



***SPRINGBORO  
COMMUNITY CITY SCHOOL DISTRICT***

**WARREN COUNTY**

**SINGLE AUDIT**

**For the Fiscal Year Ended June 30, 2010**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

Board of Education  
Springboro Community City School District  
1685 South Main Street  
Springboro, Ohio 45066

We have reviewed the *Independent Auditor's Report* of the Springboro Community City School District, Warren County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

February 10, 2011

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**Springboro Community City School District**  
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*For the Fiscal Year Ended June 30, 2010*

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**Springboro Community City School District**

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*For the Fiscal Year Ended June 30, 2010*

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## Independent Auditor's Report

Board of Education  
Springboro Community City School District  
1685 South Main Street  
Springboro, OH 45066

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springboro Community City School District (the District) as of and for the year ended June 30, 2010, 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 an opinion 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ohio Administrative Code Section 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District as of June 30, 2010, and the respective changes in cash financial position and the budgetary comparison for the General Fund for the year then ended in conformity with basis of accounting.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Board of Education  
Springboro Community City School District  
Independent Auditor's Report

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards expenditures required by 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. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

December 16, 2010

**Springboro Community City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

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The discussion and analysis of the Springboro Community City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010, within the limitations of the School District's cash basis of accounting. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year 2010 are as follows:

- Net assets of governmental activities decreased \$513,617.
- General cash receipts accounted for \$47,785,519 of cash receipts or 88% of all cash receipts. Program specific receipts in the form of charges for services and sales and grants and contributions accounted for \$6,510,199 or 12% of total cash receipts of \$54,295,718.
- The School District had \$54,809,335 in cash disbursements related to governmental activities; only \$6,510,199 of these cash disbursements were offset by program specific charges for services and sales and grants and contributions.
- All governmental funds had total cash receipts and other financing sources of \$54,632,426 and cash disbursements and other financing uses of \$55,146,043.

**USING THE BASIC FINANCIAL STATEMENTS**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the School District's cash basis of accounting.

**REPORT COMPONENTS**

The Statement of Net Assets and Statement of Activities provide information about the cash basis activities of the whole School District. Fund financial statements provide a greater level of detail. Funds are created and maintained in the financial records of the School District as a way to segregate money whose use is restricted to a particular specific purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the basic financial statements.

**Springboro Community City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

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**BASIS OF ACCOUNTING**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the School District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

***Reporting the School District as a Whole***

*Statement of Net Assets and Statement of Activities*

The statement of net assets and the statement of activities reflect how the School District did financially during 2010, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the School District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other non-financial factors as well, such as the School District's property tax base, the condition of the School District's capital assets and infrastructure, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the School District has one type of activity: governmental.

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 8. Fund financial statements provide detailed information about the School District's major funds, not the School District as a whole. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Bond Retirement Debt Service Fund, and the Building Capital Projects Fund.

**Springboro Community City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

**Governmental Funds** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles general accepted in the United States of America. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance educational programs. Since the School District is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the statement of activities due to advances netted on the statement of activities. See Note 2 to the basic financial statements for more information.

**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. The School District's fiduciary fund is an agency fund which is used to maintain financial activity of the School District's Student Managed Activities, and a private purpose trust fund which is used to maintain the financial activity of the School District's Scholarship Funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal net assets) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements.

**THE SCHOOL DISTRICT AS A WHOLE**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's cash basis net assets for 2010 compared to 2009.

Table 1  
Net Assets

	Governmental Activities	
	2010	2009
<b>Assets</b>		
Current Assets	\$13,446,251	\$13,959,868
Total Assets	13,446,251	13,959,868
 <b>Net Assets</b>		
Restricted	7,223,657	9,553,920
Unrestricted	6,222,594	4,405,948
Total Net Assets	\$13,446,251	\$13,959,868

The most significant change from the prior year is a decrease in cash and cash equivalents due to cash disbursements exceeding cash receipts.

**Springboro Community City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Table 2 shows the cash receipts and cash disbursements for the fiscal year ended June 30, 2010 as compared to 2009.

Table 2  
Changes in Net Assets

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<b>Cash Receipts</b>		
Program Cash Receipts		
Charges for Services and Sales	\$3,593,009	\$3,258,050
Operating Grants and Contributions	2,917,190	2,530,913
Total Program Cash Receipts	<u>6,510,199</u>	<u>5,788,963</u>
General Cash Receipts		
Property Taxes	31,068,184	31,537,044
Grants, Entitlements and Contributions Not Restricted	15,861,594	15,422,306
Gifts and Donations Not Restricted	11,542	21,885
Investment Earnings	54,695	273,601
Tax Anticipation Note Issued	0	500,320
Proceeds from Sale of Assets	0	712
Miscellaneous	789,504	619,706
Total General Cash Receipts	<u>47,785,519</u>	<u>48,375,574</u>
Total Cash Receipts	<u>54,295,718</u>	<u>54,164,537</u>
<b>Program Cash Disbursements</b>		
Instruction:		
Regular	19,954,746	19,841,921
Special	4,295,564	3,270,410
Vocational	80,670	94,914
Other	491,856	377,070
Support Services:		
Pupils	2,800,171	3,385,951
Instructional Staff	3,676,940	3,322,982
Board of Education	130,943	144,248
Administration	2,676,011	2,847,367
Fiscal	977,811	1,103,538
Business	226,657	164,848
Operation and Maintenance of Plant	4,241,338	4,376,334
Pupil Transportation	2,902,064	2,700,861
Central	299,372	1,358,519
Operation of Non-Instructional Services	1,200,022	1,295,484
Extracurricular Activities	998,079	1,055,838
Capital Outlay	2,278,989	6,855,285
Debt Service:		
Principal	2,805,376	3,544,144
Interest and Fiscal Charges	4,772,726	4,646,344
Total Cash Disbursements	<u>54,809,335</u>	<u>60,386,058</u>
Decrease in Net Assets	(513,617)	(6,221,521)
Net Assets at Beginning of Year	13,959,868	20,181,389
Net Assets at End of Year	<u>\$13,446,251</u>	<u>\$13,959,868</u>

