



OHIO AUDITOR OF STATE
KEITH FABER



**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY
JUNE 30, 2020**

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY
JUNE 30, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Springfield Local School District
Summit County
2410 Massillon Road
Akron, Ohio 44312

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springfield Local School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. As described in note 22, the district is experiencing financial difficulties. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedules is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 2, 2021

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Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

The discussion and analysis of the Springfield Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's 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 2020 are as follows:

- Net position decreased \$6,911,416 which represents less than a 50 percent decrease from 2019.
- Capital assets increased \$1,194,169 from fiscal year 2019.
- During the fiscal year, outstanding debt increased from \$32,494,105 to \$35,307,657. The School District issued \$2,900,000 in general obligation bonds to finance a bus transportation depot.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. 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 and the debt service fund.

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

Proprietary Fund The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate *Statements of Fiduciary Net Position* and *Changes in Fiduciary Net Position*. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2020 compared to 2019:

Table 1
Net Position

	Governmental Activities		
	2020	2019	Change
Assets			
Current and Other Assets	\$ 23,260,853	\$ 25,909,883	\$ (2,649,030)
Net OPEB Asset	1,836,588	1,801,414	35,174
Capital Assets	42,252,935	41,058,766	1,194,169
<i>Total Assets</i>	<u>67,350,376</u>	<u>68,770,063</u>	<u>(1,419,687)</u>
Deferred Outflows of Resources			
Pension & OPEB	6,656,281	8,601,468	(1,945,187)
<i>Total Deferred Outflows of Resources</i>	<u>6,656,281</u>	<u>8,601,468</u>	<u>(1,945,187)</u>
Liabilities			
Current Liabilities	6,085,834	5,460,624	625,210
Long-Term Liabilities:			
Due Within One Year	277,829	118,234	159,595
Due in More Than One Year			
Pension & OPEB	34,344,830	34,274,296	70,534
Other Amounts	36,849,798	33,994,239	2,855,559
<i>Total Liabilities</i>	<u>77,558,291</u>	<u>73,847,393</u>	<u>3,710,898</u>
Deferred Inflows of Resources			
Property Taxes	12,609,743	12,126,455	483,288
Pension & OPEB	4,923,847	5,287,540	(363,693)
<i>Total Deferred Inflows of Resources</i>	<u>17,533,590</u>	<u>17,413,995</u>	<u>119,595</u>
Net Position			
Net Investment in Capital Assets	8,209,867	9,397,986	(1,188,119)
Restricted	7,599,498	6,159,466	1,440,032
Unrestricted	(36,894,589)	(29,447,309)	(7,447,280)
<i>Total Net Position</i>	<u>\$ (21,085,224)</u>	<u>\$ (13,889,857)</u>	<u>\$ (7,195,367)</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2020 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (NOL) to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset (NOA).

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset/liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these assets/liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2020 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

At year end, capital assets represented 63 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks. Net investment in capital assets was \$8,209,867 at June 30, 2020. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$6,683,449, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is a deficit of \$35,694,589.

The portion of the School District's cash that is being held as restricted increased by \$845,000. This is due to the School District's requirement to set aside money to pay a future debt obligation. Refer to Note 16 for details.

The decrease in current and other assets is mainly in equity in pooled cash and investments which is primarily the result of constructing a new bus transportation depot. The increase in capital assets can also be attributed to the new building and land purchase.

There was a significant change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in the retirement systems unfunded liabilities that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2020 and 2019.

Table 2
Changes in Net Position

	2020	2019	Change
Revenues			
<i>Program Revenues:</i>			
Charges for Services	\$ 3,184,488	\$ 3,298,062	\$ (113,574)
Operating Grants	4,181,254	4,630,929	(449,675)
<i>Total Program Revenues</i>	<u>7,365,742</u>	<u>7,928,991</u>	<u>(563,249)</u>
<i>General Revenues:</i>			
Property Taxes	13,796,347	13,805,420	(9,073)
Grants and Entitlements Not Restricted	11,274,852	11,206,955	67,897
Other	172,365	390,226	(217,861)
<i>Total General Revenues</i>	<u>25,243,564</u>	<u>25,402,601</u>	<u>(159,037)</u>
<i>Total Revenues</i>	<u>32,609,306</u>	<u>33,331,592</u>	<u>(722,286)</u>
Program Expenses			
<i>Instruction:</i>			
Regular	15,585,627	12,070,455	3,515,172
Special	4,329,792	3,573,197	756,595
Vocational	286,001	269,277	16,724
Other	3,373,464	2,841,478	531,986
<i>Support Services:</i>			
Pupils	1,806,184	1,431,663	374,521
Instructional Staff	2,181,935	1,820,260	361,675
Board of Education	45,859	36,269	9,590
Administration	2,202,864	1,688,335	514,529
Fiscal	685,698	651,855	33,843
Business	241,664	211,290	30,374
Operation and Maintenance of Plant	2,653,199	2,725,587	(72,388)
Pupil Transportation	1,908,663	1,842,064	66,599
Central	32,684	85,927	(53,243)
<i>Operation of Non-Instructional Services:</i>			
Food Service Operations	1,000,585	943,680	56,905
Community Services	548,212	362,128	186,084
Extracurricular Activities	1,090,038	1,058,509	31,529
<i>Debt Service:</i>			
Interest and Fiscal Charges	1,832,204	1,806,907	25,297
<i>Total Expenses</i>	<u>39,804,673</u>	<u>33,418,881</u>	<u>6,385,792</u>
<i>Increase (Decrease) in Net Position</i>	<u>(7,195,367)</u>	<u>(87,289)</u>	<u>(7,108,078)</u>
<i>Net Position at Beginning of Year</i>	<u>(13,889,857)</u>	<u>(13,802,568)</u>	<u>(87,289)</u>
<i>Net Position at End of Year</i>	<u>\$ (21,085,224)</u>	<u>\$ (13,889,857)</u>	<u>\$ (7,195,367)</u>

Overall, program expenses increased significantly. The changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2020	2019	2020	2019
Instruction:				
Regular	\$ 15,585,627	\$ 12,070,455	\$ 12,254,540	\$ 9,138,573
Special	4,329,792	3,573,197	2,081,635	1,223,654
Vocational	286,001	269,277	234,388	216,960
Other	3,373,464	2,841,478	3,373,464	2,841,478
Support Services:				
Pupils	1,806,184	1,431,663	1,803,615	1,412,527
Instructional Staff	2,181,935	1,820,260	2,170,098	1,808,655
Board of Education	45,859	36,269	45,859	36,269
Administration	2,202,864	1,688,335	2,202,864	1,676,341
Fiscal	685,698	651,855	685,698	651,855
Business	241,664	211,290	241,664	211,290
Operation and Maintenance of Plant	2,653,199	2,725,587	2,621,045	2,725,587
Pupil Transportation	1,908,663	1,842,064	1,769,335	1,697,272
Central	32,684	85,927	32,684	85,927
Operation of Non-Instructional Services:				
Food Service Operations	1,000,585	943,680	271,385	66,747
Community Services	548,212	362,128	(18,981)	55,575
Extracurricular Activities	1,090,038	1,058,509	837,434	744,136
Debt Service:				
Interest and Fiscal Charges	1,832,204	1,806,907	1,832,204	897,044
<i>Total Expenses</i>	\$ 39,804,673	\$ 33,418,881	\$ 32,438,931	\$ 25,489,890

The total and net cost of services changes were primarily caused by the changes related to NPL/NOA/NOL, as previously discussed.

The dependence upon general revenues for governmental activities is apparent. 81 percent of governmental activities are supported through taxes and other general revenues; such revenues are 77 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

Governmental Funds

The School Districts major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$31,923,185 and expenditures of \$38,664,625 for fiscal year 2020.

The general fund's net change in fund balance for fiscal year 2020 was a decrease of \$4,115,701. This was primarily the result of operational costs exceeding available revenues. In addition, there was a reduction in State Funding during the latter part of the fiscal year from state budget cuts as a result of the COVID-19 pandemic.

