



***SPRINGBORO
COMMUNITY CITY SCHOOL DISTRICT***

WARREN COUNTY

SINGLE AUDIT

For the Fiscal Year Ended June 30, 2012

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, 2011 through June 30, 2012. 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.

J. L. Uhrig and Associates, Inc. has audited Springboro Community City School District for the audit period July 1, 2011 through June 30, 2012. During the course of this audit it was brought to the attention of the Auditor of State that there were summer sports camps operated by District coaches. These District coaches maintained separate outside personal bank accounts to account for the collection of camp fees and expenses related to these camps.

We reviewed the outside summer sports camp bank accounts and met with the Board on September 19, 2013 to discuss our results. We issued a separate letter to the Board dated December 12, 2013 which discusses the background of the review and provides an analysis of the financial activity in these bank accounts. In addition, as a result of our review procedures we are providing the following internal control recommendations and noncompliance issues for your consideration:

Noncompliance:

District Support Organizations Policies

Springboro Community City School District Board Policy 9210 titled "District Support Organizations" states that parent organizations desiring to use the name of the District must obtain approval of the Board as a prerequisite. That policy also states that the group should submit its bylaws to the Superintendent and may be required to submit financial records as requested by the Superintendent.

The District coaches informed us that they did not establish separate legal entities with bylaws; however the various registration forms and flyers on the District's website did refer to the District and the District's mascot. The coaches we met with indicated that they were told by various personnel of the District to open these outside accounts which may be an indication that District personnel were aware of these accounts being maintained. The District should be aware of activities being conducted by District personnel and activities being conducted on District property and monitor compliance with Board policy.

Board Policy 9210 titled "District Support Organizations" has a section titled "Relations with Booster Organizations" which discusses that the Superintendent can ask a Booster organization to provide its tentative goals and objectives along with their fund-raising plans for the next school year for review. This policy also states that the Superintendent can ask to review reports of income, expenses, and balance sheets in such detail as requested.

The Springboro Athletic Booster Association had its not-for-profit status cancelled by the Internal Revenue Service in 2010 according to the IRS website, which lists exempt organizations and their status. The District should consider reviewing that website to determine if outside organizations related to the District have current not-for-profit status, and whether they have filed tax returns as required for its organization. The District should consider including in its policy that organizations related to the District claiming not-for-profit status provide that documentation to the District annually for review.

The District Treasurer indicated to us that these summer sports camps were operated under the Springboro Athletic Booster Association. The District could have been aware that this was not accurate had they requested, per Board policy, to review Booster Association goals, objectives, fund-raising plans, and reports of income and expenses, since these camps would not have been included in the Booster Association reports.

Board policy also states that booster organizations should not accept checks made out to the school. Our review of the bank accounts for these sports camps indicated that there were some checks issued for camp fees to the District that were deposited into these accounts. The Board Policy also states that District employees shall not have a leadership role in the booster organizations.

Policies related to outside activities of staff

Board Policy 3231 titled "OUTSIDE ACTIVITIES OF STAFF" states that professional staff members should avoid situations in which their personal interests, activities, and associations conflict with the interests of the District. This policy also discusses that staff members should not engage in business transactions in which they may personally profit as a result of the position they hold with the District.

The District should review this policy and determine whether they deem the operation of these camps to violate their policy. Additionally the District should assure staff is aware of the Board's determination of whether these are applicable to summer camp operations.

Use of Facilities Fees and District Liability regarding Insurance Coverage

District Policy # 7510 - USE OF SCHOOL FACILITIES addresses specific policies regarding the use of facilities by various organizations and fees associated with that use. Additionally this policy addresses when fees can be waived and requirements for insurance coverage to be provided by groups using the District's facilities.

Our review of the outside bank accounts relating to summer sports camps did not indicate any payments being made to the District for use of facilities. Additionally, the District presented no evidence of a waiver of fees. Because documentation related to these summer camps was not specific as to who was sponsoring the camps, and provided no evidence that they were operated by a separate legal entity per the District's policy, it appeared that fees should have been collected by the District.

We did identify some payments by coaches to an insurance company, but could not confirm the type of insurance. The District policy requires users of school facilities or equipment to present evidence of organizational liability insurance as deemed necessary by school officials and that users agree to indemnify and hold harmless the Board and its agents and employees from all liability, claims, demands, damages, or costs for or arising out of the use of facilities for any and all causes. We found no evidence that any of this information was documented by the District.

The District should be cognizant of those organizations that use the District facilities. Fees should be assessed and paid by any group that uses the facilities in accordance with District policies. Additionally the District should monitor use and consult with the District insurance provider to minimize possible risks associated with use of District facilities by outside organizations.

The District should have written documentation for every group using its facilities and ensure that fees are collected and insurance risks are minimized.