**Springboro Community City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

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Net assets decreased \$513,617 from the prior year. This decrease is \$5,707,904 less than the decrease in the prior year, due to increases in charges for services and sales, operating grants and contributions, and grants and entitlements not restricted to specific programs. These increases in revenue were coupled with an overall decrease in expenditures. Charges for services revenue increased due to an increase in open enrollment fees received. Operating grants and contributions and grants and entitlements not restricted increased due to an increase in foundation settlements as well as stimulus funding received associated with federal programs. Pupil support services expense decreased due to coding changes and a change to a semi-annual payment method by the HSA. Administration expense decreased due to a change in staffing. Central support services decreased due to the fees associated with the construction of the athletic complex in the prior year. Capital outlay decreased due to the construction of the athletic complex coming to a close during the current fiscal year. Principal expenditures are directly related to the decrease in debt payments made in the current year. These decreases were offset by increases to special instruction, instructional staff, and pupil transportation. The increase in special instruction and instructional staff is a result of the grant funding that was available in the current year for use by the School District. Pupil transportation increased due to increased payment in lieu of transportation expenditures as well as increasing fuel costs.

**Governmental Activities**

Charges for services and sales comprised 7 percent of cash receipts for governmental activities, while operating grants and contributions comprised 5 percent of cash receipts for governmental activities of the School District for fiscal year 2010. Property tax receipts comprised 57 percent of cash receipts for governmental activities. Grants and entitlements, not restricted for specific programs, comprised 29 percent of cash receipts for governmental activities.

As indicated by governmental program expenses, instruction is emphasized. Regular instruction comprised 36 percent of governmental program cash disbursements.

The Statement of Activities shows the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2010 as compared to 2009. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

**Springboro Community City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Table 3  
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009
Program Cash Disbursements				
Instruction:				
Regular	\$19,954,746	\$18,792,010	\$19,841,921	\$18,640,487
Special	4,295,564	3,580,959	3,270,410	2,293,391
Vocational	80,670	77,550	94,914	93,152
Other	491,856	472,835	377,070	370,068
Support Services:				
Pupils	2,800,171	2,680,851	3,385,951	3,209,322
Instructional Staff	3,676,940	3,091,783	3,322,982	3,045,339
Board of Education	130,943	125,879	144,248	141,569
Administration	2,676,011	2,558,416	2,847,367	2,777,115
Fiscal	977,811	942,535	1,103,538	1,084,707
Business	226,657	216,870	164,848	161,692
Operation and Maintenance of Plant	4,241,338	3,575,766	4,376,334	4,293,558
Pupil Transportation	2,902,064	2,577,775	2,700,861	2,557,940
Central	299,372	280,761	1,358,519	1,333,585
Operation of Non-Instructional Services	1,200,022	(742,956)	1,295,484	(440,335)
Extracurricular Activities	998,079	258,564	1,055,838	5,934
Capital Outlay	2,278,989	2,278,989	6,855,285	6,855,285
Debt Service:				
Principal	2,805,376	2,805,376	3,544,144	3,544,144
Interest and Fiscal Charges	4,772,726	4,725,173	4,646,344	4,630,142
Total	<u>\$54,809,335</u>	<u>\$48,299,136</u>	<u>\$60,386,058</u>	<u>\$54,597,095</u>

**THE SCHOOL DISTRICT FUNDS**

The School District's governmental funds are accounted for using the cash basis of accounting. The School District has three major funds; the General Fund, Bond Retirement Debt Service Fund, and the Building Capital Projects Fund. The General Fund had \$43,761,353 in cash receipts and other financing sources and \$41,944,707 in cash disbursements and other financing uses. The General Fund's balance increased \$1,816,646. The Bond Retirement Fund had \$5,728,628 in cash receipts and \$5,930,669 in cash disbursements resulting in a \$202,041 decrease in fund balance. The Building Fund had cash receipts of \$20,573 and cash disbursements of \$2,164,379 resulting in a decrease to fund balance in the amount of \$2,143,806. This decrease is due primarily to the capital outlay disbursements exceeding the interest revenue.

***General Fund Budgeting Highlights***

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2010, the School District amended its General Fund budget.

**Springboro Community City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

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For the General Fund, original budget basis revenue was \$47,900,181, above final estimates of \$43,977,558. Of this \$3,922,623 difference, most was due to more property tax monies originally being budgeted. Original appropriations were \$1,026,151 more than final budgeted appropriations due to conservative budgeting by the School District. The School District's ending unobligated General Fund balance was \$5,432,972.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

The School District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The School District had capital outlay disbursements of \$2,278,989 during fiscal year 2010.

***Debt***

Under the cash basis of accounting, the School District does not report bonds, loans, or capital leases in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, loans, and capital leases. At June 30, 2010, the School District had general obligation bonds outstanding of \$72,585,000. The bonds were issued for school construction. The School District also had loans outstanding and capital leases payable of \$15,788,854 issued for various capital acquisition purposes. For additional information regarding debt, see Note 9 to the basic financial statements.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

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

**Springboro Community City School District**  
*Statement of Net Assets - Cash Basis*  
*June 30, 2010*

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	<u>Governmental Activities</u>
<b><i>Assets:</i></b>	
Equity in Pooled Cash and Cash Equivalents	\$ 11,919,497
Restricted Cash and Cash Equivalents	233,011
Restricted Cash and Cash Equivalents with Escrow Agents	<u>1,293,743</u>
 <i>Total Assets</i>	 <u>13,446,251</u>
 <b><i>Net Assets:</i></b>	
Restricted for:	
Capital Projects	1,668,936
Debt Service	4,584,932
Other Purposes	969,789
Unrestricted	<u>6,222,594</u>
 <i>Total Net Assets</i>	 <u>\$ 13,446,251</u>

