,396
Administration	2,991,954	2,070,051	3,203,992	3,203,992
Fiscal	733,101	733,101	677,359	677,359
Operation and Maintenance of Plant	3,916,885	3,916,885	3,816,672	3,816,672
Pupil Transportation	2,250,713	2,102,338	1,985,055	1,805,154
Central	188,099	176,664	141,201	127,703
Non-Instructional	2,496,250	49,715	2,549,294	199,912
Extracurricular Activities	1,162,912	758,076	1,112,172	629,486
Capital Outlay	964,145	964,145	732,949	732,949
Interest and Fiscal Charges	984,853	984,853	1,179,859	1,179,859
Total Expenses	<u>\$44,244,261</u>	<u>\$36,062,115</u>	<u>\$42,701,473</u>	<u>\$35,560,860</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 83 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 82 percent. It is apparent that the community, as a whole, is the primary support for the District's students.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$43,996,506 and expenditures of \$50,106,259. The net negative change in fund balance of \$6,109,753 for the year was due to the increase in capital outlay for the Building and Construction Fund.

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. During the course of fiscal year 2009, the District amended its General Fund budget as needed.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009
Unaudited
(Continued)**

Final expenditures were budgeted at \$37,293,287 plus carryover encumbrances of \$167,227 result in a total expenditure authorization of \$37,460,514 while actual expenditures and encumbrances were \$35,143,317. The \$2,317,197 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year. Actual General Fund revenues were less than expenditures by \$1,961,226. During fiscal year 2009, Real Estate taxes and Personal Property taxes decreased significantly, while expenditures for salaries and benefits increased significantly.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the District had \$28,412,182 invested in capital assets (net of accumulated depreciation) for governmental activities.

For further information regarding the District's capital assets, see the notes to the basic financial statements.

Debt

At June 30, 2009, the District had \$16,620,000 in three school improvement general obligation bond issues for building improvements. The oldest bond was issued in 1987 for a twenty-three year period, with final maturity on December 1, 2010. A 2004 issue of \$16,300,000 consisted of a \$7,050,000 refunding of a 1992 issue and \$9,250,000 in new proceeds. These bonds have a twenty-year life span with a final maturity on December 1, 2025. The bonds are being retired through the Bond Retirement Fund. In December, 2007 \$1,500,000 in one year Bond Anticipation notes were issued as part of a total \$7,000,000 approval by the voters in November, 2007. In February, 2008, the District issued bonds of \$5,500,000 for the construction of athletic facilities. These bonds have a ten year life span with final maturity on December 1, 2017. The bonds and notes are being retired through the Bond Retirement Fund.

At June 30, 2009, the District's overall legal debt margin was \$54,434,542, with a direct limit un-voted debt margin of \$784,217.

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

The District is a suburban community of 25,000 people in Northwest Ohio. It has a number of retail/commercial businesses that are an important part of the economy. New home construction has for the most part ceased due to current economic conditions. Home foreclosures, while over historic levels in the district lag those of Lucas County in general and Toledo specifically. Property values in the district remain above average when compared to other districts in the State. Per capita income levels also remain above average for comparable districts in Ohio.

Fiscal year 2009 was the last year of the state biennium budget. According to the 2009 Local District Report Card, 69.7% of District revenue sources are from local funds, 26.7% is from state funds and the remaining 3.6% is from federal funds. The total expenditure per pupil was calculated at \$9,752, which is a \$243 increase from the 2008 report card.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009
Unaudited
(Continued)**

The District also renewed a 1.35 mill permanent improvement levy in 2009. This generates approximately \$1,000,000 additional revenue to be used for maintaining, equipping and improving facilities of the District. This levy will run for five years through December 31, 2014.

A new construction program also began in Fiscal Year 2008 due to the approval of a \$7,000,000 Bond Issue in November 2007. The proceeds were used to construct new baseball/softball and soccer facilities with concessions at a site previously owned by the Board of Education. Additionally, a new fitness center and four additional classrooms will be added to the High School as well as a new track, tennis courts, and football stadium with artificial turf, new concession buildings and lighting. The construction was substantially complete by July, 2009 for all phases of the project.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Robert W. Moellenberg, Treasurer, Springfield Local School District, 6900 Hall Street, Holland, Ohio 43528.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Statement of Net Assets
June 30, 2009**

		<u>Governmental Activities</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$	5,061,383
Materials and Supplies Inventory		28,912
Receivables:		
Accounts Receivable		1,533
Intergovernmental Receivable		1,023,175
Taxes		25,397,905
Deferred Charges		15,092
Capital Assets		
Non-Depreciable Capital Assets		3,664,842
Depreciable Capital Assets, Net		24,747,340
Total Assets		<u>59,940,182</u>
Liabilities:		
Accounts Payable		306,071
Accrued Wages and Benefits Payable		4,328,795
Contracts Payable		570,310
Intergovernmental Payable		911,812
Matured Compensated Absences Payable		343,601
Deferred Revenue		23,232,566
Notes Payable		1,250,000
Long Term Liabilities:		
Due Within One Year		1,940,983
Due in More Than One Year		16,838,848
Total Liabilities		<u>49,722,986</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt		21,057,274
Restricted for Debt Service		1,763,962
Restricted for Capital Outlay		(9,859,743)
Restricted for Other Purposes		1,097,898
Unrestricted		(3,842,195)
Total Net Assets	\$	<u><u>10,217,196</u></u>