Federal Income Tax Reporting

Internal Revenue Regulation 26 C.F.R. Section 1.064-1 requires that IRS forms 1099 should be issued to report any income paid to an individual which is more than \$600. Our review of the summer sport camps outside bank accounts determined that certain summer camp workers were paid income aggregating \$600 or more and were not issued 1099's.

Additionally the Internal Revenue Regulation 26 C.F.R. Section 1.064-2 requires that W-2's be issued for wage income aggregating \$600 or more for individuals that are considered employees. The coaches that ran these various outside accounts appeared to receive income from operating these camps and thus may have had taxable income.

Some of these coaches indicated that they had reported the income related to these camps on their personal tax returns however they provided no verification that this income was reported.

We recommend that individuals consult with a tax advisor as to the proper reporting and applicable taxes related to the operation of these summer sports camps.

This is being referred to the IRS for review.

State Teachers / Employees Retirement System Reporting (STRS/SERS)

The Coaches operating these camps did not have any withholdings submitted to the STRS / SERS. Since it was unclear whether the District or the individuals were operating these camps is unclear whether contributions to the STRS / SERS were required.

We recommend the District consult with its legal counsel to determine what, if any, action that should be taken.

Recommendation:

Designation of sponsor for summer sports camps

Based on review of the outside bank accounts, discussion with the Springboro coaches, and discussions with the District we determined that summer athletic camps were being operated by District coaches and employees at District facilities, and not by the Boosters organization or any other legally separate entity.

Also there was no clear indicator as to whether these funds were public or private; they could have been public funds collected under color of office or private funds collected, but not by a separate legal entity.

Additionally from review of the various camp flyers and registration forms, we noted that there was no designation on the form as to who was sponsoring or operating these camps. Conversely there was no statement on the forms indicating that the District was *not* sponsoring these events. Some forms indicated that fees were to be mailed to the coach's personal addresses some stated that fees were payable to "Springboro Football" and should be mailed to the High School. This could have led individuals to believe these were District sponsored camps, and thus public funds.

The coaches opened the accounts under their individual social security tax identification and not separate legal entity identification, making it again unclear whether these were private or public funds.

The District should work with its legal counsel to ensure that any camps currently operated on District property or by District employees have a clear indication on the registration forms who is operating the camp and whether or not the camp is District sponsored. The District should also communicate to the coaches whether Board policies that exist related to controls and reporting are applicable.

Additionally if District personnel are operating these camps, and the camp is not District sponsored, personnel should review District policies 3120.08 – Employment of Personnel for Co-Curricular/Extra-Curricular Activities and 3231 – Outside Activities of Staff to assure they are not violating these District policies.

Internal Controls over summer athletic camp funds

Our review of outside bank accounts identified 5 accounts that were opened to operate summer athletic camps. The accounts were opened by the various head athletic coaches operating the camps and listed by the bank under the coaches' individual social security numbers. We did not find that any of these summer camps were conducted or sponsored by another legally separate entity.

The coaches collected fees for the camp and expended funds from the bank account. There was no one other than the coaches reviewing the collections or disbursements of funds. The coaches indicated they were not provided clear direction by the District on how to operate these camps.

The coaches indicated that it was the practice of the coaches who operated these camps with outside bank accounts to pay themselves the funds remaining after all other expenses related to the camp had been paid for with the fees they collected. Coaches had sole control over these funds with no review by anyone besides themselves as well which provides no dual control over the receipting or disbursing of funds and could lead to misappropriation of funds going undetected.

We recommend that controls be instituted over the collection and disbursement of funds collected for summer sports camps. There should be monitoring of the transactions and when possible segregate the duties related to collection, disbursement and maintaining all the financial transactions related to these camps.

Monitoring of Information posted to District website

The District maintained a website (www.springboro.org) with school related information. This website had a quick link area which contained various community flyers. These flyers were also found on the Athletic Department area of the District's website. The website listed requirements for getting information posted which stated:

- If you would like to have your community flyer posted on our website, please email a .pdf version of your flyer. You must have the following disclaimer somewhere on your flyer:

THIS ACTIVITY HAS BEEN APPROVED FOR ADVERTISING THROUGHOUT THE SCHOOLS HOWEVER, IT IS NOT SPONSORED BY THE SPRINGBORO COMMUNITY SCHOOLS

The flyers for some of the summer camps did not have any clear designation as to who was operating the camp. As mentioned earlier we found that some registration forms and payments were to be mailed to the District address with a coach's name. We also found some registration forms and payments were to be sent to individual coach's homes.