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

**Springboro Community City School District**  
*Statement of Activities - Cash Basis*  
For the Fiscal Year Ended June 30, 2010

	Cash Disbursements	Program Cash Receipts		Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
				Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 19,954,746	\$ 806,841	\$ 355,895	\$ (18,792,010)
Special	4,295,564	215,440	499,165	(3,580,959)
Vocational	80,670	3,120	-	(77,550)
Other	491,856	19,021	-	(472,835)
Support Services:				
Pupils	2,800,171	98,720	20,600	(2,680,851)
Instructional Staff	3,676,940	182,026	403,131	(3,091,783)
Board of Education	130,943	5,064	-	(125,879)
Administration	2,676,011	104,753	12,842	(2,558,416)
Fiscal	977,811	35,276	-	(942,535)
Business	226,657	8,857	930	(216,870)
Operation and Maintenance of Plant	4,241,338	209,121	456,451	(3,575,766)
Pupil Transportation	2,902,064	122,394	201,895	(2,577,775)
Central	299,372	12,209	6,402	(280,761)
Operation of Non-Instructional Services	1,200,022	1,215,776	727,202	742,956
Extracurricular Activities	998,079	506,838	232,677	(258,564)
Capital Outlay	2,278,989	-	-	(2,278,989)
Debt Service:				
Principal	2,805,376	-	-	(2,805,376)
Interest and Fiscal Charges	4,772,726	47,553	-	(4,725,173)
<b>Totals</b>	<b>\$ 54,809,335</b>	<b>\$ 3,593,009</b>	<b>\$ 2,917,190</b>	<b>(48,299,136)</b>
<b>General Cash Receipts</b>				
Property Taxes Levied for:				
General Purposes				25,954,018
Debt Service				5,114,166
Grants, Entitlements and Contributions not Restricted to Specific Programs				15,861,594
Gifts and Donations not Restricted to Specific Programs				11,542
Investment Earnings				54,695
Miscellaneous				789,504
<b>Total General Cash Receipts</b>				<b>47,785,519</b>
<b>Change in Net Assets</b>				<b>(513,617)</b>
<b>Net Assets Beginning of Year</b>				<b>13,959,868</b>
<b>Net Assets End of Year</b>				<b>\$ 13,446,251</b>

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

**Springboro Community City School District**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2010*

	General	Bond Retirement	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 6,126,239	\$ 4,584,932	\$ 182,738	\$ 1,025,588	\$ 11,919,497
Restricted Assets:					
Cash and Cash Equivalents	96,355	-	-	136,656	233,011
Cash and Cash Equivalents with Escrow Agents	-	-	1,293,743	-	1,293,743
<i>Total Assets</i>	<u>\$ 6,222,594</u>	<u>\$ 4,584,932</u>	<u>\$ 1,476,481</u>	<u>\$ 1,162,244</u>	<u>\$ 13,446,251</u>
<b>Fund Balances:</b>					
Reserved for Encumbrances	789,622	-	29,225	232,413	1,051,260
Reserved for Budget Stabilization	96,355	-	-	-	96,355
Unreserved, Undesignated, Reported in:					
General Fund	5,336,617	-	-	-	5,336,617
Special Revenue Funds	-	-	-	737,376	737,376
Debt Service Fund	-	4,584,932	-	-	4,584,932
Capital Projects Funds	-	-	1,447,256	192,455	1,639,711
<i>Total Fund Balances</i>	<u>\$ 6,222,594</u>	<u>\$ 4,584,932</u>	<u>\$ 1,476,481</u>	<u>\$ 1,162,244</u>	<u>\$ 13,446,251</u>

The notes to the basic financial statements are integral part of this statement.

**Springboro Community City School District**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
 Governmental Funds  
 For the Fiscal Year Ended June 30, 2010

	General	Bond Retirement	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Cash Receipts:</b>					
Taxes	\$ 25,954,018	\$ 5,114,166	\$ -	\$ -	\$ 31,068,184
Intergovernmental	15,346,130	614,462	-	2,733,589	18,694,181
Investment Earnings	33,922	-	20,573	200	54,695
Customer Sales and Services	231,752	-	-	1,097,511	1,329,263
Tuition and Fees	197,189	-	-	437,683	634,872
Rent	646,353	-	-	16,791	663,144
Extracurricular Activities	520,481	-	-	445,249	965,730
Gifts and Donations	11,542	-	-	84,603	96,145
Miscellaneous	652,979	-	-	136,525	789,504
<b>Total Cash Receipts</b>	<b>43,594,366</b>	<b>5,728,628</b>	<b>20,573</b>	<b>4,952,151</b>	<b>54,295,718</b>
<b>Cash Disbursements:</b>					
Current:					
Instruction:					
Regular	19,380,019	-	-	574,727	19,954,746
Special	3,489,472	-	-	806,092	4,295,564
Vocational	80,670	-	-	-	80,670
Other	491,856	-	-	-	491,856
Support Services:					
Pupils	2,466,904	-	-	333,267	2,800,171
Instructional Staff	3,025,933	-	-	651,007	3,676,940
Board of Education	130,943	-	-	-	130,943
Administration	2,655,273	-	-	20,738	2,676,011
Fiscal	912,195	65,616	-	-	977,811
Business	225,155	-	-	1,502	226,657
Operation and Maintenance of Plant	3,504,225	-	-	737,113	4,241,338
Pupil Transportation	2,735,897	-	-	166,167	2,902,064
Central	289,034	-	-	10,338	299,372
Operation of Non-Instructional Services	25,678	-	-	1,174,344	1,200,022
Extracurricular Activities	622,333	-	-	375,746	998,079
Capital Outlay	26,350	-	2,164,379	88,260	2,278,989
Debt Service:					
Principal	483,376	2,322,000	-	-	2,805,376
Interest and Fiscal Charges	1,229,673	3,543,053	-	-	4,772,726
<b>Total Cash Disbursements</b>	<b>41,774,986</b>	<b>5,930,669</b>	<b>2,164,379</b>	<b>4,939,301</b>	<b>54,809,335</b>
<b>Excess of Cash Receipts Over (Under) Cash Disbursements</b>	<b>1,819,380</b>	<b>(202,041)</b>	<b>(2,143,806)</b>	<b>12,850</b>	<b>(513,617)</b>
<b>Other Financing Sources (Uses):</b>					
Advances In	166,987	-	-	169,721	336,708
Advances Out	(169,721)	-	-	(166,987)	(336,708)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,734)</b>	<b>-</b>	<b>-</b>	<b>2,734</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,816,646</b>	<b>(202,041)</b>	<b>(2,143,806)</b>	<b>15,584</b>	<b>(513,617)</b>
<b>Fund Balances Beginning of Year</b>	<b>4,405,948</b>	<b>4,786,973</b>	<b>3,620,287</b>	<b>1,146,660</b>	<b>13,959,868</b>
<b>Fund Balances End of Year</b>	<b>\$ 6,222,594</b>	<b>\$ 4,584,932</b>	<b>\$ 1,476,481</b>	<b>\$ 1,162,244</b>	<b>\$ 13,446,251</b>