The fund balance of the debt service fund increased by \$817,983 primarily due to timing of tax collections compared to scheduled debt payments. During 2020, the School District deposited \$845,000 into a sinking fund account, which represents balance sheet activity that will not impact net position until maturity.

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 2020, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, original budget basis revenue was estimated lower than final budget mainly in intergovernmental revenues. Actual revenues were lower than the final budget basis revenue. As previously discussed, state budget cuts and the closure of the School District due to the COVID-19 pandemic contributed to the decreases in actual revenue.

Original expenditure appropriations for instruction were estimated lower than final appropriations. Final appropriations were higher than the actual expenditures, as cost savings were recognized for instruction and student support services throughout the year.

There were no significant variances in other financing sources and uses.

Springfield Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2020 balances compared with 2019.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	2020	2019
Land	\$ 833,510	\$ 583,510
Land Improvements	688,040	737,569
Buildings and Improvements	40,136,519	38,924,797
Furniture and Equipment	436,977	439,000
Vehicles	43,196	56,710
Textbooks	114,693	317,180
<i>Totals</i>	<u>\$ 42,252,935</u>	<u>\$ 41,058,766</u>

The increase in capital assets was attributable to current year acquisition exceeding disposals and depreciation expense.

During fiscal year 2020, the School District purchased land and constructed a bus transportation depot. See Note 9 for more information about the capital assets of the School District.

Debt

Table 5 summarizes debt outstanding. See Note 16 for additional details.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2020	2019
School Facilities Improvement Bonds (BAB)	\$ 20,200,000	\$ 20,200,000
School Facilities Improvement Bonds (QSCB)	11,260,000	11,260,000
Unamortized Premium	297,657	309,105
HB 264 Bonds	650,000	725,000
Bus Transportation Depot	2,900,000	0
<i>Total</i>	<u>\$ 35,307,657</u>	<u>\$ 32,494,105</u>

Springfield Local School District
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(Unaudited)

Current Issues

The Springfield Local School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the School District was in March 2000. A bond levy was passed in August 2010 for the construction of a new 7 through 12 campus. We have 5 renewal levies that are for 5 years each. We have had success in passing these renewals and anticipate placing them on the ballot.

Real estate tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 41 percent of revenues for governmental activities for the School District in fiscal year 2020.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth (which is unlike our School District). It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

The Springfield Local School District has not anticipated any meaningful growth in State revenue. Quite the opposite has recently occurred under the leadership in Ohio. Reductions in school funding will result in uncertainties in the coming years. The concern is that if this trend continues, a significant shift to local taxpayers will result.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

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 Chris Adams, Treasurer of Springfield Local School District, 2410 Massillon Road, Akron, Ohio 44312.

Springfield Local School District
Summit County, Ohio
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 2,382,458
Cash and Cash Equivalents with Fiscal Agent	1,120,472
Restricted Cash and Investments	3,525,000
Receivables:	
Intergovernmental	1,464,610
Property Taxes	14,730,989
Prepaid Items	37,324
Net OPEB Asset	1,836,588
Nondepreciable Capital Assets	833,510
Depreciable Capital Assets (Net)	41,419,425
<i>Total Assets</i>	67,350,376
Deferred Outflows of Resources	
Pension	5,974,292
OPEB	681,989
<i>Total Deferred Outflows of Resources</i>	6,656,281
Liabilities	
Accounts Payable	97,030
Accrued Wages and Benefits	3,110,425
Contracts Payable	520,088
Intergovernmental Payable	1,206,481
Matured Compensated Absences Payable	8,576
Accrued Interest Payable	611,339
Accrued Vacation Leave Payable	213,134
Claims Payable	318,761
Long Term Liabilities:	
Due Within One Year	277,829
Due In More Than One Year:	
Net Pension Liability	31,387,098
Net OPEB Liability	2,957,732
Other Amounts Due in More Than One Year	36,849,798
<i>Total Liabilities</i>	77,558,291
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	12,609,743
Pension	1,718,464
OPEB	3,205,383
<i>Total Deferred Inflows of Resources</i>	17,533,590
Net Position	
Net Investment in Capital Assets	8,209,867
Restricted For:	
Capital Outlay	1,791,034
Debt Service	3,626,028
Other Purposes	2,182,436
Unrestricted	(36,894,589)
<i>Total Net Position</i>	\$ (21,085,224)

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 15,585,627	\$ 2,698,347	\$ 632,740	\$ (12,254,540)
Special	4,329,792	106,054	2,142,103	(2,081,635)
Vocational	286,001	0	51,613	(234,388)
Other	3,373,464	0	0	(3,373,464)
Support Services:				
Pupils	1,806,184	0	2,569	(1,803,615)
Instructional Staff	2,181,935	0	11,837	(2,170,098)
Board of Education	45,859	0	0	(45,859)
Administration	2,202,864	0	0	(2,202,864)
Fiscal	685,698	0	0	(685,698)
Business	241,664	0	0	(241,664)
Operation and Maintenance of Plant	2,653,199	1,602	30,552	(2,621,045)
Pupil Transportation	1,908,663	0	139,328	(1,769,335)
Central	32,684	0	0	(32,684)
Operation of Non-Instructional Services:				
Food Service Operations	1,000,585	125,881	603,319	(271,385)
Community Services	548,212	0	567,193	18,981
Extracurricular Activities	1,090,038	252,604	0	(837,434)
Debt Service:				
Interest and Fiscal Charges	1,832,204	0	0	(1,832,204)
Total	<u>\$ 39,804,673</u>	<u>\$ 3,184,488</u>	<u>\$ 4,181,254</u>	<u>(32,438,931)</u>

General Revenues

Property Taxes Levied for:

General Purposes	10,977,722
Debt Service	2,415,097
Capital Outlay	242,019
Classroom Facilities Maintenance	161,509
Grants and Entitlements Not Restricted to Specific Programs	11,274,852
Investment Earnings	137,971
Miscellaneous	34,394
Total General Revenues	<u>25,243,564</u>

Change in Net Position (7,195,367)

Net Position Beginning of Year (13,889,857)

Net Position End of Year \$ (21,085,224)

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2020

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ (1,192,877)	\$ 643,039	\$ 2,932,296	\$ 2,382,458
Cash and Cash Equivalents with Fiscal Agent	0	0	1,120,472	1,120,472
Restricted Cash and Investments	0	3,525,000	0	3,525,000
Receivables:				
Interfund	250,029	0	93,720	343,749
Intergovernmental	781,228	0	683,382	1,464,610
Property Taxes	11,820,246	2,482,676	428,067	14,730,989
Prepaid Items	36,409	0	915	37,324
Total Assets	\$ 11,695,035	\$ 6,650,715	\$ 5,258,852	\$ 23,604,602
Liabilities				
Accounts Payable	\$ 53,864	\$ 0	\$ 43,166	\$ 97,030
Accrued Wages and Benefits	3,012,466	0	97,959	3,110,425
Contracts Payable	0	0	520,088	520,088
Intergovernmental Payable	906,827	0	299,654	1,206,481
Matured Compensated Absences Payable	8,576	0	0	8,576
Interfund Payable	93,720	0	193,509	287,229
Total Liabilities	4,075,453	0	1,154,376	5,229,829
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	10,123,061	2,115,691	370,991	12,609,743
Unavailable Revenue	1,436,415	141,668	705,418	2,283,501
Total Deferred Inflows of Resources	11,559,476	2,257,359	1,076,409	14,893,244
Fund Balances				
Nonspendable	43,532	0	915	44,447
Restricted	0	4,393,356	3,357,830	7,751,186
Assigned	170,407	0	0	170,407
Unassigned	(4,153,833)	0	(330,678)	(4,484,511)
Total Fund Balances	(3,939,894)	4,393,356	3,028,067	3,481,529
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,695,035	\$ 6,650,715	\$ 5,258,852	\$ 23,604,602