If the District is operating the camp it needs to clearly designate this is operated by the District and that payments for the camp come to the District. Additionally if the camp is to be operated by the Boosters organization or another not for profit organization, the form should clearly state that it is sponsored by that organization. It may be advantageous for someone, besides the person or organization to whom the forms should be mailed, to review the information posted

and verify all information is correct and note if school facilities are used to cross check that fees for facility use are being collected and that proper insurance coverage is obtained.

Officials' Response: The District has already implemented the recommendations in this audit. As soon as the camp situation was discovered, there was an immediate plan to run all camps through the District. This covers fiscal controls and liability insurance. All athletic fundraiser are run through the District. All booster groups are required to submit their financials when asked, except the band and athletic booster which at this date we require monthly. Finally, we have asked that all booster groups make cash donations to the District and the District will make the purchase.

The additional issues communicated by the Board at the September 19, 2013 meeting to discuss these results will be reviewed by the Auditor of State during the audit conducted for the period ended June 30, 2013. We will report the results of this additional work at the conclusion of the June 30, 2013 audit.

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". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

December 12, 2013

Springboro Community City School District
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For the Fiscal Year Ended June 30, 2012

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SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2012

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
School Lunch Program	LL-P4 2012	10.555	\$204,716	\$71,370	\$204,716	\$71,370
<i>Total Nutrition Cluster</i>			<u>204,716</u>	<u>71,370</u>	<u>204,716</u>	<u>71,370</u>
Total U.S. Department of Agriculture			204,716	71,370	204,716	71,370
<u>U.S. Department of Education</u>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1 2012	84.010	106,547	0	116,565	0
<i>Special Education Cluster:</i>						
Special Education - Grants to States (IDEA Part B)	6B-SF 2012	84.027	770,752	0	760,001	0
Early Childhood Special Education		84.173	20,240	0	20,240	0
IDEA Part B - Stimulus		84.391	0	0	6,720	0
Early Childhood Special Education - ARRA		84.392	5,500	0	9,259	0
<i>Total Special Education Cluster</i>			<u>796,492</u>	<u>0</u>	<u>796,220</u>	<u>0</u>
Safe and Drug-Free Schools and Communities	DR-S1-12	84.186	10,421	0	12,893	0
Title II-D Technology	TJ-S1 2012	84.318	145	0	145	0
Improving Teacher Quality Grants	TR-S1 2012	84.367	105,817	0	141,374	0
Education Jobs		84.410	590,951	0	590,951	0
Total U.S. Department of Education			<u>1,610,373</u>	<u>0</u>	<u>1,658,148</u>	<u>0</u>
Total Federal Financial Assistance			<u>\$1,815,089</u>	<u>\$71,370</u>	<u>\$1,862,864</u>	<u>\$71,370</u>

Note 1 - Noncash Federal Financial Assistance

During the year ended June 30, 2012, 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, 2012, 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 17, 2013. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain noncompliance and other matters that we have reported to the management of the District in a separate letter dated January 17, 2013.

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.

January 17, 2013

**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 could directly and materially affect its major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

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.

Internal Control over Compliance – (Continued)

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

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

Schedule of Federal Awards Receipts and Expenditures

We have also audited and issued our unqualified opinion on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Springboro Community City School District (the District) as of and for the year ended June 30, 2012, and have issued our report thereon dated January 17, 2013. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole. We have not performed any procedures with respect the audited financial statements subsequent to January 17, 2013. The accompanying Schedule of Federal Awards Receipts and Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, in accordance with auditing standards generally accepted in the United State of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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.

January 17, 2013

SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT

Schedule of Findings
For the Fiscal Year Ended June 30, 2012

A. SUMMARY OF AUDITOR'S RESULTS

1.	<i>Type of Financial Statement Opinion</i>	Unqualified
2.	<i>Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</i>	No
3.	<i>Were there any other significant internal control deficiency reported at the financial statement level (GAGAS)?</i>	No
4.	<i>Was there any material noncompliance reported at the financial statement level (GAGAS)?</i>	No
5.	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
6.	<i>Were there any other significant internal control deficiency reported for major federal programs?</i>	No
7.	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
8.	<i>Are there any reportable findings under § .510?</i>	No
9.	<i>Major Programs (list):</i>	CFDA #84.010 Title I CFDA #84.027, #84.173, #84.391 and #84.392 Special Education Cluster CFDA #84.410 Education Jobs
10.	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: All Other Programs
11.	<i>Low Risk Auditee?</i>	No

SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT
Schedule of Findings
For the Fiscal Year Ended June 30, 2011

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

There are no findings to be reported in accordance with GAGAS.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings related to Federal Awards to be reported.

SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT

Schedule of Prior Audit Findings

For the Year Ended June 30, 2012

Finding Number	Description	Status	Comments
	<i>Government Auditing Standards:</i>		
2011-001	Cash Management (SFSF Fund)	Corrected	N/A

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