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

**Springboro Community City School District**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget (Budgetary Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Total Revenues and Other Sources	\$ 47,900,181	\$ 43,977,558	\$ 43,761,353	\$ (216,205)
Total Expenditures and Other Uses	43,733,386	42,707,235	42,734,330	(27,095)
Net Change in Fund Balance	4,166,795	1,270,323	1,027,023	(243,300)
Fund Balance at Beginning of Year	3,924,654	3,924,654	3,924,654	-
Prior Year Encumbrances Appropriated	481,295	481,295	481,295	-
Fund Balance at End of Year	<u>\$ 8,572,744</u>	<u>\$ 5,676,272</u>	<u>\$ 5,432,972</u>	<u>\$ (243,300)</u>

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

**Springboro Community City School District**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*June 30, 2010*

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	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<i>Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	<u>\$ 83,824</u>	<u>\$ 142,808</u>
<i>Net Assets:</i>		
Held in Trust for Scholarships	\$ 83,824	\$ -
Unrestricted	-	142,808
	<u>\$ 83,824</u>	<u>\$ 142,808</u>

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

**Springboro Community City School District**  
*Statement of Changes in Fiduciary Net Assets - Cash Basis*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2010*

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	Private Purpose Trust Fund
<b><i>Additions:</i></b>	
Interest	\$ 2,658
Gifts and Contributions	2,696
<i>Total Additions</i>	5,354
<b><i>Deductions:</i></b>	
Payments in Accordance with Trust Agreements	1,718
<i>Change in Net Assets</i>	3,636
<i>Net Assets Beginning of Year</i>	80,188
<i>Net Assets End of Year</i>	\$ 83,824

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

**Springboro Community City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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

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

The School District was established in 1990 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 44.7 square miles. It is located in Warren County, and includes the City of Springboro and Clearcreek Township and a small portion of Franklin Township. It is staffed by 224 non-certificated employees and 345 certificated full-time teaching personnel who provide services to 5,466 students and other community members. The School District currently operates 9 instructional buildings, 2 administrative buildings, and 1 garage.

***A. Reporting Entity***

The reporting entity is comprised of the primary government. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Springboro Community City School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes.

The School District has no component units.

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

*Southwestern Ohio Computer Association* - The School District is a participating member of the Southwestern Ohio Computer Association (SWOCA). SWOCA provides data services needed by the participating school districts. D. Russell Lee Vocational School serves as the fiscal agent. This is a jointly governed organization and the School District's participation is discussed in Note 13 to the basic financial statements.

*Warren County Career Center* - The School District became a member of a cooperative agreement to establish the Warren County Career Center to provide for the vocational and special education needs of the students. The School District is not involved in the budgeting or management of the Warren County Career Center. A board member appointed by the School District’s school board members serves as a member of the Warren County Career Center Board of Education. This is a jointly governed organization and the School District's participation is discussed in Note 13 to the basic financial statements.

**Springboro Community City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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

*Southwestern Ohio Educational Purchasing Council* - The School District is a participating member of the Southwestern Ohio Educational Purchasing Council (the "Council"). The Council's purpose is to obtain prices for quality merchandise and services commonly used by schools. The Montgomery County Educational Service Center acts as the fiscal agent. This is a jointly governed organization and the School District's participation is discussed in Note 13 to the Basic Financial Statements.

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

***A. Basis of Presentation***

The School District uses the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

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

The statement of net assets – cash basis presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities – cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the School District's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program, or department, and, therefore, are clearly identifiable to a particular function. Program cash receipts 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 requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the School District. The comparison of direct cash disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the general cash receipts of the School District.

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

**Springboro Community City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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

***B. Fund Accounting***

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

***Governmental Funds*** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. On the cash basis, governmental fund assets equal fund balance. The following are the School District's major governmental funds:

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

***Bond Retirement Fund*** The Bond Retirement Debt Service Fund is a fund provided for the retirement of serial bonds and short term loans. All receipts derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds or loans, shall be paid into this fund.

***Building Fund*** The Building Capital Projects Fund accounts for receipts received from the sale of School Improvement Bonds and proceeds from capital leases for school construction and renovation purposes.

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

***Fiduciary Fund Type*** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal net assets) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The School District's only fiduciary fund is an agency fund which accounts for student managed activities and a private purpose trust fund which accounts for the financial activity of the School District's Scholarship Funds.