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2009**

	Program Revenues		Net (Expense) Revenue and Change in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	
			Governmental Activities	
Governmental Activities:				
Instruction:				
Regular	\$ 18,028,193	\$ 1,177,434	\$ 409,859	\$ (16,440,900)
Special	4,450,743		1,260,338	(3,190,405)
Vocational	301,295		6,246	(295,049)
Student Intervention Services	1,999,608			(1,999,608)
Other	1,236,834		1,360,658	123,824
Support services:				
Pupils	1,767,370	8,253		(1,759,117)
Instructional Staff	718,377		26,274	(692,103)
Board of Education	52,929			(52,929)
Administration	2,991,954		921,903	(2,070,051)
Fiscal	733,101			(733,101)
Operation and Maintenance of Plant	3,916,885			(3,916,885)
Pupil Transportation	2,250,713		148,375	(2,102,338)
Central	188,099		11,435	(176,664)
Operation of Non-Instructional Services	2,496,250	766,433	1,680,102	(49,715)
Extracurricular Activities	1,162,912	404,836		(758,076)
Capital Outlay	964,145			(964,145)
Interest and Fiscal Charges	984,853			(984,853)
Total Governmental Activities	<u>\$ 44,244,261</u>	<u>\$ 2,356,956</u>	<u>\$ 5,825,190</u>	<u>\$ (36,062,115)</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	23,423,561
Property Taxes, Levied for Capital Outlay	890,596
Property Taxes, Levied for Debt Service	2,140,480
Grants and Entitlements not Restricted to Specific Programs	8,794,665
Gifts and Donations	62,423
Investment Earnings	171,972
Miscellaneous	152,377
Accrued Interest Received on Bonds and Notes Issued	3,128
Proceeds from Sale of Capital Assets	12,250
Total General Revenues	<u>35,651,452</u>
Change in Net Assets	(410,663)
Net Assets Beginning of Year	10,627,859
Net Assets End of Year	<u>\$ 10,217,196</u>

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2009**

	General Fund	Bond Retirement	Building and Construction	Other Governmental Funds	Totals Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,373,230	\$ 1,662,874	\$ 1,177,439	\$ 719,939	\$ 4,933,482
Materials and Supplies Inventory				28,912	28,912
Receivables:					
Accounts	1,478			55	1,533
Intergovernmental				1,023,175	1,023,175
Taxes	22,517,497	2,033,112		847,296	25,397,905
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	127,901				127,901
Total Assets	\$ 24,020,106	\$ 3,695,986	\$ 1,177,439	\$ 2,619,377	\$ 31,512,908
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	\$ 261,887	\$	\$ 8,617	\$ 35,567	\$ 306,071
Accrued Wages and Benefits Payable	3,817,835			510,960	4,328,795
Contracts Payable			570,310		570,310
Intergovernmental Payable	799,011			112,801	911,812
Matured Compensated Absences Payable	328,283			15,318	343,601
Deferred Revenue	20,705,276	1,950,777		1,180,491	23,836,544
Notes Payable			1,250,000		1,250,000
Total Liabilities	25,912,292	1,950,777	1,828,927	1,855,137	31,547,133
Fund Balances:					
Reserved for Encumbrances			1,345,706	201,056	1,546,762
Reserved for Property Taxes	830,127	82,335		34,341	946,803
Reserved for Budget Stabilization	127,901				127,901
Unreserved, Undesignated Reported In					
General Fund	(2,850,214)				(2,850,214)
Special Revenue Funds				529,306	529,306
Debt Service Fund		1,662,874			1,662,874
Capital Projects Funds			(1,997,194)	(463)	(1,997,657)
Total Fund Balances	(1,892,186)	1,745,209	(651,488)	764,240	(34,225)
Total Liabilities and Fund Balances	\$ 24,020,106	\$ 3,695,986	\$ 1,177,439	\$ 2,619,377	\$ 31,512,908

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2009**

Total Governmental Fund Balances	\$	(34,225)
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.</p>		28,412,182
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:</p>		
Intergovernmental Receivable	367,536	
Property Taxes Receivable	236,442	
		603,978
<p>Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:</p>		
General Obligation Bonds Payable	(16,620,000)	
Deferred Charges	15,092	
Compensated Absences Payable	(2,159,831)	
		(18,764,739)
Net Assets of Governmental Activities	\$	10,217,196