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2020

Total Governmental Fund Balances		\$ 3,481,529
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		42,252,935
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	\$ 683,382	
Excess Costs	431,479	
Other	317,257	
SERS Reimbursement	32,492	
Delinquent Property Taxes	818,891	2,283,501
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		(375,281)
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(611,339)
The net pension and OPEB assets/liabilities are not due and payable in the current period; therefore, the assets/liabilities and related deferred inflows/outflows are not reported in the funds.		
Net OPEB Asset	1,836,588	
Deferred Outflows - Pension	5,974,292	
Deferred Outflows - OPEB	681,989	
Net Pension Liability	(31,387,098)	
Net OPEB Liability	(2,957,732)	
Deferred Inflows - Pension	(1,718,464)	
Deferred Inflows - OPEB	(3,205,383)	(30,775,808)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
General Obligation Bonds	(2,900,000)	
OFCC Build America Bonds	(20,200,000)	
OFCC Qualified School Construction Bonds	(11,260,000)	
Energy Conservation Bonds	(650,000)	
Bond Premium	(297,657)	
Vacations Payable	(213,134)	
Compensated Absences	(1,819,970)	(37,340,761)
<i>Net Position of Governmental Activities</i>		\$ (21,085,224)

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	\$ 10,962,913	\$ 2,415,711	\$ 403,097	\$ 13,781,721
Intergovernmental	11,754,825	333,885	2,694,266	14,782,976
Investment Income	137,971	0	0	137,971
Tuition and Fees	2,631,014	0	0	2,631,014
Extracurricular Activities	62,301	0	189,679	251,980
Rentals	174,011	0	0	174,011
Charges for Services	0	0	127,483	127,483
Contributions and Donations	1,635	0	0	1,635
Miscellaneous	34,394	0	0	34,394
<i>Total Revenues</i>	<u>25,759,064</u>	<u>2,749,596</u>	<u>3,414,525</u>	<u>31,923,185</u>
Expenditures				
Current:				
Instruction:				
Regular	13,120,881	0	106,235	13,227,116
Special	3,167,258	0	852,661	4,019,919
Vocational	253,609	0	0	253,609
Other	3,089,513	0	283,951	3,373,464
Support Services:				
Pupils	1,659,292	0	682	1,659,974
Instructional Staff	2,038,877	0	60,633	2,099,510
Board of Education	45,844	0	0	45,844
Administration	1,978,606	0	0	1,978,606
Fiscal	606,105	39,725	0	645,830
Business	216,358	0	0	216,358
Operation and Maintenance of Plant	2,347,481	0	11,745	2,359,226
Pupil Transportation	1,791,477	0	0	1,791,477
Central	32,684	0	0	32,684
Extracurricular Activities	610,652	0	255,545	866,197
Operation of Non-Instructional Services:				
Food Service Operations	0	0	919,808	919,808
Community Services	0	0	548,925	548,925
Capital Outlay	13,786	0	2,987,013	3,000,799
Debt Service:				
Principal Retirement	0	75,000	0	75,000
Interest and Fiscal Charges	0	1,834,230	0	1,834,230
<i>Total Expenditures</i>	<u>30,972,423</u>	<u>1,948,955</u>	<u>6,027,198</u>	<u>38,948,576</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(5,213,359)</u>	<u>800,641</u>	<u>(2,612,673)</u>	<u>(7,025,391)</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	0	0	2,900,000	2,900,000
Transfers In	0	17,342	85,000	102,342
Transfers Out	(102,342)	0	0	(102,342)
<i>Total Other Financing Sources (Uses)</i>	<u>(102,342)</u>	<u>17,342</u>	<u>2,985,000</u>	<u>2,900,000</u>
<i>Net Change in Fund Balance</i>	(5,315,701)	817,983	372,327	(4,125,391)
<i>Fund Balances Beginning of Year</i>	<u>1,375,807</u>	<u>3,575,373</u>	<u>2,655,740</u>	<u>7,606,920</u>
<i>Fund Balances End of Year</i>	<u>\$ (3,939,894)</u>	<u>\$ 4,393,356</u>	<u>\$ 3,028,067</u>	<u>\$ 3,481,529</u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	(4,125,391)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 2,683,101	
Current Year Depreciation	<u>(1,488,932)</u>	1,194,169
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	14,626	
Excess Costs	210,956	
SERS Reimbursement	27,352	
Intergovernmental	<u>433,187</u>	686,121
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		75,000
Debt proceeds issued in the governmental funds that increase long-term in the statement of net position are not reported as revenues.		
Bus Transportation Depot Bonds		(2,900,000)
In the statement of activities, interest is accrued on outstanding bonds; and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	(9,422)	
Amortization of Premium on Bonds	<u>11,448</u>	2,026
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,398,178	
OPEB	<u>73,331</u>	2,471,509
Except for amount reported as deferred inflows/outflows, changes in the net pension and OPEB assets/liabilities are reported as pension/OPEB expense in the statement of activities.		
Pension	(4,474,799)	
OPEB	<u>386,436</u>	(4,088,363)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities.		
		(324,643)
Some expenses reported in the statement of activities do not require the use of the current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(201,602)	
Vacations Payable	<u>15,807</u>	(185,795)
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>(7,195,367)</u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 11,136,942	\$ 11,754,983	\$ 11,214,625	\$ (540,358)
Intergovernmental	12,528,804	13,139,421	12,217,728	(921,693)
Investment Income	136,271	149,825	91,835	(57,990)
Tuition and Fees	2,831,313	2,976,274	2,630,388	(345,886)
Rentals	142,361	151,951	174,011	22,060
Miscellaneous	135,336	199,827	32,401	(167,426)
<i>Total Revenues</i>	<u>26,911,027</u>	<u>28,372,281</u>	<u>26,360,988</u>	<u>(2,011,293)</u>
Expenditures				
Current:				
Instruction:				
Regular	13,166,170	13,276,170	13,272,938	3,232
Special	3,066,784	3,706,784	3,125,504	581,280
Vocational	331,383	331,383	269,605	61,778
Other	2,872,122	2,872,122	2,931,672	(59,550)
Support Services:				
Pupils	1,642,763	1,642,763	1,698,756	(55,993)
Instructional Staff	1,844,419	2,094,419	2,051,123	43,296
Board of Education	38,229	38,229	46,283	(8,054)
Administration	2,001,159	2,001,159	1,986,272	14,887
Fiscal	679,028	679,028	605,346	73,682
Business	214,869	214,869	215,578	(709)
Operation and Maintenance of Plant	2,353,783	2,353,783	2,409,164	(55,381)
Pupil Transportation	1,824,747	1,924,747	1,853,060	71,687
Central	88,076	88,076	32,684	55,392
Extracurricular Activities	617,723	617,723	564,565	53,158
Capital Outlay	5,436	5,436	13,786	(8,350)
<i>Total Expenditures</i>	<u>30,746,691</u>	<u>31,846,691</u>	<u>31,076,336</u>	<u>770,355</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,835,664)</u>	<u>(3,474,410)</u>	<u>(4,715,348)</u>	<u>(1,240,938)</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	0	0	519	519
Transfers Out	(92,000)	(92,000)	(103,342)	(11,342)
<i>Total Other Financing Sources (Uses)</i>	<u>(92,000)</u>	<u>(92,000)</u>	<u>(102,823)</u>	<u>(10,823)</u>
<i>Net Change in Fund Balance</i>	(3,927,664)	(3,566,410)	(4,818,171)	(1,251,761)
<i>Fund Balance Beginning of Year</i>	3,456,557	3,456,557	3,456,557	0
Prior Year Encumbrances Appropriated	127,570	127,570	127,570	0
<i>Fund Balance End of Year</i>	<u>\$ (343,537)</u>	<u>\$ 17,717</u>	<u>\$ (1,234,044)</u>	<u>\$ (1,251,761)</u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2020

	Governmental Activities - Internal Service Fund
Assets	
<i>Current Assets</i>	
Interfund Receivable	\$ 130
Liabilities	
<i>Current Liabilities</i>	
Interfund Payable	56,650
Claims Payable	318,761
<i>Total Current Liabilities</i>	375,411
Net Position	
Unrestricted	(375,281)
<i>Total Net Position</i>	\$ (375,281)