***C. Basis of Accounting***

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

**Springboro Community City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

***Cash Receipts - Exchange and Non-Exchange Transactions*** Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the cash basis, receipts from property taxes are recognized in the fiscal year in which the taxes are received. Receipts from grants, entitlements, and donations are recognized in the fiscal year in which the monies have been received.

***Cash Disbursements*** On the cash basis of accounting, disbursements are recognized at the time payments are made.

***D. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet and the statement of net assets.

During fiscal year 2010, investments were limited to STAROhio, certificates of deposit, and a repurchase agreement.

Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2010. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund, Building Fund, and All Other Governmental Funds during fiscal year 2010 amounted to \$33,922, \$20,573, and \$200, respectively.

For purposes of 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 School District are considered to be cash equivalents.

***E. Capital Assets***

Capital assets acquired or constructed for the School District are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the basic financial statements.

**Springboro Community City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

***F. Compensated Absences***

Vacation and sick leave are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work or, within certain limitations, be paid to the employees.

***G. Long-Term Obligations***

In general, bonds, long-term loans, and capital leases are recorded as cash disbursements in the basic financial statements when paid. Long-term obligations are not recorded as liabilities in the basic financial statements under the cash basis of accounting.

***H. Interfund Activity***

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements 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 cash disbursements to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the statement of activities. Flows of cash from one fund to another with a requirement for repayment are reported as advances in and out. Advances between governmental activities are eliminated in the statement of activities.

***I. Fund Balance Reserves***

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

***J. Net Assets***

Net assets represent the cash assets held by the School District at year end. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes represents balances in special revenue funds for grants received which are restricted as to their use by grantors.

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

Of the School District's \$7,223,657 in restricted net assets, \$0 is restricted by enabling legislation.

***K. Budgetary Process***

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

**Springboro Community City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated cash receipts. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. As part of formal budgetary control, purchase orders, contracts and other commitments for the cash disbursements of monies are recorded as the equivalent of cash disbursements 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 cash basis, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent-year cash disbursements for governmental funds.

***L. Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the General Fund include amounts required by state statute to be set aside for budget stabilization. See Note 11 for additional information regarding set-asides and the budget stabilization reserve. The School District maintains cash in a separate bank account restricted for improvements to the new athletic facility and this amount is reported as “Restricted Cash and Cash Equivalents” on the financial statements.

The School District maintains cash and cash equivalents in several accounts to account for proceeds from several capital leases. These monies are restricted for capital improvements to School District facilities and these amounts are reported as “Restricted Cash and Cash Equivalents with Escrow Agents” on the financial statements.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

Differences between the budgetary basis fund balances and fund cash balances are due to encumbrances. The table below presents those differences for the School District’s General Fund:

	<u>General Fund</u>
Budgetary Basis Fund Balance	\$ 5,432,972
Encumbrances	789,622
Fund Cash Balance	<u>\$ 6,222,594</u>

**Springboro Community City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current 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 deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;

**Springboro Community City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2010

**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;
10. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2010, the School District's bank balance of \$9,981,297 was either covered by FDIC or collateralized by the financial institution's public entity deposit pools in the manner described above.

*Investments:* As of June 30, 2010, the School District had the following investments and maturities:

	Carrying/Fair Value	Weighted Average Maturity (Years)
STAR Ohio	\$ 32,973	< 1 year
Repurchase Agreements	4,291,544	< 1 year
Total Investments	\$ 4,324,517	

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

**Springboro Community City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District’s investment policy limits investments to those authorized by State statute. Investments in STAR Ohio were rated AAAM by Standard & Poor’s. Repurchase agreements were not rated.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The School District places no limit on the amount it may invest in any one issuer. The School District has invested 0.76% in STAR Ohio and 99.24% in repurchase agreements.

Custodial credit risk - Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District’s securities are either insured and registered in the name of the School District or at least registered in the name of the School District with the exception of the repurchase agreements which 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 School District’s name.

The School 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.

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2010, and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after April 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

**Springboro Community City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2010

**NOTE 5 - PROPERTY TAXES (Continued)**

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$887,066,280	96.18%	\$829,994,300	95.95%
Public Utility Personal	27,575,680	2.99%	34,044,530	3.94%
Tangible Personal Property	7,671,985	0.83%	972,470	0.11%
<b>Total</b>	<b>\$922,313,945</b>	<b>100.00%</b>	<b>\$865,011,300</b>	<b>100.00%</b>

Tax Rate per \$1,000 of assessed valuation	\$65.71	\$60.71
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**NOTE 6 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2010, the School District contracted with Ohio Casualty for property insurance with a \$124,398,000 aggregate limit. Professional liability is protected by Ohio Casualty with a per occurrence limit of \$1,000,000 and a \$2,000,000 aggregate limit with a \$10,000 deductible under a commercial umbrella policy.

The School District's vehicles are covered by Ohio Casualty, and has a \$1,000,000 combined single limit of liability. Vehicles are also covered under the commercial umbrella policy.

The Hartford Insurance Group maintains a \$50,000 public official bond for the Treasurer.

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

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

The School District provides medical/surgical/drug insurance through a High Deductible plan managed by Anthem. This program also includes a Health Savings Account or a Health Reimbursement Account for each employee based upon which the employee is eligible to receive. The School District contributes 75 - 85% towards the plan deductible of \$4,600 for each employee. Dental Insurance is through Dental Care Plus and Vision insurance is through EyeMed.

**Springboro Community City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE 7 - PENSION PLANS**

*School Employees Retirement System*

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2010, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Fund. The School District's contributions to SERS which were allocated for pension and death benefits for the fiscal years ended June 30, 2010, 2009, and 2008 were \$1,014,360, \$1,017,768, and \$963,468, respectively; which were equal to the required contributions for those years.