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009**

	<u>General Fund</u>	<u>Bond Retirement</u>	<u>Building and Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property and Other Local Taxes	\$ 23,267,044	\$ 2,125,070	\$	\$ 884,169	\$ 26,276,283
Intergovernmental	9,225,680	237,739		5,497,698	14,961,117
Interest	113,674		54,850	3,448	171,972
Tuition and Fees	1,103,350			12,340	1,115,690
Rent	38,693				38,693
Extracurricular Activities				400,749	400,749
Gifts and Donations	7,050		30,500	24,873	62,423
Customer Sales and Services	35,391			766,433	801,824
Miscellaneous	133,156			19,221	152,377
Total Revenues	<u>33,924,038</u>	<u>2,362,809</u>	<u>85,350</u>	<u>7,608,931</u>	<u>43,981,128</u>
Expenditures:					
Current:					
Instruction:					
Regular	15,528,252			1,657,271	17,185,523
Special	3,952,061			507,667	4,459,728
Vocational	284,909				284,909
Student Intervention Services	1,791,453			208,155	1,999,608
Other	1,230,542			6,292	1,236,834
Support services:					
Pupils	1,674,291			125,187	1,799,478
Instructional Staff	634,407			83,970	718,377
Board of Education	52,929				52,929
Administration	2,746,063	13,145		212,500	2,971,708
Fiscal	728,243			4,858	733,101
Operation and Maintenance of Plant	3,782,279			129,808	3,912,087
Pupil Transportation	1,912,053			266,578	2,178,631
Central	117,041			59,128	176,169
Non-Instructional Services				2,483,893	2,483,893
Extracurricular activities	701,797			459,805	1,161,602
Capital Outlay			6,134,765		6,134,765
Debt Service					
Principal Retirement		1,940,000			1,940,000
Interest and Fiscal Charges		983,692			983,692
Total Expenditures	<u>35,136,320</u>	<u>2,936,837</u>	<u>6,134,765</u>	<u>6,205,112</u>	<u>50,413,034</u>
Excess (Deficiency) Over Expenditures	<u>(1,212,282)</u>	<u>(574,028)</u>	<u>(6,049,415)</u>	<u>1,403,819</u>	<u>(6,431,906)</u>
Other Financing Sources (Uses):					
Transfers In		1,500,000	2,133,000	66,404	3,699,404
Accrued Interest Received on Bonds and Notes Issued		3,128			3,128
Proceeds from Sale of Capital Assets	1,750			10,500	12,250
Transfers Out	(66,404)	(1,250,000)	(1,500,000)	(883,000)	(3,699,404)
Total Other Financing Sources (Uses)	<u>(64,654)</u>	<u>253,128</u>	<u>633,000</u>	<u>(806,096)</u>	<u>15,378</u>
Net Change in Fund Balance	<u>(1,276,936)</u>	<u>(320,900)</u>	<u>(5,416,415)</u>	<u>597,723</u>	<u>(6,416,528)</u>
Fund Balances at Beginning of Year	<u>(615,250)</u>	<u>2,066,109</u>	<u>4,764,927</u>	<u>166,517</u>	<u>6,382,303</u>
Fund Balances at End of Year	<u>\$ (1,892,186)</u>	<u>\$ 1,745,209</u>	<u>\$ (651,488)</u>	<u>\$ 764,240</u>	<u>\$ (34,225)</u>

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement Activities
For the Fiscal Year Ended June 30, 2009**

Net Change in Fund Balances - Total Governmental Funds \$ (6,416,528)

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.

Capital Outlay - Depreciable Capital Assets	6,126,148	
Depreciation	<u>(1,644,060)</u>	
		4,482,088

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

Property Taxes	178,354	
Intergovernmental	<u>(341,262)</u>	
		(162,908)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities.

Bond Payments		1,690,000
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Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Deferred Charges	(1,161)	
Compensated Absences Payable	<u>(2,154)</u>	
		(3,315)

Change in Net Assets of Governmental Activities		\$ <u><u>(410,663)</u></u>
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See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009**

	Private Purpose Trust	Agency
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 33,242	\$ 152,833
Total Assets	\$ 33,242	\$ 152,833
Liabilities		
Current Liabilities:		
Undistributed Monies	-	\$ 152,833
Total Liabilities	-	\$ 152,833
Net Assets		
Held in Trust for Scholarships	\$ 33,242	
Total Net Assets	\$ 33,242	

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2009**

	<u>Private Purpose Trust</u>
Additions	
Interest	\$ 1,000
Gifts and Donations	500
Deductions	
Payments in Accordance with Trust Agreement	<u>(3,500)</u>
Change in Net Assets	(2,000)
Net Assets at Beginning of Year	35,242
Net Assets at End of Year	<u>\$ 33,242</u>

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

The District was established in 1881 through the consolidation of existing land areas and school districts. The District serves an area of approximately 25 square miles. It is located in Lucas County, and includes all of the Village of Holland and portions of the cities of Toledo and Maumee, and Monclova, Spencer, and Springfield Townships. The District is the 102nd largest in the State of Ohio, (among 613 school districts) in terms of enrollment. It is staffed by 137 non-certificated employees and 275 certificated full-time teaching personnel who provide services to 4,030 students and other community members. The District currently operates six instructional buildings, one administrative building, and one garage.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the District 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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.

The following activities are included within the reporting entity:

Parochial Schools - Within the District boundaries, St. Joan of Arc Elementary, St. Johns High School are operated through the Toledo Catholic Diocese; Westside Montessori is operated as a private school. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The activity of these State monies by the District is reflected in a special revenue fund for financial reporting purposes.

The District is associated with four organizations, which are defined as jointly governed organizations or insurance purchasing pools. These organizations include the Northwest Ohio Computer Association, Penta County Career Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Northwest Ohio Educational Council Self-Insurance Pool Program. These organizations are presented in Notes 14 and 15 to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

Governmental Funds

Governmental funds focus 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 General Fund, the Bond Retirement Fund, and the Building Construction Fund are the District's only major governmental funds:

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

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

Building Construction Fund - The Building Construction Fund is used account for the revenues and expenditures related to the construction of school buildings.