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues	
Charges for Services	\$ 5,371,341
<i>Total Operating Revenues</i>	<u>5,371,341</u>
Operating Expenses	
Purchased Services	1,049,104
Claims	4,646,880
<i>Total Operating Expenses</i>	<u>5,695,984</u>
<i>Operating Income (Loss)</i>	<u>(324,643)</u>
<i>Change in Net Position</i>	(324,643)
<i>Net Position Beginning of Year</i>	<u>(50,638)</u>
<i>Net Position End of Year</i>	<u><u>\$ (375,281)</u></u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	<u>Governmental Activities - Internal Service Fund</u>
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 5,371,341
Cash Paid for Goods and Services	(1,049,104)
Cash Paid for Claims	(4,736,124)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(413,887)</u>
Cash Flows From Non-Capital Financing Activities	
Advances from Other Funds	56,650
Advances to Other Funds	(130)
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	<u>56,520</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(357,367)
<i>Cash and Cash Equivalents, Beginning of Year</i>	<u>357,367</u>
<i>Cash and Cash Equivalents, End of Year</i>	<u><u>\$ 0</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ (324,643)
Adjustments:	
Increase (Decrease) in Liabilities/Deferred Inflows of Resources:	
Claims Payable	(89,244)
<i>Total Adjustments</i>	<u>(89,244)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u><u>\$ (413,887)</u></u>

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 10,020	\$ 36,445
Liabilities		
Undistributed Monies	0	\$ 2,093
Due to Students	0	34,352
<i>Total Liabilities</i>	0	\$ 36,445
Net Position		
Held in Trust for Scholarships	\$ 10,020	

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2020

	Private Purpose Trust
Additions	
Gifts and Contributions	\$ 6,742
Deductions	
Payments in Accordance with Trust Agreements	5,000
<i>Change in Net Position</i>	1,742
<i>Net Position Beginning of Year</i>	8,278
<i>Net Position End of Year</i>	\$ 10,020

See accompanying notes to the basic financial statements.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 1 - Description of the School District

Springfield Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies.

The School District is located in both Summit and Portage counties in northeastern Ohio. The School District operates two elementary schools (P-3 and K-3), an intermediate school (5-6), and a middle/high school (7-8 and 9-12).

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements of the School District are not misleading. 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 Springfield Local 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 their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

The Township of Springfield, which operates within the School District's boundaries for the benefit of its residents, is excluded from the accompanying financial statements.

The School District participates in one jointly governed organization, the North East Ohio Network for Educational Technology (NEOnet), which is presented in Note 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

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Summit County, Ohio
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For the Fiscal Year Ended June 30, 2020

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position 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 fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the 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. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

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

Debt Service Fund The debt service fund accounts for tax revenues collected and used to retire long term bond obligations of the School District.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The following is the School District's proprietary fund:

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's internal service fund accounts are the stadium fund and the self-insurance program for employee prescription drug benefits, hospitalization, vision, and dental.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. 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 liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds are private purpose trust funds and agency funds. The School District's private purpose trust funds account for memorial scholarships. The School District's agency funds account for student advance placement testing and student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position.

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

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Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities.

Private purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows, and in the presentation of expenses versus expenditures.

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

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

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

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Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the Statement of Activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account.

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

E. Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the Balance Sheet.

During fiscal year 2020, investments were limited to STAR Ohio, agency securities, corporate bonds, negotiable certificates of deposits and money market accounts.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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During the year 2020, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest (including fair market value adjustments for investments). Interest revenue credited to the general fund during fiscal year 2020 amounted to \$137,971 which includes \$109,874 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

The School District is also reporting "restricted cash and investments" related to the Qualified School Construction Bonds sinking fund deposits. See Note 16 for further details.

F. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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Description	Governmental Activities Estimated Lives
Land Improvements	20 Years
Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	13 Years
Textbooks	5 Years

G. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position.

H. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

I. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/OPEB, and pension/OPEB expense; information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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J. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is 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.

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

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

N. Interfund Activity

Transfers between governmental activities on the government-wide statements are eliminated.

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

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O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

P. Estimates

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

Q. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Alternate Tax Budget, the Certificate of Estimated Resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

The Certificate of Estimated Resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Throughout the fiscal year, the primary level of budgetary control for all funds was at the fund level. Budgetary modifications changing total fund appropriations may only be made by resolution of the Board of Education.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the School District receives the official Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2020.

Appropriations A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at any level of control. Any revisions that alter the total of any

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fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

R. Change in Accounting Principles

For the fiscal year ended June 30, 2020, the School District implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

For the fiscal year ended June 30, 2020, the School District also implemented paragraphs 4 and 5 of Governmental Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Paragraph 4 increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a government board typically would perform and paragraph 5 mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements. The implementation of paragraphs 4 and 5 of this Statement did not have an effect on the financial statements of the School District.

For the fiscal year ended June 30, 2020, the School District has early implemented, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and GASB Statement No. 92 *Omnibus 2020*.

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GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the School District.

Note 3 – Fund Deficits

Fund balances at June 30, 2020 included the following individual fund deficits:

	Deficit Fund Balance
General Fund	\$ 3,939,894
Nonmajor Governmental Funds:	
Food Service	\$ 230,272
Early Childhood Education	11,296
Title VI-B	16,537
School Improvement	3,492
Title I	46,917
IDEA Preschool	13
Title VI-R	12,770
Miscellaneous Federal Grants	9,381
Total	\$ 4,270,572

In addition to the funds in the table above, the self-insurance fund had a deficit net position of \$375,281. The general fund is liable for any deficit in the funds and will provide transfers when cash is required, not when accruals occur.

Note 4 - Budgetary Basis of Accounting

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

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1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. In order to determine compliance with Ohio law, and to assign that portion of the applicable appropriation, total outstanding encumbrances (budget) are recorded as the equivalent of an expenditure; and,
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Net Change in Fund Balance

GAAP Basis	\$ (5,315,701)
Net Adjustment for Revenue Accruals	669,479
Net Adjustment for Expenditure Accruals	(52,788)
Funds Budgeted Elsewhere**	2,181
Adjustment for Encumbrances	<u>(121,342)</u>
Budget Basis	<u>\$ (4,818,171)</u>

**As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies, the public school support, community education, and recreation funds, and all unclaimed monies held by the School District.

Note 5 - 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 that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred and seventy days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Cash on Hand At year end, the School District had \$350 in undeposited cash on hand which is included on the Balance Sheet of the School District as part of equity in pooled cash and investments.

Deposits - At year-end, \$2,250,956 of the School District's bank balance of \$2,500,956 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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Investments

Investments are reported at fair value. As of June 30, 2020, the School District had the following investments:

Rating	Investment	Measurement Amount	Investment Maturities 12 Months or Less	Percent of Total
	Net Asset Value (NAV):			
AAAm	STAR Ohio	\$ 14,721	\$ 14,721	0.45%
	Fair Value (FV):			
AA+	FNMA	252,250	252,250	7.67%
N/A	US Treasury Money Market	1,291,173	1,291,173	39.27%
N/A	Negotiable Certificate of Deposit	22,032	22,032	0.67%
AAA	Corporate Bonds	<u>1,707,582</u>	<u>1,707,582</u>	<u>51.94%</u>
	Total	<u>\$ 3,287,758</u>	<u>\$ 3,287,758</u>	<u>100.00%</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2020. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

Credit Risk: The School District has no investment policy that would further limit its investment choices.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2020, is 42 days.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer. The investment percentages are listed above.