*State Teachers Retirement System*

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

**Plan Options** - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**Springboro Community City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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**NOTE 7 - PENSION PLANS (Continued)**

**DC Plan Benefits** – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Combined Plan Benefits** – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit 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. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the fiscal years ended June 30, 2010, 2009, and 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$2,854,704, \$2,927,616, and \$2,765,168, respectively, which were equal to the required contributions for those years.

STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771 or by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**Springboro Community City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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**NOTE 7 - PENSION PLANS (Continued)**

*Social Security System*

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, 2 of the members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

*State Teachers Retirement System*

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009, and 2008. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$203,907, \$209,115, and \$205,529 for fiscal years 2010, 2009, and 2008, respectively, which were equal to the required allocations for those years.

*School Employees Retirement System*

In addition to a cost-sharing, multiple-employer defined benefit pension plan, the School Employees Retirement System (SERS) administers two post employment benefit plans.

**Medicare Part B Plan**

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2010 was \$96.40 for most participants, but could be as high as \$353.60 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2010, 2009, and 2008, the actuarially required allocations were 0.76 percent, 0.75 percent, and 0.66 percent. For the School District, contributions for the years ended June 30, 2010, 2009, and 2008, were \$55,066, \$54,523, and \$43,880, respectively, which equaled the required allocations for those years.

**Springboro Community City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

**NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)**

**Health Care Plan**

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2010, 2009, and 2008, the health care allocations were 0.46 percent, 4.16 percent, and 4.18 percent, respectively. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2010, 2009, and 2008 fiscal years equaled \$139,108, \$408,202, and \$346,651, respectively, which were equal to the required allocations for those years.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

**NOTE 9 - LONG TERM OBLIGATIONS**

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

	Principal Outstanding 06/30/09	Additions	Reductions	Principal Outstanding 06/30/10	Amounts Due in One Year
<b>Governmental Activities</b>					
<i>School Improvement Bond</i>					
1996 and 1991 Refunding 3.5-6%	\$ 22,700,000	\$ -	\$ 1,155,000	\$ 21,545,000	\$ 1,220,000
<i>School Improvement Bond</i>					
2005 Bonds 2% - 5.125%	6,770,000	-	1,045,000	5,725,000	175,000
<i>School Improvement Bond</i>					
2007 Refunding Bonds 4%-5.25%	45,315,000	-	-	45,315,000	-
Capital Funding OASBO Loan Payable	975,000	-	122,000	853,000	122,000
Capital Leases Payable	15,419,230	-	483,376	14,935,854	434,210
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 91,179,230</u>	<u>\$ -</u>	<u>\$ 2,805,376</u>	<u>\$ 88,373,854</u>	<u>\$ 1,951,210</u>

**Springboro Community City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE 9 - LONG TERM OBLIGATIONS (Continued)**

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

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

Springboro School Improvement General Obligation Bonds – In July 15, 2004, Springboro Community City School District issued \$61,500,000 in General Obligation Bonds to replace the bond anticipation notes issued in the previous fiscal year. The majority of these bonds were refunded by the March 2007 General Obligation Refunding Bond issue as discussed in the following paragraph. Serial bonds in the amount of \$10,185,000 were not refunded and have been partially paid off as of June 30, 2010. The remaining balance on the serial bonds is \$5,390,000 which will be paid regularly until it is fully paid off in December 2014. The bonds will be retired from the Bond Retirement Fund. \$335,000 of the remaining 2007 issue is capital appreciation bonds. \$175,000 of these capital appreciation bonds have an interest rate of 36.26% and will mature in December 2010. \$160,000 of the capital appreciation bonds have an interest rate of 36.22% and will mature in December 2011.

Springboro School Improvement General Obligation Bonds – In March 2007, Springboro Community City School District issued \$46,020,000 in General Obligation Refunding Bonds to partially refund part of the School District's outstanding debt. The bonds will be retired from the Bond Retirement Fund. Of the \$46,020,000, \$32,665,000 are serial bonds with interest rates ranging from 4.0-5.25% and will mature in 2030. \$2,415,000, \$5,000,000, and \$5,940,000 are term bonds with interest rates of 5.25%. The maturity of these term bonds is 2024, 2031, and 2033 respectively.

Capital lease obligations will be paid from the General Fund.

In prior years, the School District defeased School Improvement obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements.

The overall debt margin of the School District as of June 30, 2010, was \$4,413,017, with an unvoted debt margin of \$865,011.

**Springboro Community City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2010

**NOTE 9 - LONG TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire the school improvement bonds and the OASBO Loans outstanding at June 30, 2010, are as follows:

Fiscal Year Ending June 30,	School Improvement Bonds			OASBO Loans		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$1,395,000	\$4,871,278	\$6,266,278	\$122,000	\$38,556	\$160,556
2012	1,450,000	5,211,938	6,661,938	122,000	33,042	155,042
2013	3,555,000	3,391,840	6,946,840	122,000	27,566	149,566
2014	4,165,000	3,228,615	7,393,615	122,000	22,012	144,012
2015	1,685,000	3,099,941	4,784,941	122,000	16,498	138,498
2016-2020	14,750,000	13,777,686	28,527,686	243,000	16,453	259,453
2021-2025	18,945,000	9,156,944	28,101,944	-	-	-
2026-2030	18,105,000	4,317,994	22,422,994	-	-	-
2031-2033	8,535,000	693,656	9,228,656	-	-	-
	<u>\$72,585,000</u>	<u>\$47,749,892</u>	<u>\$120,334,892</u>	<u>\$853,000</u>	<u>\$154,127</u>	<u>\$1,007,127</u>

**NOTE 10 – INTERFUND ACTIVITY**

Advances made during the year ended June 30, 2010, were as follows:

	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ 166,987	\$ 169,721
Other Governmental Funds	<u>169,721</u>	<u>166,987</u>
Total	<u>\$ 336,708</u>	<u>\$ 336,708</u>

Advances to the General Fund are for repayments of outstanding advances from prior years. The General Fund made advances to other governmental funds of the School District in anticipation of grant monies to be received by these funds.