The other governmental funds of the District account for grants and other resources, debt service, and capital projects of the District whose uses are restricted to a particular purpose.

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. The District's only trust fund is a private purpose trust, which accounts for a program that provides assistance to needy students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Focus

Government-Wide Financial Statements

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

Fund Financial Statements

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

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. 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 income and property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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, grants, tuition, and student fees.

Deferred Revenue

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities 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. Allocation 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 2009 is as follows:

1. Prior to January 15, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the final budgeted amount in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2009.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits temporary appropriation to be effective until no later than October 1 of each year.)

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

5. Board adopted appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total expenditures and encumbrances may not exceed appropriations at the legal level of control.
6. Any revisions that alter the total of any fund appropriation or alter total function appropriations with a fund, or alter object appropriations within functions within a fund must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriations.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which reallocated, increased or decreased the original appropriated amounts. The Board legally enacted all supplemental appropriations, during fiscal year 2008.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level, function and/or object level.

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

On the fund financial statements, encumbrances outstanding at year-end (not already recorded in accounts payable) are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on the government-wide financial statements.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2009, investments were limited to government securities and STAR Ohio. Government securities are reported at market value.

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 2(a)(7) of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$113,674, which includes \$4,547 assigned from other District funds.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity 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 that are not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased, except for the Food Service Fund. Inventories in the Food Service Fund consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation.

J. Capital Assets

General capital assets are those assets not specifically related to 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 on the fund financial statements.

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 20 years
Buildings and Building Improvements	25 - 40 years
Furniture and Fixtures	5 - 20 years
Vehicles	8 years
Equipment	10 years

K. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets, except for any net residual amounts due between governmental activities, which are presented as internal balances.

L. Compensated Absences

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences," in conformity with GASB Statement No. 16. The District accrues vacation as earned by its employees if the leave is attributable to past service and it's probable that the District will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. These compensated absences are measured using rates in effect at June 30, 2009.

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

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

M. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments compensated absences, special termination benefits 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. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

O. Fund Balance Reserves

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

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

P. Interfund Transactions

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

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

Q. Estimates

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

R. 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 District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2009.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

3. DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active 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 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.

Interim monies are those monies that 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 held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

At year end, the District had \$6,140 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,174,817 of the District's bank balance of \$1,424,817 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2009, the District had the following investments:

<u>Investment Type</u>	<u>Carrying and Fair Value</u>	<u>Less than 1 year</u>	<u>1 to 2 years</u>
Federal National Mortgage Association Notes	\$210,000	\$210,000	
Federal Home Loan Mortgage Corporation Notes	1,840,726	1,325,000	\$515,726
Federal Farm Credit Bank Notes	175,000	175,000	
Federal Home Loan Bank Notes	1,235,000	735,000	500,000
Money Market Mutual Fund	121,595	121,595	
STAR Ohio	1,051,028	1,051,028	
Total Investments	\$4,633,349	\$3,617,623	\$1,015,726

The District has no investment policy that addresses interest rate risk beyond the requirements of State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

Credit Risk - The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Farm Credit Bank Notes, and Federal Home Loan Bank Notes carry a rating of Aaa by Moody's and AAA by Standard and Poor's. STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Investments in commercial paper are limited to notes rated at the time of purchase to the highest classification established by two nationally recognized standard rating services. The District has no investment policy that would further limit its investment choices.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(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 investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Farm Credit Bank Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time. The District's investment in Federal Home Loan Bank Notes and Federal Home Loan Mortgage Corporation Notes represent 27% and 40%, respectively, of the District's total investments.

Reconciliation of Cash and Investments to the statement of net assets: The following is a reconciliation between cash and investments as reported in the preceding paragraphs to that reported in the statement of net assets:

Cash and Investments per footnote:	
Cash on hand	\$6,140
Carrying amount of deposits	607,969
Investments	4,633,349
Total	\$5,247,458
Cash and Investments per statement of net assets	
Government wide	\$5,061,383
Private Purpose Trust – Fiduciary Funds	33,242
Agency – Fiduciary Funds	152,833
Total	\$5,247,458

4. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes for 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, 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.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008, and are collected in 2009 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Lucas 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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes, which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009, was \$830,127 in the General Fund, \$82,335 in the Bond Retirement Debt Service Fund, and \$34,341 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2008, was \$799,079 in the General Fund, \$79,017 in the Bond Retirement Debt Service Fund, and \$32,576 in the Permanent Improvement Capital Projects Fund.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Industrial/Commercial	\$197,457,900	24%	\$200,657,070	25%
Agricultural/Residential	586,547,550	71%	581,735,430	73%
Public Utility	14,281,830	2%	10,882,862	2%
Tangible Personal	24,978,605	3%		
Total Assessed Value	\$823,265,885	100%	\$793,275,362	100%
Tax rate per \$1,000 of assessed valuation	\$74.05		\$74.05	

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

5. RECEIVABLES

Receivables at June 30, 2009, consisted of property taxes, accounts (rent and student fees), and intergovernmental. 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 on the statement of net assets follows:

	Amount
Governmental Activities	
Taxes	\$25,397,905
Accounts	1,533
Intergovernmental	1,023,175
Total Intergovernmental Receivables	\$26,422,613

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$666,064			\$666,064
Construction in Progress	2,078,566	\$5,783,280	\$4,863,068	2,998,778
Total Nondepreciable Capital Assets	2,744,630	5,783,280	4,863,068	3,664,842
Depreciable Capital Assets				
Land Improvements	1,055,927			1,055,927
Buildings and Building Improvements	35,193,282	4,863,068		40,056,350
Furniture, Fixtures, and Equipment	6,855,137	342,868		7,198,005
Vehicles	2,774,919		172,299	2,602,620
Totals	45,879,265	5,205,936	172,299	50,912,902
Less Accumulated Depreciation:				
Land Improvements	1,004,924	33,598		1,038,522
Buildings and Building Improvements	16,514,223	1,205,308		17,719,531
Furniture and Fixtures	4,695,332	290,686		4,986,018
Vehicles	2,479,322	114,468	172,299	2,421,491
Total Accumulated Depreciation	24,693,801	1,644,060	172,299	26,165,562
Depreciable Capital Assets, Net	21,185,464	3,561,876		24,747,340
Governmental Activities Capital Assets, Net	\$23,930,094	\$9,345,156	\$4,863,068	\$28,412,182

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,150,111
Special	8,121
Support Services:	
Pupils	638
Administration	2,663
Operation and Maintenance of Plant	38,315
Pupil Transportation	62,702
Non-Instruction	17,540
Extracurricular	1,310
Capital Outlay	362,660
Total Depreciation Expense	<u>\$1,644,060</u>

7. RISK MANAGEMENT

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. During fiscal year 2009, the District's insurance coverage was as follows:

<u>Type of Coverage</u>	<u>Liability Limit</u>
Buildings and Contents - replacement cost (\$1,000 deductible)	\$90,628,519
Crime Insurance	500,000
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per Occurrence	1,000,000
Total per Year	3,000,000
Umbrella Coverage	10,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

For fiscal year 2009, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. 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 participants is calculated as one experience and a common premium rate is applied to all participants 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 participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

8. DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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, by calling (800) 878-5853, or by visiting the SERS website at www.ohsers.org, under Forms and Publications.

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 2009, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended 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 to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$922,901, \$861,658, and \$855,632, respectively; 57 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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 Web site at www.strsoh.org.

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

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

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 the fiscal year ended June 30, 2009, 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. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. 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, 2009, 2008, and 2007 were \$2,471,037, \$2,367,708, and \$2,297,401, respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

9. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. 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.

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 401h. For 2009, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$275,552, \$257,266, and \$255,467 respectively; 57 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$43,508, \$40,621, and \$40,337, respectively; 57 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health 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 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 2009, 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, 2008, 2007, and 2006 were \$176,503, \$169,122, and \$164,100, respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

10. EMPLOYEE BENEFITS

A. Compensated Absences

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. At June 30, 2009, a liability of \$163,837 has been provided in the General Fund and special revenue funds for earned, but unused vacation leave that will be paid to the employees.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rate basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. Sick leave may be accumulated up to a maximum of 240 days for classified personnel, 260 days for administrators, and 240 days for certified personnel. Upon retirement, payment is made for up to 30 percent of accrued, but unused sick leave credit to a maximum of 72 days for classified employees and 75 days for certified employees. Upon retirement, payment is made for up to 30.58 percent of accrued, but unused sick leave credit to a maximum of 80 days for 12 month administrative employees and 28.85 percent or 75 days for 10 month administrative employees. At June 30, 2009, a current liability of \$179,764 has been provided in the General Fund for earned, but unused sick leave that will be paid to the employees.

The District has recorded an estimated liability of \$2,159,831 for severance pay and sick leave payable at June 30, 2009, in accordance with GASB No. 16, "Accounting for Compensated Absences." The amount has been recorded in the government-wide financial statements since the liability will not require the use of current expendable available financial resources.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Sun Life Insurance Services.

11. NOTES PAYABLE

During the fiscal year ended June 30, 2009, the following changes occurred in notes payable reported in the Capital Projects fund type:

	<u>Balance at 6/30/08</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 6/30/09</u>
Athletic Facility Improvement Notes 2007 – 3.75% Due December 18, 2008	\$1,500,000		\$1,500,000	
Athletic Facility Improvement Notes 2008 – 3.00% Due December 16, 2009		\$1,250,000		\$1,250,000

12. LONG-TERM OBLIGATIONS

During the year ended June 30, 2009, the following changes occurred in the long-term obligations reported in the government-wide financial statements:

	<u>Balance at 6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/09</u>	<u>Amounts Due in One Year</u>
Government Type Activities:					
2004 School Improvement Bonds	\$4,670,000	\$-	\$665,000	\$4,005,000	\$690,000
2004 School Improvement Bonds (HVAC)	4,600,000	-	345,000	4,255,000	355,000
1987 School Improvement Bonds	1,290,000	-	430,000	860,000	430,000
2008 Athletic Facilities Bonds	5,500,000	-	250,000	5,250,000	250,000
2008 Refunding Bonds	2,250,000	-	-	2,250,000	-
Compensated Absences	2,157,677	2,159,831	2,157,677	2,159,831	215,983
Total Government Activities Long Term Liabilities	<u>\$20,467,677</u>	<u>\$2,159,831</u>	<u>\$3,847,677</u>	<u>\$18,779,831</u>	<u>\$1,940,983</u>

Debt outstanding at June 2009 consisted of General Obligation School Improvement Refunding Bonds totaling \$8,260,000. The bonds were issued in 2004 and will mature in December 2024. The interest rate at June 30, 2009 was 4.58 percent to 6.125 percent for the general obligation bonds.