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Note 6 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019 and are collected in 2020 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Summit and Portage Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2020 taxes were collected are:

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	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
	Real Estate	\$ 376,367,470	97.48%	\$ 379,595,390
Public Utility Personal Property	9,705,800	2.52%	10,245,550	2.64%
	\$ 386,073,270	100.00%	\$ 389,840,940	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$ 56.04		\$ 55.96	

Note 7 – Interfund Activity

A. Interfund Transfers

Transfers made during 2020 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 102,342
Debt Service:		
Sinking Fund Bond Issue	17,342	0
Nonmajor Governmental Funds:		
Athletics	15,000	0
Food Services	70,000	0
Total	\$ 102,342	\$ 102,342

These transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

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B. Interfund Receivable/Payable

Interfund receivable/payable at June 30, 2020 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 250,029	\$ 93,720
Nonmajor Governmental Funds:		
Food Services	0	127,655
Athletics	93,720	0
Early Childhood Education	0	11,296
Part B IDEA	0	16,156
School Improvement	0	3,492
Title I	0	21,753
Preschool Handicapped	0	13
Improving Teacher Quality	0	3,763
Miscellaneous Federal Grants	0	9,381
Total Nonmajor Governmental Funds	93,720	193,509
Total Governmental Funds	343,749	287,229
Internal Service Funds:		
Stadium Fund	130	0
Self Insurance Fund	0	56,650
Total Internal Service Funds	130	56,650
Total	\$ 343,879	\$ 343,879

The general fund advanced to various School District funds, as noted above, to cover negative cash balances. This resulted in a negative fund balance in the general fund, which resulted in an advance from the athletics fund to the general fund to cover the negative fund balance. The interfund loans are expected to be repaid in 2021.

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30, 2020. The outstanding advances are expected to be repaid once the anticipated revenues are received.

Note 8 – Receivables

Receivables at June 30, 2020 consisted of taxes, interfund and intergovernmental entitlements and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

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Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Beginning Balance 6/30/19	Additions	Reductions	Ending Balance 6/30/20
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 583,510	\$ 250,000	\$ 0	\$ 833,510
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,532,330	0	0	1,532,330
Buildings and Improvements	48,280,662	2,382,288	0	50,662,950
Furniture and Equipment	918,824	50,813	0	969,637
Vehicles	205,343	0	(21,500)	183,843
Textbooks	1,522,071	0	0	1,522,071
Total Capital Assets, being depreciated	<u>52,459,230</u>	<u>2,433,101</u>	<u>(21,500)</u>	<u>54,870,831</u>
Less Accumulated Depreciation:				
Land Improvements	(794,761)	(49,529)	0	(844,290)
Buildings and Improvements	(9,355,865)	(1,170,566)	0	(10,526,431)
Furniture and Equipment	(479,824)	(52,836)	0	(532,660)
Vehicles	(148,633)	(13,514)	21,500	(140,647)
Textbooks	(1,204,891)	(202,487)	0	(1,407,378)
Total Accumulated Depreciation	<u>(11,983,974)</u>	<u>(1,488,932)</u>	<u>21,500</u>	<u>(13,451,406)</u>
Total Capital Assets being depreciated, net	<u>40,475,256</u>	<u>944,169</u>	<u>0</u>	<u>41,419,425</u>
Governmental Capital Assets, net	<u>\$ 41,058,766</u>	<u>\$ 1,194,169</u>	<u>\$ 0</u>	<u>\$ 42,252,935</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,109,556
Special	2,472
Vocational	5,424
Support Services:	
Pupil	8,874
Instructional Staff	27,665
Administration	29,449
Fiscal	3,700
Operation and Maintenance of Plant	101,020
Pupil Transportation	2,056
Food Service Operations	15,945
Community Service	840
Extracurricular Activities	<u>181,931</u>
Total Depreciation	<u>\$ 1,488,932</u>

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Note 10 – Risk Management

The School District insures its buildings and their contents through insurance having a \$2,500 deductible and providing replacement costs for such items. An inventory of all loose equipment is conducted annually.

Appropriate liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$3,000,000 aggregate. The School District also has an excess policy in the amount of \$2,000,000. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

A bond of \$50,000 is maintained on the Treasurer and Business Manager. Bonds are also provided for the school Board President and Superintendent in the amount of \$50,000 each.

By State statute, bond is provided by all contractors in amounts sufficient to cover the entire bid amount awarded to the contractor.

The School District has established a limited risk management program for hospital/medical benefits. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2020, a total expense of \$5,695,984 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$100,000. The liability for unpaid claims cost reported in the fund at June 30, 2020 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions.

As of June 30, 2020 the School District does not have funds available within the self-insurance and general funds to cover the cost of the claims payable. See note 22 regarding the School District's financial difficulties.

Changes in the fund's claims liability amount in 2020 and 2019 were:

	<u>Balance Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2019	\$ 271,206	\$ 3,921,468	\$ 3,784,669	\$ 408,005
2020	408,005	4,646,880	4,736,124	318,761

Note 11 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to thirty days of vacation per year, depending upon length of service and hours worked. Vacation days are credited to non-certified employees on the anniversary of their employment with a maximum accrual based on length of service. Vacation may be accrued in excess of the maximum only with the approval of the superintendent and Board of Education. Teachers do not earn vacation time.

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Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to an unlimited number of days. Payment is made of 30 percent of the total sick leave accumulation, up to a maximum accumulation of 60 days upon retirement for certified employees. Non-certified employees receive payment of 30 percent of sick leave up to a maximum of 60 days upon termination or ¼ of unused sick leave to a maximum of 45 days with 10 years of service upon termination.

Note 12 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

*Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2020.

The School District’s contractually required contribution to SERS was \$534,261 for fiscal year 2020. Of this amount, \$52,234 is reported as an intergovernmental payable.

Springfield Local School District
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Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member’s defined contribution account or the defined contribution portion of a member’s Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,863,917 for fiscal year 2020. Of this amount, \$334,528 is reported as an intergovernmental payable.

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.11473220%	0.11088915%	
Prior Measurement Date	<u>0.11256080%</u>	<u>0.11210505%</u>	
Change in Proportionate Share	<u>0.00217140%</u>	<u>-0.00121590%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 6,864,629	\$ 24,522,469	\$ 31,387,098
Pension Expense	\$ 1,032,253	\$ 3,442,546	\$ 4,474,799

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 174,071	\$ 199,653	\$ 373,724
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	0	0
Changes of Assumptions	0	2,880,637	2,880,637
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	70,872	250,881	321,753
School District Contributions Subsequent to the Measurement Date	534,261	1,863,917	2,398,178
Total Deferred Outflows of Resources	<u>\$ 779,204</u>	<u>\$ 5,195,088</u>	<u>\$ 5,974,292</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 0	\$ 106,154	\$ 106,154
Net Difference between Projected and Actual Earnings on Pension Plan Investments	88,117	1,198,527	1,286,644
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	36,002	289,664	325,666
Total Deferred Inflows of Resources	<u>\$ 124,119</u>	<u>\$ 1,594,345</u>	<u>\$ 1,718,464</u>

\$2,398,178 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2021	\$ 205,436	\$ 1,478,840	\$ 1,684,276
2022	(128,722)	293,448	164,726
2023	(5,864)	(134,072)	(139,936)
2024	49,974	98,610	148,584
	<u>\$ 120,824</u>	<u>\$ 1,736,826</u>	<u>\$ 1,857,650</u>

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For the Fiscal Year Ended June 30, 2020

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2035.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

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Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 9,619,799	\$ 6,864,629	\$ 4,554,074

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, are presented below:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the July 1, 2019 valuation, were based on the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the School District's proportionate share of the net pension liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

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	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 35,836,858	\$ 24,522,469	\$ 14,944,261

Note 13 – Defined Benefit OPEB Plans

See Note 12 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School District's surcharge obligation was \$73,331, which is reported as an intergovernmental payable.

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Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.11761400%	0.11088900%	
Prior Measurement Date	0.11456500%	0.11210500%	
Change in Proportionate Share	0.00304900%	-0.00121600%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 2,957,732	\$ (1,836,588)	
OPEB Expense	\$ 89,980	\$ (476,416)	\$ (386,436)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 43,418	\$ 166,501	\$ 209,919
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	7,100	0	7,100
Changes of Assumptions	216,030	38,605	254,635
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	72,964	64,040	137,004
School District Contributions Subsequent to the Measurement Date	73,331	0	73,331
Total Deferred Outflows of Resources	<u>\$ 412,843</u>	<u>\$ 269,146</u>	<u>\$ 681,989</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 649,796	\$ 93,439	\$ 743,235
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	0	115,349	115,349
Changes of Assumptions	165,742	2,013,606	2,179,348
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	63,773	103,678	167,451
Total Deferred Inflows of Resources	<u>\$ 879,311</u>	<u>\$ 2,326,072</u>	<u>\$ 3,205,383</u>

\$73,331 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ (174,022)	\$ (446,555)	\$ (620,577)
2022	(87,632)	(446,555)	(534,187)
2023	(85,549)	(400,323)	(485,872)
2024	(85,890)	(384,108)	(469,998)
2025	(75,104)	(370,065)	(445,169)
Thereafter	(31,602)	(9,320)	(40,922)
	<u>\$ (539,799)</u>	<u>\$ (2,056,926)</u>	<u>\$ (2,596,725)</u>

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Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate	
Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate).