**NOTE 11 – SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

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

**Springboro Community City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2010

**NOTE 11 – SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)**

	Textbook and Instructional Materials Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
	<u>Reserve</u>	<u>Reserve</u>	<u>Reserve</u>
Set Aside Reserve Cash Balance 07/01/2009	\$0	\$0	\$96,355
Current Year Set-Aside Requirement	864,575	864,575	0
Current Year Qualifying Expenditures	(603,485)	(565,973)	0
Excess Qualified Expenditures from Prior Years	(9,191,886)	0	
Prior Year Offsets from Bond Proceeds	<u>0</u>	<u>(298,602)</u>	<u>0</u>
Total	<u><u>(\$8,930,796)</u></u>	<u><u>\$0</u></u>	<u><u>\$96,355</u></u>
Set Aside Reserve Cash Balance as of June 30, 2010	\$0	\$0	\$96,355

The School District had excess qualifying expenditures for textbooks from prior years that were used to reduce the textbooks set aside reserve amount in the current year. Excess qualified expenditures for textbooks may be carried forward to future periods. The amount presented for prior year offsets from bond proceeds is limited to an amount needed to reduce the reserve for capital improvements to \$0. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$55,134,966 at June 30, 2010.

**NOTE 12 – CAPITALIZED LEASES – LESSEE DISCLOSURE**

In previous years, the School District entered into capitalized leases for the purchase of buses, modular classrooms, computers, copiers and to construct a new central office. The terms of each agreement provide options to purchase the equipment. Capital lease payments have been reclassified and are reflected as debt service in the financial statements for the governmental funds.

Springboro Refunding/Land Lease-Purchase Agreement – In October 2003 Springboro Community City School District entered into a lease-purchase agreement in the amount of \$1,064,000 to purchase land for the School District and to refinance part of the 2001 school bus purchase loan. The agreement is for 28 years with a final maturity in 2032. The debt will be paid from the General Fund.

Springboro Refunding/Lease-Purchase Agreement – In June 2004 Springboro Community City School District entered into a lease-purchase agreement in the amount of \$988,000 to refinance a capital lease and part of the school bus purchase loan. The agreement is for 28 years with a final maturity in 2034. The debt will be paid from the General Fund.

School Bus Lease - During 2005 Springboro Community City School District entered into a lease agreement in the amount of \$206,310 to purchase four school buses. The agreement is for 10 years with a final maturity in 2014. The debt will be paid from the General Fund.

Copier Lease - During 2005 Springboro Community City School District entered into a lease agreement in the amount of \$709,939 to purchase 21 copiers. The agreement was for 60 months, to be paid monthly, and was paid in full during fiscal year 2010. The debt was paid from the General Fund.

**Springboro Community City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2010

**NOTE 12 – CAPITALIZED LEASES – LESSEE DISCLOSURE (Continued)**

School Bus Lease – During 2006 Springboro Community City School District entered into a lease agreement in the amount of \$1,234,670 to purchase school buses. The agreement is to be paid yearly, with a final maturity in 2017. The debt will be paid from the General Fund.

Healthcare Complex Lease – During fiscal year 2008 the Springboro Community City School District entered into a lease-purchase agreement in the amount of \$6,139,000 for the acquisition, construction, equipping and renovation for School District Facilities including a multi-use building containing locker room, weight room and medical services facilities. The agreement is for 24 years with a final maturity in 2030. The debt will be paid from the Educare Fund. The School District has entered into a sub-lease agreement during fiscal year 2008 with Miami Valley Hospital, whereby the School District is sub-leasing approximately 25,500 rentable square feet of the facility. The terms of the agreement are for a multi-year period with payments beginning on November 15, 2008 and concluding on November 15, 2030. The total payments to be received over the life of the sub-lease agreement are \$16,954,809. These sub-lease payments are pledged to pay off the capital lease that the School District has entered into during fiscal year 2008 to construct the facilities.

Stadium/Sign Lease –During fiscal year 2008 Springboro Community City School District entered into a lease-purchase agreement in the amount of \$5,624,000 for the purpose of constructing a football/track stadium and the signage for this facility. The agreement is for 24 years with a final maturity in 2030. The debt will be paid from the General Fund. The School District has entered into a naming rights agreement during fiscal year 2008 with Miami Valley Hospital, whereby the School District is providing certain sponsorship and marketing rights to Miami Valley Hospital related to the rebuilt and upgraded high school football and track facility. The terms of the agreement are for a multi-year period with payments beginning on November 15, 2008 and concluding on November 15, 2023. The total payments to be received over the life of the agreement are \$3,177,581. These payments are pledged to pay off the capital lease that the School District has entered into during fiscal year 2008 to construct the facilities.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2010.

Fiscal Year Ending June 30,	Minimum Lease Payment
2011	\$1,191,234
2012	1,209,304
2013	1,229,488
2014	1,247,710
2015	1,240,184
2016-2020	6,189,056
2021-2025	5,641,478
2026-2030	4,910,837
2031-2034	1,158,803
Total	24,018,094
Less: Administrative Fees and Interest	(9,082,240)
Present Value of Net Minimum Lease Payments	\$14,935,854

**Springboro Community City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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**NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS**

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

The governing board of SWOCA consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Financial information can be obtained from Michael Crumley, Executive Director, at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

*Warren County Career Center-* The Warren County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Warren County Career Center is not part of the School District and its operations are not included as part of the reporting entity. The School District gave no financial contributions during the fiscal year. Financial information can be obtained from Evelyn Sellman, Treasurer, at 3525 SR48 North, Lebanon, Ohio 45036.

*Southwestern Ohio Educational Purchasing Council -* The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC). The Montgomery County Educational Service Center acts as the fiscal agent for the group. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the fiscal agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton 45424.

**NOTE 14 - CONTINGENCIES**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

***B. Litigation***

The School District is party to legal proceedings. However, the School District is of the opinion that the ultimate disposition of claims will not have a material adverse effect, if any, on the financial condition of the School District.

**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT**

Schedule of Federal Awards Expenditures

For the Fiscal Year Ended June 30, 2010

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
<b><u>U.S. Department of Agriculture</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
School Lunch Program	LL-P4 2010	10.555	\$203,441	\$76,247	\$203,441	\$76,247
<i>Total Nutrition Cluster</i>			<u>203,441</u>	<u>76,247</u>	<u>203,441</u>	<u>76,247</u>
<b>Total U.S. Department of Agriculture</b>			203,441	76,247	203,441	76,247
<b><u>U.S. Department of Education</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1 2010	84.010	45,879	0	52,954	0
<i>Special Education Cluster:</i>						
Special Education - Grants to States (IDEA Part B)	6B-SF 2010	84.027	836,089	0	827,212	0
Early Childhood Special Education		84.173	21,577	0	21,577	0
IDEA Part B - Stimulus		84.391	707,877	0	838,833	0
Early Childhood Special Education - ARRA		84.392	24,898	0	24,898	0
<i>Total Special Education Cluster</i>			<u>1,590,441</u>	<u>0</u>	<u>1,712,520</u>	<u>0</u>
Safe and Drug-Free Schools and Communities	DR-S1-10	84.186	13,242	0	10,290	0
Javitis Gifted Grant		84.206	2,000	0	2,000	0
Innovative Educational Program Strategies	C2-S1 2010	84.298	1,704	0	0	0
Title II-D Technology	TJ-S1 2010	84.318	674	0	674	0
Improving Teacher Quality Grants	TR-S1 2010	84.367	35,892	0	63,462	0
Title III- LEP		84.365	7,682	0	7,942	0
State Fiscal Stabilization Fund		84.394	692,440	0	723,357	0
<b>Total U.S. Department of Education</b>			<u>3,980,395</u>	<u>0</u>	<u>2,573,199</u>	<u>0</u>
<b>Total Federal Financial Assistance</b>			<u>\$4,183,836</u>	<u>\$76,247</u>	<u>\$2,776,640</u>	<u>\$76,247</u>

**Note 1 - Noncash Federal Financial Assistance**

During the year ended June 30, 2010, the District received commodities inventory. Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received. Donated commodities are used first, and the ending inventory consists of purchased commodities. At June 30, 2010, the District had no significant food commodities inventory.

**Note 2 - Significant Accounting Policies**

The District prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

**Independent Accountant's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards**

Board of Education  
Springboro Community City School District  
1685 South Main Street  
Springboro, OH 45066

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springboro Community City School District (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2010, wherein we noted the District uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

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

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

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

Springboro Community City School District  
Independent Accountant's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards

**Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2010-001.

We noted certain noncompliance and other matters that we have reported to the management of the District in a separate letter dated December 16, 2010.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

December 16, 2010

**Independent Accountant's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control  
over Compliance in Accordance with OMB Circular A-133**

Board of Education  
Springboro Community City School District  
1685 South Main Street  
Springboro, OH 45066

**Compliance**

We have audited the compliance of Springboro Community City School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are apply to each of its major federal programs for the year ended June 30, 2010.

**Internal Control over Compliance**

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

Springboro Community City School District  
Independent Accountant's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent or to timely detect and correct, noncompliance with a federal program compliance requirement. A *significant deficiency* is a control deficiency, or 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 the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

December 16, 2010

**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2010

**A. SUMMARY OF AUDITOR'S RESULTS**

<b>1.</b>	<b><i>Type of Financial Statement Opinion</i></b>	Unqualified
<b>2.</b>	<b><i>Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</i></b>	No
<b>3.</b>	<b><i>Were there any other significant internal control deficiency reported at the financial statement level (GAGAS)?</i></b>	No
<b>4.</b>	<b><i>Was there any material noncompliance reported at the financial statement level (GAGAS)?</i></b>	Yes
<b>5.</b>	<b><i>Were there any material internal control weaknesses reported for major federal programs?</i></b>	No
<b>6.</b>	<b><i>Were there any other significant internal control deficiency reported for major federal programs?</i></b>	No
<b>7.</b>	<b><i>Type of Major Programs' Compliance Opinion</i></b>	Unqualified
<b>8.</b>	<b><i>Are there any reportable findings under § .510?</i></b>	No
<b>9.</b>	<b><i>Major Programs (list):</i></b>	CFDA #84.027, #84.173 and #84.391 Special Education Cluster CFDA #84.394 State Fiscal Stabilization (SFSF)
<b>10.</b>	<b><i>Dollar Threshold: Type A/B Programs</i></b>	Type A: >\$300,000 Type B: All Other Programs
<b>11.</b>	<b><i>Low Risk Auditee?</i></b>	No

**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2010

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

***Finding Number 2010-001***

**Annual Financial Report - Noncompliance Citation**

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38

Ohio Admin. Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying its financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

We recommend the District take the necessary steps to ensure that the annual financial report is prepared on a generally accepted accounting principles basis.

Official's Response

The District has chosen to use the most cost-effective financial reporting system available. The additional cost associated with the GAAP financial statements would be a direct burden upon instructional resources.

**C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There are no findings and questioned costs for federal awards.

**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT**

*Schedule of Prior Audit Findings  
For the Year Ended June 30, 2010*

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<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
	<i>Government Auditing Standards:</i>		
2009-001	The District did not prepare its financial report in accordance with standards established by the Auditor of State.	Not Corrected	Re-issued as Finding Number 2010-01

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# Dave Yost • Auditor of State

**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT**

**WARREN COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 22, 2011**