On September 1, 2004, the District issued general obligation bonds (Series 2004 School Improvement Refunding Bonds) to currently refund the callable portion of the School Improvement General Obligation Bonds (principal \$7,050,000; interest rate 4.35 percent). The refunded debt is considered defeased and accordingly has been removed from the statement of net assets.

The reacquisition price exceeded the net carrying amount of the old debt by \$130,342. This amount is netted against the old debt and amortized over the remaining life of the refunded debt. The carrying amount as of June 30, 2009 was \$78,206.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

The refunding was undertaken to reduce total debt service payments over the next 10 years by \$334,248 and resulted in an economic gain of \$428,858.

The refunding bonds outstanding are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Bond Retirement Fund. The source of payment is derived from a current tax levy.

On February 1, 2008, the District issued general obligation bonds (2008 Athletic Facilities Bonds) to fund the construction of the District's athletic complex. The bonds will mature in December 2017. The interest rate at June 30, 2009 was 3.0 percent to 3.63 percent.

On February 1, 2008, the District issued general obligation bonds (Series 2008 School Improvement Refunding Bonds) to currently refund the callable portion of the 2004 School Improvement General Obligation Bonds (principal \$3,710,000; interest rate 4.58 percent). The refunded debt is considered defeased and accordingly has been removed from the statement of net assets.

The refunding was undertaken to reduce total debt service payments over the next 10 years by \$143,864 and resulted in an economic gain of \$121,282.

The refunding bonds outstanding are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Bond Retirement Fund. The source of payment is derived from a current tax levy.

Total expenditures for interest for the above debt for the period ended June 30, 2009 was \$983,692.

The scheduled payments of principal and interest requirements on debt outstanding at June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$1,725,000	\$609,841	\$2,334,841
2011	1,905,000	534,841	2,439,841
2012	1,620,000	465,363	2,085,363
2013	1,715,000	404,752	2,119,752
2014	1,960,000	336,376	2,296,376
2015 – 2019	5,515,000	1,458,188	6,973,188
2020 – 2024	1,780,000	263,600	2,043,600
2025	400,000	8,000	408,000
Totals	\$16,620,000	\$4,080,961	\$20,700,961

13. 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 year-end. These amounts must be carried forward and used for the same purposes in future years.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital acquisition during fiscal year 2009.

	Textbooks	Capital Acquisition	Budget Stabilization
Balance June 30, 2008	(\$926,047)	\$-	\$127,901
Current Year Set Aside Requirement	613,700	613,700	-
Qualifying Expenditures	(636,517)	(613,700)	-
Balance June 30, 2009	<u>(\$948,864)</u>	<u>\$-</u>	<u>\$127,901</u>
Amount Carried Forward to Fiscal Year 2010	<u>(\$948,864)</u>	<u>\$-</u>	<u>\$127,901</u>
Cash Balance at June 30, 2009	<u>\$-</u>	<u>\$-</u>	<u>\$127,901</u>

Amounts of offsets and qualifying disbursements presented in the table were limited to those necessary to reduce the year-end balance to zero in the capital acquisition. Although the District may have had additional offsets and qualifying disbursements during the year, these extra amounts may not be used to reduce the set-aside requirements of future years, and therefore, are not presented.

14. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, Lucas, and Williams counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the five counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained from the Treasurer at 22-900 State Route 34, Archbold, Ohio 43502

B. Penta County Career Center

The Penta County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the sixteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Penta County Joint Vocational School District, Carrie J. Herringshaw, who serves as Treasurer, at 30095 Oregon Road, Perrysburg, Ohio 43551.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

15. INSURANCE POOLS

A. OSBA Workers' Compensation Group Rating Plan

The District is a member of the OSBA Workers' Compensation Group Rating Program established in April 1991. The program was created by the Ohio Schools Boards Association as a result of the Workers' Compensation group rating plan as defined in 4123.29, Ohio Revised Code. The group-rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers.

B. Northwest Ohio Educational Council Self-Insurance Pool Program

The Springfield Local School District participates in the Northwest Ohio Educational Council Self-Insurance Pool Program (NOEC Program), an insurance purchasing pool. The NOEC Program was created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The Northwest Ohio Educational Council (NWOEC) is a Council of Governments created pursuant to Chapter 167.01 of the Ohio Revised Code. The NOEC Program is a non-profit organization of its members and an instrumentality for each member for the purpose of enabling members of the NOEC Program to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The NOEC Program's business and affairs are conducted by a 9 member Insurance Committee created by the governing board of the NWOEC. The NOEC Program has an agreement with Marsh USA for administrative services and Cambridge Integrated Services, Inc. for claims processing.

16. INTERFUND TRANSFERS

During the year ended June 30, 2009, the following transfers were made. The transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Non-major Funds	General Fund	\$66,404
Bond Retirement Fund	Building and Construction Fund	1,500,000
Building and Construction Fund	Bond Retirement Fund	1,250,000
Building and Construction Fund	Permanent Improvement Fund	883,000
Total		<u>\$3,699,404</u>

17. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

B. Litigation

The District is not a party to legal proceedings that would have a material effect on the financial condition of the District.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2009
(Continued)**

C. Construction Commitments

At June 30, 2009 the District has construction commitments, on which work has commenced, totaling approximately \$2,214,629, which will be funded by existing resources.

SUPPLEMENTARY INFORMATION

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Comparison (Non-GAAP Basis)
GENERAL FUND
For the Fiscal Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 22,400,000	\$ 22,400,000	\$ 22,356,842	\$ (43,158)
Intergovernmental	9,306,000	9,306,000	9,225,680	(80,320)
Interest	455,000	455,000	121,209	(333,791)
Tuition and Fees	1,298,700	1,298,700	1,104,638	(194,062)
Rent	60,000	60,000	43,483	(16,517)
Gifts and Donations			7,050	7,050
Customer Sales and Services	16,000	16,000	35,391	19,391
Miscellaneous	178,000	178,000	135,967	(42,033)
Total Revenues	<u>33,713,700</u>	<u>33,713,700</u>	<u>33,030,260</u>	<u>(683,440)</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	17,307,838	17,307,838	15,572,387	1,735,451
Special	3,939,689	3,939,689	3,920,543	19,146
Vocational	292,875	292,875	281,073	11,802
Student Intervention Services	1,800,000	1,800,000	1,794,364	5,636
Other	1,060,000	1,060,000	1,055,997	4,003
Support Services:				
Pupils	1,712,928	1,713,528	1,701,097	12,431
Instructional Staff	687,990	682,540	609,529	73,011
Board of Education	50,452	50,402	43,241	7,161
Administration	3,047,864	2,754,510	2,715,142	39,368
Fiscal	757,768	757,768	730,150	27,618
Operation and Maintenance of Plant	4,009,668	4,021,368	3,814,404	206,964
Pupil Transportation	2,005,891	2,005,891	1,875,055	130,836
Central	105,059	118,559	113,234	5,325
Extracurricular Activities	501,765	721,915	700,667	21,248
Total Expenditures	<u>37,279,787</u>	<u>37,226,883</u>	<u>34,926,883</u>	<u>2,300,000</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,566,087)</u>	<u>(3,513,183)</u>	<u>(1,896,623)</u>	<u>1,616,560</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	1,350,000	1,350,000		(1,350,000)
Proceeds from Sale of Fixed Assets	12,000	12,000	1,750	(10,250)
Refund of Prior Year Expenditures	2,300	2,300	150,080	147,780
Transfers Out		(66,404)	(66,404)	-
Refund of Prior Year Receipts			(150,029)	(150,029)
Total Other Financing Sources and Uses	<u>1,364,300</u>	<u>1,297,896</u>	<u>(64,603)</u>	<u>(1,362,499)</u>
Net Change in Fund Balances	<u>(2,201,787)</u>	<u>(2,215,287)</u>	<u>(1,961,226)</u>	<u>254,061</u>
Fund Balance (Deficit) at Beginning of Year	3,245,097	3,245,097	3,245,097	-
Prior Year Encumbrances Appropriated	167,227	167,227	167,227	-
Fund Balance at end of Year	<u>\$ 1,210,537</u>	<u>\$ 1,197,037</u>	<u>\$ 1,451,098</u>	<u>\$ 254,061</u>

See accompanying notes to the basic financial statements.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Comparison (Non-GAAP Basis)
GENERAL FUND
For the Year Ended June 30, 2009**

BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances 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 (Non-GAAP) and Actual 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. 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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

The adjustments necessary to convert the result of operations for the year on budget basis to the GAAP basis for the General Fund is as follows:

Net Change in Fund Balance Major Governmental Fund	
	General
GAAP Basis	(\$1,276,936)
Increase (Decrease) Due To:	
Revenue Accruals:	
Accrued FY 2008, Received In Cash FY 2009	919,972
Accrued FY 2009, Not Yet Received in Cash	(1,963,779)
Expenditure Accruals:	
Accrued FY 2008, Paid in Cash FY 2009	(4,947,543)
Accrued FY 2009, Not Yet Paid in Cash	5,357,096
Encumbrances Outstanding at Year End (Budget Basis)	(50,036)
Budget Basis	(\$1,961,226)

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS
For the Year Ended June 30, 2009**

Federal Grantor / Pass-through Grantor/ Program or Cluster Title	Pass-Through Entity Identification Number	Federal CFDA Number
U.S. DEPARTMENT OF AGRICULTURE		
Passed through the Ohio Department of Education		
Nutrition Cluster:		
Food Distribution Program		10.550
National School Breakfast Program	05-PU 2007 & 2008	10.553
National School Lunch Program	LLP4 2007 & 2008	10.555
Total U.S. Department of Agriculture - Nutrition Cluster		
U.S DEPARTMENT OF EDUCATION		
Passed through the Ohio Department of Education		
Special Education Grants to States (IDEA Part B)	6BSF 2007 & 2008	84.027
Grants to Local Educational Agencies (ESEA Title I)	C1S1 2007 & 2008	84.010
Innovative Educational Program Strategies (Title V)	C2S1 2007 & 2008	84.298
Safe and Drug-Free Schools Grant	DRS1 2007 & 2008	84.186
Improving Teacher Quality State Grants (Title IIA)	TRS1 2007 & 2008	84.367
Educational Technology State Grants (Title IID)	TJS1 2007 & 2008	84.318
LEP (Title III)	T3S1 2007	84.365
Total Department of Education		
 Total Federal Awards Expenditures		

<u>Receipts</u>	<u>Disbursements</u>
\$ 59,614	\$ 59,614
98,917	98,917
<u>473,165</u>	<u>473,165</u>
<u>631,696</u>	<u>631,696</u>
810,685	426,077
531,481	640,577
11,309	16,309
17,741	21,478
141,825	131,747
9,748	9,899
<u>14,291</u>	<u>11,973</u>
<u>1,537,080</u>	<u>1,258,060</u>
\$ <u><u>2,168,776</u></u>	\$ <u><u>1,889,756</u></u>

The accompanying notes are an integral part of this schedule.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards summarizes activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first.



GILMORE, JASION & MAHLER, LTD

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Board of Education
Springfield Local School District
Holland, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate of the remaining fund information of Springfield Local School District (District) as of and for the year ended June 30, 2009, which collectively comprise the Springfield Local School District, Lucas County, Ohio's basic financial statements and have issued our report thereon, dated January 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 2009-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

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

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

Gilmore, Jason & Mahler, LTD

January 15, 2010





GILMORE, JASION & MAHLER, LTD

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Springfield Local School District
Holland, Ohio

Compliance

We have audited the compliance of Springfield Local School District (District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Springfield Local School District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

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 that might be 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.

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Gilmore, Jason & Mahler, LTD

January 15, 2010



**SPRINGFIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies(s) identified that are not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies(s) identified that are not considered to be material weakness(es)?	No
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553	National School Breakfast
10.555	National School Lunch
Dollar threshold used to distinguish between type A and type B programs	\$300,000

Auditee qualified as low-risk auditee?	Yes
--	-----

Section II – Financial Statement Findings

Finding 09-01-Capital Assets

Condition

For the year ended June 30, 2009 finding 2008-01 has not yet been corrected. Testing of the School District's capital assets records disclosed a failure to employ adequate controls over the processing and recording of capital asset additions, deletions, transfers, and depreciation.

Cause

The lack of controls could result in the possible misappropriation of assets going undetected and misrepresentation of The District's capital assets value on the financial statements. Testing of The District's capital assets records disclosed the following deficiencies:

- The Inventory (Fixed Asset) Policy is lacking detail as to the process and procedures needed in the reporting of capital assets
- The District does not use the NWOCA Equipment Inventory System (EIS) for the tracking of capital assets and related depreciation. The last updated capital asset record showing any detail of the District's capital assets was June 30, 2001.
- Since June 30, 2001, The District has manually updated the capital asset balances and accumulated depreciation.
- No attempt was made to record disposals and the affect on the depreciation expense.
- There is no policy regarding the manner depreciation expense should be allocated

Recommendation

To maintain adequate safeguards over capital assets, and to reduce the risk of misstatement, we recommend The District perform a review of the current Inventory (Fixed Asset) Policy. The following should be considered: written procedures required to update additions, deletions, useful life and depreciation methods and the function to which the asset is assigned. Consideration of implementation of the NWOCA Equipment Inventory System (EIS) to allow for the updating and maintenance of the capital asset records on-line. Maintain documentation for changes in capital assets acquisitions, deletions, depreciation and any other corrections. An allocation method should be determined for the positing of depreciation expense to the function (i.e. regular, special instruction) that the capital asset serves.

Management response

Management plans to have an inventory performed of all assets upon the completion of the current upgrades occurring throughout all of the schools in the District. At that time, proper policies will be adopted and implemented.

Section III – Federal Award Findings and Questioned Costs

None

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR YEAR (2008) AUDIT FINDINGS**

Finding 08-01 as reported in the Schedule of Findings for the year ended June 30, 2008 is still applicable and is now reported as finding 09-01.



GILMORE, JASION & MAHLER, LTD

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Education
Springfield Local School District
Holland, Ohio

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

- 1. The original policy was adopted on August 22, 2001. We noted the Board adopted a revised anti-harassment policy as follows:

Table with 2 columns: Re-adoption date, Date. Rows: March 23, 2005; February 28, 2007; April 23, 2008; November 18, 2009; February 10, 2010

- 2. We read the re-adopted hazing and bullying policy and newly enacted hazing and bullying regulation dated February 10, 2010, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

- (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
(2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
(3) A procedure for reporting prohibited incidents;
(4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
(5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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.

Gilmore, Jason & Mahler, LTD

February 11, 2010





Mary Taylor, CPA
Auditor of State

SPRINGFIELD LOCAL SCHOOL DISTRICT

LUCAS 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
MAY 6, 2010**