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Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 3,590,141	\$ 2,957,732	\$ 2,454,916
		Current	
	1% Decrease	Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 2,369,753	\$ 2,957,732	\$ 3,737,868

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 percent	4.00 percent

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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The actuarial assumptions used in the June 30, 2019 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as of June 30, 2019, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

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	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,567,162)	\$ (1,836,588)	\$ (2,063,112)

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,082,606)	\$ (1,836,588)	\$ (1,535,275)

Note 14 – Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2020, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect on the basic financial statements.

C. School District Funding

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are now finalized resulting in a receivable to the School District.

Note 15 - Other Commitments

Encumbrance Commitments

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

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Fund	Amount
General Fund	\$ 69,166
Nonmajor Governmental Funds	99,291
	\$ 168,457

Note 16 - Long - Term Obligations

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

	Outstanding 6/30/19	Additions	Reductions	Outstanding 6/30/20	Amounts Due in One Year
Governmental Activities:					
<i>Direct Placement</i>					
Energy Conservation Bonds, Series 2017	\$ 725,000	\$ 0	\$ (75,000)	\$ 650,000	\$ 75,000
2019 Bus Transportation Depot	0	2,900,000	0	2,900,000	160,000
<i>Total Direct Placement</i>	725,000	2,900,000	(75,000)	3,550,000	235,000
<i>School Facilities Improvement Bonds</i>					
Series 2010B Build America Bonds	20,200,000	0	0	20,200,000	0
Series 2010C Qualified School Construction Bonds	11,260,000	0	0	11,260,000	0
Unamortized Premium	309,105	0	(11,448)	297,657	0
<i>Total School Facilities Improvement Bonds</i>	31,769,105	0	(11,448)	31,757,657	0
<i>Other Long-Term Liabilities</i>					
Net Pension Liability	31,095,948	291,150	0	31,387,098	0
Net OPEB Liability	3,178,348	0	(220,616)	2,957,732	0
Compensated Absences	1,618,368	294,314	(92,712)	1,819,970	42,829
<i>Total Other Long-Term Liabilities</i>	35,892,664	585,464	(313,328)	36,164,800	42,829
<i>Total Governmental Activities Long-Term Liabilities</i>	\$ 68,386,769	\$ 3,485,464	\$ (399,776)	\$ 71,472,457	\$ 277,829

Compensated absences will be paid from the fund in which the employee is paid, which in prior years has primarily been the general fund. The bus transportation depot bond, energy conservation bond and the school facilities bonds will be paid from the debt service fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and food service fund. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13.

Energy Conservation Bonds, Series 2017

On September 19, 2017, the School District issued \$795,000 in Energy Conservation Bonds with an interest rate of 2.20 percent. The bonds were issued for a ten-year period, with final maturity at December 1, 2027. The outstanding Energy Conservation Bonds are a direct obligation of the School District for which full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property of the School District. The School Energy Conservation Bond will be paid with tax revenue from the debt service fund.

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For the Fiscal Year Ended June 30, 2020

School Facilities Improvement General Obligation Bonds

On August 31, 2010, the School District issued \$33,724,861 in voted general obligation bonds for the purpose of constructing, furnishing, equipping and improving a new school building for grades 7 through 12 along with related abatement and demolition, and other school district building improvements. The bond issue included a current interest bond in the amount of \$1,540,000 and two capital appreciation bonds in the amount of \$496,934 (matured in fiscal year 2013) and \$227,927 (matured in fiscal year 2014), respectively. The issuance also included federally taxable Build America Bonds for \$20,200,000 and federally taxable qualified school construction bonds for \$11,260,000. The bonds were issued with a premium of \$412,137, which was reported as an increase to long-term debt. The amounts are being amortized as interest expense over the life of the bonds using the straight-line method, which is not significantly different than the bonds outstanding or the effective interest methods. The bonds will be retired with a voted property tax levy from the bond retirement debt service fund.

The current interest bonds will not be subject to redemption prior to maturity. The Build America Bonds maturing on or after September 1, 2019 are subject to prior optional redemption either in whole or in part at 100 percent par. It is also subject to extraordinary optional redemption, in whole at any date or in part on any date at a redemption price of 100 percent of par in the event that the department of Treasury should cease, or announce its intention to cease, making full payment of the direct payment. The qualified school construction bonds are not subject to optional redemption prior to maturity. It is also subject to extraordinary optional redemption either in whole or in part on any date at a redemption price equal to 100 percent of par in the event that the department of Treasury should cease, or announce its intention to cease, making full payment of the direct payment and it is subject to mandatory redemption on any date at a redemption price equal to 100 percent of par due to excess proceeds to the extent that less than 100 percent are expended by August 31, 2014.

The qualified school construction bonds mature on September 1, 2027. The School District is required to make deposits into a sinking fund account created in the Bond Retirement fund for payment of the principal amount of the Series 2010C bonds at maturity according to the following schedule:

September 1 of year	Amount Due	Amount Deposited
2015	\$ 300,000	\$ 300,000
2016	770,000	770,000
2017	780,000	780,000
2018	830,000	830,000
2019	845,000	845,000
2020	855,000	0
2021	910,000	0
2022	925,000	0
2023	935,000	0
2024	995,000	0
2025	1,010,000	0
2026	1,025,000	0
2027	1,080,000	0
	\$ 11,260,000	\$ 3,525,000

The amount deposited is reported as a restricted asset on the basic financial statements.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2019 Bus Transportation Depot Bonds

On March 13, 2020, the School District issued \$2,900,000 in bonds with an interest rate of 2.76 percent. The bonds were issued for a 15 year period, with final maturity at December 1, 2034. The outstanding Bonds are a direct obligation of the School District for which full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property of the School District. The Bus Transportation Depot Bond will be paid with tax revenue from the debt service fund.

Principal and interest requirements to retire the long-term note and general obligation bonds outstanding at June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Build America		Qualified School Construction		Energy Conservation	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 0	\$ 1,210,613	\$ 0	\$ 591,150	\$ 75,000	\$ 13,475
2022	0	1,210,613	0	591,150	75,000	11,825
2023	0	1,210,613	0	591,150	80,000	10,120
2024	0	1,210,613	0	591,150	80,000	8,360
2025	0	1,210,613	0	591,150	80,000	6,600
2026 - 2030	1,980,000	5,942,325	11,260,000	1,477,875	260,000	8,690
2031 - 2035	5,995,000	4,667,589	0	0	0	0
2036 - 2040	7,655,000	2,641,544	0	0	0	0
2041 - 2043	4,570,000	407,006	0	0	0	0
Totals	<u>\$20,200,000</u>	<u>\$19,711,529</u>	<u>\$11,260,000</u>	<u>\$ 4,433,625</u>	<u>\$ 650,000</u>	<u>\$ 59,070</u>

Fiscal Year Ending June 30,	Bus Transportation Depot		Total	
	Principal	Interest	Principal	Interest
2021	\$ 160,000	\$ 95,174	\$ 235,000	\$ 1,910,412
2022	160,000	73,416	235,000	1,887,004
2023	165,000	68,931	245,000	1,880,814
2024	170,000	64,308	250,000	1,874,431
2025	175,000	59,547	255,000	1,867,910
2026 - 2030	955,000	221,421	14,455,000	7,650,311
2031 - 2035	1,115,000	78,729	7,110,000	4,746,318
2036 - 2040	0	0	7,655,000	2,641,544
2041 - 2043	0	0	4,570,000	407,006
Totals	<u>\$ 2,900,000</u>	<u>\$ 661,526</u>	<u>\$35,010,000</u>	<u>\$24,865,750</u>

The bonds are backed by the full faith and credit of the Springfield Local School District.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 17 – North East Ohio Network for Educational Technology

The North East Ohio Network for Educational Technology (NEOnet) is a jointly governed organization comprised of 31 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports NEOnet based on a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. NEOnet is governed by a board of directors chosen from the general membership of the NEOnet assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the North East Ohio Network for Educational Technology, 700 Graham Road, Cuyahoga Falls, Ohio 44221. During the fiscal year ended June 30, 2020, the School District paid \$160,723 to NEOnet for basic service charges.

Note 18 – Statutory 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 acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	<u>Capital Improvement Reserve</u>
Set-Aside Restricted Balance as of June 30, 2019	\$ 0
Current Year Set-Aside Requirement	395,628
Current Year Offsets	<u>(463,232)</u>
Total	<u>\$ (67,604)</u>
Balance Carried Forward to Fiscal Year 2021	<u>\$ 0</u>
Set-aside Restricted Balance June 30, 2020	<u>\$ 0</u>

Although the School District had offsets (permanent improvement and classroom facilities maintenance property tax levy proceeds) during the fiscal year that reduced the set-aside amount to below zero for the capital improvement set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 19 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Debt Service	Other Governmental Funds	Total
Nonspendable:				
Prepays	\$ 36,409	\$ 0	\$ 915	\$ 37,324
Unclaimed Monies	7,123	0	0	7,123
Total Nonspendable	<u>43,532</u>	<u>0</u>	<u>915</u>	<u>44,447</u>
Restricted for:				
Debt Service	0	4,393,356	0	4,393,356
Capital Outlay	0	0	2,632,650	2,632,650
Management Info Systems	0	0	6,083	6,083
Federal and State Grant Programs	0	0	567,066	567,066
Athletics	0	0	97,994	97,994
Other Grants	0	0	54,037	54,037
Total Restricted	<u>0</u>	<u>4,393,356</u>	<u>3,357,830</u>	<u>7,751,186</u>
Assigned for:				
Encumbrances:				
Instruction	1,012	0	0	1,012
Support Services	67,204	0	0	67,204
Other Purposes	102,191	0	0	102,191
Total Assigned	<u>170,407</u>	<u>0</u>	<u>0</u>	<u>170,407</u>
Unassigned	<u>(4,153,833)</u>	<u>0</u>	<u>(330,678)</u>	<u>(4,484,511)</u>
Total Fund Balance	<u>\$ (3,939,894)</u>	<u>\$ 4,393,356</u>	<u>\$ 3,028,067</u>	<u>\$ 3,481,529</u>

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 20 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School District. The School District's investments of the pension and other employee benefit plan in which the School District participates have incurred a significant fluctuation in fair value, consistent with the general fluctuation in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, due to the dynamic environment and changes in fiscal policies, the exact impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

Note 21 – Ohio Facilities Construction Committee (OFCC) Payable

As of June 30, 2020, the School District recorded \$283,951 of intergovernmental payables related to the School District's OFCC project. The total was taken from the OFCC final reconciliation of the construction project accounting and represents the final disposition of remaining funds which the School District owes OFCC.

Note 22 – Fiscal Caution

On October 9, 2020, the District was placed in fiscal caution by the Ohio Department of Education. This declaration results in the District being required to prepare a recovery plan to correct the fiscal deficiencies and technical assistance will be provided to the District by the Department of Education.

Springfield Local School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Seven Fiscal Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>				
School District's Proportion of the Net Pension Liability	0.11473220%	0.11256080%	0.11568970%	0.11584500%
School District's Proportionate Share of the Net Pension Liability	\$ 6,864,629	\$ 6,446,565	\$ 6,912,204	\$ 8,478,785
School District's Covered Payroll	\$ 3,954,111	\$ 3,840,356	\$ 3,714,521	\$ 4,027,250
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	173.61%	167.86%	186.09%	210.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%
<i>State Teachers Retirement System (STRS)</i>				
School District's Proportion of the Net Pension Liability	0.11088915%	0.11210505%	0.10994853%	0.11047475%
School District's Proportionate Share of the Net Pension Liability	\$ 24,522,469	\$ 24,649,383	\$ 26,118,509	\$ 36,979,229
School District's Covered Payroll	\$ 13,103,729	\$ 12,969,143	\$ 12,119,293	\$ 11,945,086
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.14%	190.06%	215.51%	309.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.31%	75.30%	66.80%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.11883270%	0.11722700%	0.11722700%
\$ 6,780,709	\$ 5,932,792	\$ 6,971,113
\$ 4,055,546	\$ 3,853,896	\$ 3,834,126
167.20%	153.94%	181.82%
69.16%	71.70%	65.52%
0.11129227%	0.11079612%	0.11079612%
\$ 30,757,928	\$ 26,949,451	\$ 32,102,009
\$ 11,841,900	\$ 11,470,269	\$ 12,366,338
259.74%	234.95%	259.59%
72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

Springfield Local School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - Pension
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 534,261	\$ 533,805	\$ 518,448	\$ 520,033
Contributions in Relation to the Contractually Required Contribution	<u>(534,261)</u>	<u>(533,805)</u>	<u>(518,448)</u>	<u>(520,033)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 3,816,150	\$ 3,954,111	\$ 3,840,356	\$ 3,714,521
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%	14.00%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 1,863,917	\$ 1,834,522	\$ 1,815,680	\$ 1,696,701
Contributions in Relation to the Contractually Required Contribution	<u>(1,863,917)</u>	<u>(1,834,522)</u>	<u>(1,815,680)</u>	<u>(1,696,701)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 13,313,693	\$ 13,103,729	\$ 12,969,143	\$ 12,119,293
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 563,815	\$ 534,521	\$ 534,150	\$ 530,643	\$ 554,588	\$ 530,482
<u>(563,815)</u>	<u>(534,521)</u>	<u>(534,150)</u>	<u>(530,643)</u>	<u>(554,588)</u>	<u>(530,482)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 4,027,250	\$ 4,055,546	\$ 3,853,896	\$ 3,834,126	\$ 4,123,331	\$ 4,220,223
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
\$ 1,672,312	\$ 1,657,866	\$ 1,491,135	\$ 1,607,624	\$ 1,418,694	\$ 1,418,983
<u>(1,672,312)</u>	<u>(1,657,866)</u>	<u>(1,491,135)</u>	<u>(1,607,624)</u>	<u>(1,418,694)</u>	<u>(1,418,983)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 11,945,086	\$ 11,841,900	\$ 11,470,269	\$ 12,366,338	\$ 10,913,031	\$ 10,915,254
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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Springfield Local School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Four Fiscal Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>				
School District's Proportion of the Net OPEB Liability	0.11761400%	0.11456520%	0.11768070%	0.11647758%
School District's Proportionate Share of the Net OPEB Liability	\$ 2,957,732	\$ 3,178,348	\$ 3,158,241	\$ 3,320,042
School District's Covered Payroll	\$ 3,954,111	\$ 3,840,356	\$ 3,714,521	\$ 4,027,250
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	74.80%	82.76%	85.02%	82.44%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%
<i>State Teachers Retirement System (STRS)</i>				
School District's Proportion of the Net OPEB Liability (Asset)	0.11088900%	0.11210505%	0.10994853%	0.11047475%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,836,588)	\$ (1,801,414)	\$ 4,289,786	\$ 5,908,218
School District's Covered Payroll	\$ 13,103,729	\$ 12,969,143	\$ 12,119,293	\$ 11,945,086
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.02%	-13.89%	35.40%	49.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Springfield Local School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - OPEB
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 73,331	\$ 91,725	\$ 77,549	\$ 2,467
Contributions in Relation to the Contractually Required Contribution	<u>(73,331)</u>	<u>(91,725)</u>	<u>(77,549)</u>	<u>(2,467)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 3,816,150	\$ 3,954,111	\$ 4,210,570	\$ 3,714,521
OPEB Contributions as a Percentage of Covered Payroll (1)	1.92%	2.32%	1.84%	0.07%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 13,313,693	\$ 13,103,729	\$ 15,731,943	\$ 12,119,293
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 54,997	\$ 93,442	\$ 55,093	\$ 55,373	\$ 65,496	\$ 124,081
<u>(54,997)</u>	<u>(93,442)</u>	<u>(55,093)</u>	<u>(55,373)</u>	<u>(65,496)</u>	<u>(124,081)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 4,027,250	\$ 4,055,546	\$ 3,853,896	\$ 3,834,126	\$ 4,123,331	\$ 4,220,223
1.37%	2.30%	1.43%	1.44%	1.59%	2.94%
\$ 0	\$ 0	\$ 114,703	\$ 123,663	\$ 109,130	\$ 109,153
<u>0</u>	<u>0</u>	<u>(114,703)</u>	<u>(123,663)</u>	<u>(109,130)</u>	<u>(109,153)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 11,945,086	\$ 11,841,900	\$ 11,470,269	\$ 12,366,338	\$ 10,913,031	\$ 10,915,254
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

Springfield Local School District
Summit County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Springfield Local School District
Summit County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Note 2 - Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare

Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Springfield Local School District
Summit County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Changes in Benefit Terms – STRS

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures	Total Federal Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	050062-3L70-2020	71,240	
COVID-19 School Brekfast Program	10.553	050062-3L70-2020	36,753	
National School Lunch Program	10.555	050062-3L60-2020	328,883	75,795
COVID-19 National School Lunch Program	10.555	050062-3L60-2020	86,183	
Total Child Nutrition Cluster			523,059	75,795
 Total U.S. Department of Agriculture			523,059	75,795
 U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grant to Local Educational Agencies	84.010	050062-3M00-2019	72,964	
Title I Grant to Local Educational Agencies	84.010	050062-3M00-2020	402,202	
Total Title I Grants to Local Educational Agencies			475,166	
<i>Special Education Cluster:</i>				
Special Education Grants to States	84.027	050062-3M20-2019	193,476	
Special Education Grants to States	84.027	050062-3M20-2020	556,155	
Special Education Preschool Grants	84.173	050062-3M20-2020	11,936	
Total Special Education Cluster			761,567	
Improving Teacher Quality State Grants	84.367	050062-3Y60-2019	4,850	
Improving Teacher Quality State Grants	84.367	050062-3Y60-2020	14,639	
Total Improving Teacher Quality State Grants			19,489	
Student Support and Academic Enrichment Program	84.424	050062-3HI0-2019	9,024	
Student Support and Academic Enrichment Program	84.424	050062-3HI0-2020	9,383	
Total Student Support and Academic Enrichment Program			18,407	
 Total U.S. Department of U.S. Department of Education			1,274,629	
 Total Expenditures of Federal Awards			\$1,797,688	\$75,795

The accompanying notes are an integral part of this schedule.

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Springfield Local School District (the District's) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2020 to 2021 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$88,612
Special Education Grants to States	84.027	\$107,946
Improving Teacher Quality State Grants	84.367	\$123,102
Student Support and Academic Enrichment Program	84.424	\$37,446

OHIO AUDITOR OF STATE KEITH FABER



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

Springfield Local School District
Summit County
2410 Massillon Road
Akron, Ohio 44312

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springfield Local School District, Summit County, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 2, 2021, wherein we noted the District is experiencing financial difficulties. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 financial statement. However, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2020-001 and 2020-002.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and / or corrective action plan. We did not subject the District's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 2, 2021

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Springfield Local School District
Summit County
2410 Massillon Road
Akron, Ohio 44312

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Springfield Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Springfield Local School District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Springfield Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 2, 2021

**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster (CFDA 84.027 and 84.173)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2020-001

NONCOMPLIANCE

Ohio Rev. Code § 3315.20 provides a school district may have a deficit in any special fund of the school district only if all of the following conditions are satisfied:

- The school district has a request for payment pending with the state sufficient to cover the amount of the deficit;
- There is a reasonable likelihood that the payment will be made; and
- The unspent and unencumbered balance in the school district's general fund is greater than the aggregate of deficit amounts in all of the school district's special funds.

The District's fiscal year 2020 ledgers had the following negative fund balances after taking into consideration the conditions above:

- Building Fund (010) - \$755,118.76 as of 3/31/20
- Lunch Room Fund (006) - \$130,205.89 as of 10/31/19, \$143,720.92 as of 3/31/20, and \$127,654.90 as of 6/30/20
- Uniform School Supply (009) - \$1,243.40 as of 3/31/20 and \$183.40 as of 6/30/20
- Self Insurance Fund (024) - \$56,649.85 as of 6/30/20
- Early Childhood Education Fund (439) - \$8,103.59 as of 10/31/19, \$11,296.13 as of 3/31/20
- High Schools That Work (461) - \$742.32 as of 10/31/19, \$2,993.12 as of 3/31/20
- IDEA Part B (516) - \$13,677.19 as of 10/31/19, \$28,771.04 as of 3/31/20 and \$16,156.40 as of 6/30/20
- School Improvement Fund (536) - \$1,840.00 as of 3/31/20 and \$3,852.00 as of 6/30/20
- Title I Fund (572) - \$15,773.03 as of 10/31/19, \$30,793.67 as of 3/31/20 and \$21,752.94 as of 6/30/20
- Early Childhood Fund (587) - \$670.49 as of 10/31/19, \$867.18 as of 3/31/20 and \$12.68 as of 6/30/20
- Improving Teacher Quality Fund (590) - \$1,394.13 as of 3/31/20 and \$3,763.24 as of 6/30/20
- Title IV (599) - \$6,677.54 as of 10/31/19, \$4,088.14 as of 3/31/20 and \$9,381.26 as of 6/30/20
- General Fund (001) - \$1,234,044 as of 6/30/20 due to an audit adjustment.

Advances or transfers should be made to these funds or appropriations modified to prevent the negative cash balances in contravention of Ohio Rev. Code § 3315.20. The District should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

Officials Response:

See corrective action plan

FINDING NUMBER 2020-002

NONCOMPLIANCE

Ohio Rev. Code Section 3318.12(B)(1) governs the use of project construction funds stating the treasurer of the school district board shall disburse funds from the school district's project construction fund, including investment earnings credited to the fund, only upon the approval of the commission or the commission's designated representative. The commission or the commission's designated representative shall issue vouchers against such fund, in such amounts, and at such times as required by the contracts for construction of the project.

Ohio Rev. Code Sections 5705.15 and 5705.16 provide in addition to the transfers Ohio Rev. Code Section 5705.14 authorizes, the taxing authority of any political subdivision, with the approval of the Tax Commissioner, may transfer from one fund to another any public funds under its supervision, except the proceeds or balances of loans, bond issues, special levies for the payment of loans or bond issues, the proceeds or balances of funds derived from any excise tax levied by law for a specified purpose, and the proceeds or balances of any license fees imposed by law for a specified purpose.

During fiscal year 2020 the District transferred \$1,200,000 from the Building Fund (010) to the General Fund (001) which was not permitted under Ohio Rev. Code Section 3318.12 nor approved by the Tax Commission pursuant to Ohio Rev. Code Sections 5705.15 and 5705.16. The financial statements have subsequently been adjusted to correct this error.

The District should only transfer funds related to this project in accordance with the provisions afforded to them pursuant the Ohio Revised Code.

Official's Response:

See corrective action plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Springfield Local Schools

BOARD OF EDUCATION

2410 Massillon Road * Akron, Ohio 44312 * (330)798-1111 * (330)798-1161
www.springfieldspartans.org

Charles Sincere
Superintendent

Christopher Adams
Treasurer/CFO

June 2, 2021

Attn:
Auditor of State Keith Faber

The following corrective action plans to be taken for
2020-001
2020-002

2020-001

The Treasurer office will monitor negative balances for non-grant funds and make an “Advance In”
To maintain positive fund balances. The following month an “Advance Out” will occur.

2020-002

The District has already corrected this noncompliance with a transfer back to the Construction Fund. In
2022 the district will formally request from the Tax Commissioner to transfer remaining funds to the
General Fund

Contact Person Responsible for Corrective Action:
Christopher Adams
Treasurer/CFO
Springfield Local Schools

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OHIO AUDITOR OF STATE KEITH FABER



SPRINGFIELD LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/29/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov