



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SPRINGFIELD LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

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**SPRINGFIELD LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Springfield Local School District  
Summit County  
2141 Pickle Road  
Akron, Ohio 44312

To the Board of Education:

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the cash-basis 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General, Classroom Facilities and Maintenance and Elementary and Secondary School Emergency Relief funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter - Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Supplementary Information**

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

The Schedule of Expenditures of Federal Awards 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 is presented for purposes of additional analysis and is (are) not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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

May 17, 2023

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**Springfield Local School District**  
**Summit County, Ohio**  
*Statement of Net Position - Cash Basis*  
*June 30, 2022*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 4,360,091
Restricted Cash and Cash Equivalents	5,290,000
Cash and Cash Equivalents with Fiscal Agent	292,529
<i>Total Assets</i>	<b>\$ 9,942,620</b>
<b>Net Position</b>	
Restricted for:	
Capital Outlay	\$ 2,020,060
Debt Service	5,972,578
Other Purposes	1,469,997
Unrestricted	479,985
<i>Total Net Position</i>	<b>\$ 9,942,620</b>

See accompanying notes to the basic financial statements.

**Springfield Local School District**  
**Summit County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2022*

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 11,051,254	\$ 541,166	\$ 2,931,473	\$ (7,578,615)
Special	3,815,634	191,654	1,306,026	(2,317,954)
Vocational	107,455	-	-	(107,455)
Other	1,009,632	-	-	(1,009,632)
Support Services:				
Pupils	1,724,244	-	56,003	(1,668,241)
Instructional Staff	1,314,864	-	17,460	(1,297,404)
Board of Education	44,933	-	-	(44,933)
Administration	1,755,377	-	5,974	(1,749,403)
Fiscal	636,014	-	-	(636,014)
Business	200,590	-	-	(200,590)
Operation and Maintenance of Plant	1,983,397	10	321	(1,983,066)
Pupil Transportation	1,652,860	-	200,817	(1,452,043)
Central	72,138	-	-	(72,138)
Operation of Non-Instructional Services:				
Food Service Operations	850,068	31,932	1,006,749	188,613
Community Services	112,397	-	130,112	17,715
Extracurricular Activities	627,834	292,324	4,085	(331,425)
Capital Outlay	359,772	-	-	(359,772)
Debt Service:				
Principal Retirement	75,000	-	-	(75,000)
Interest and Fiscal Charges	1,813,588	-	-	(1,813,588)
<i>Totals</i>	<u>\$ 29,207,051</u>	<u>\$ 1,057,086</u>	<u>\$ 5,659,020</u>	<u>\$ (22,490,945)</u>

**General Receipts**

Property Taxes Levied for:

General Purposes	\$ 12,349,356
Debt Service	2,573,553
Capital Outlay	262,011
Classroom Facilities	186,712
Grants and Entitlements not Restricted to Specific Programs	12,019,083
Investment Earnings	4,672
Miscellaneous	84,507

*Total General Receipts* 27,479,894

*Change in Net Position* 4,988,949

*Net Position Beginning of Year* 4,953,671

*Net Position End of Year* \$ 9,942,620

See accompanying notes the basic financial statements.

**Springfield Local School District**  
**Summit County, Ohio**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2022*

	General	Classroom Facilities Maintenance	ESSER	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 783,573	\$ 965,824	\$ (296,457)	\$ 682,578	\$ 1,252,592	\$ 635,012	\$ 4,023,122
Restricted Cash and Cash Equivalents	-	-	-	5,290,000	-	-	5,290,000
Cash and Cash Equivalents with Fiscal Agent	-	-	-	-	-	292,529	292,529
<i>Total Assets</i>	<u>\$ 783,573</u>	<u>\$ 965,824</u>	<u>\$ (296,457)</u>	<u>\$ 5,972,578</u>	<u>\$ 1,252,592</u>	<u>\$ 927,541</u>	<u>\$ 9,605,651</u>
<b>Fund Balances</b>							
Nonspendable	\$ 7,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,201
Restricted	-	965,824	-	5,972,578	1,252,592	1,264,440	9,455,434
Committed	130	-	-	-	-	-	130
Assigned	451,043	-	-	-	-	-	451,043
Unassigned	325,199	-	(296,457)	-	-	(336,899)	(308,157)
<i>Total Fund Balances</i>	<u>\$ 783,573</u>	<u>\$ 965,824</u>	<u>\$ (296,457)</u>	<u>\$ 5,972,578</u>	<u>\$ 1,252,592</u>	<u>\$ 927,541</u>	<u>\$ 9,605,651</u>

See accompanying notes the basic financial statements.

**Springfield Local School District**  
**Summit County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities - Cash Basis*  
*June 30, 2022*

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**Total Governmental Fund Balances** \$ 9,605,651

*Amounts reported for governmental activities in the  
statement of net position are different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position.

336,969

*Net Position of Governmental Activities*

\$ 9,942,620

See accompanying notes the basic financial statements.

**Springfield Local School District**  
**Summit County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*in Fund Balances - Cash Basis - Governmental Funds*  
*For the Fiscal Year Ended June 30, 2022*

	General	Classroom Facilities Maintenance	ESSER	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$ 12,349,356	\$ 186,712	\$ -	\$ 2,573,553	\$ -	\$ 262,011	\$ 15,371,632
Intergovernmental	11,664,665	-	3,032,942	325,164	-	2,649,397	17,672,168
Investment Income	4,672	-	-	-	-	-	4,672
Tuition and Fees	558,965	-	-	-	-	-	558,965
Extracurricular Activities	48,843	-	-	-	-	242,641	291,484
Gifts and Donations	1,852	-	-	-	-	4,085	5,937
Charges for Services	-	-	-	-	-	31,942	31,942
Rent	174,695	-	-	-	-	-	174,695
Miscellaneous	65,007	-	-	-	-	19,500	84,507
<i>Total Receipts</i>	<u>24,868,055</u>	<u>186,712</u>	<u>3,032,942</u>	<u>2,898,717</u>	<u>-</u>	<u>3,209,576</u>	<u>34,196,002</u>
<b>Disbursements</b>							
Current:							
Instruction:							
Regular	7,980,986	-	3,047,422	-	-	157,996	11,186,404
Special	2,737,002	-	-	-	-	1,138,946	3,875,948
Vocational	110,520	-	-	-	-	-	110,520
Other	1,009,632	-	-	-	-	-	1,009,632
Support Services:							
Pupils	1,693,817	-	40,000	-	-	7,877	1,741,694
Instructional Staff	1,256,875	-	-	-	-	64,389	1,321,264
Board of Education	44,949	-	-	-	-	-	44,949
Administration	1,768,671	-	-	-	-	3,400	1,772,071
Fiscal	641,938	-	-	-	-	-	641,938
Business	203,703	-	-	-	-	-	203,703
Operation and Maintenance of Plant	1,946,562	-	-	-	-	51,274	1,997,836
Pupil Transportation	1,457,761	-	218,953	-	-	1,441	1,678,155
Central	72,138	-	-	-	-	-	72,138
Extracurricular Activities	426,561	-	-	-	-	202,894	629,455
Operation of Non-Instructional Services:							
Food Service Operations	-	-	-	-	-	861,520	861,520
Community Services	-	-	468	-	-	111,929	112,397
Capital Outlay	9,970	130,857	-	50,236	-	168,709	359,772
Debt Service:							
Principal Retirement	-	-	-	75,000	-	-	75,000
Interest and Fiscal Charges	-	-	-	1,813,588	-	-	1,813,588
<i>Total Disbursements</i>	<u>21,361,085</u>	<u>130,857</u>	<u>3,306,843</u>	<u>1,938,824</u>	<u>-</u>	<u>2,770,375</u>	<u>29,507,984</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,506,970</u>	<u>55,855</u>	<u>(273,901)</u>	<u>959,893</u>	<u>-</u>	<u>439,201</u>	<u>4,688,018</u>
<i>Net Change in Fund Balances</i>	<u>3,506,970</u>	<u>55,855</u>	<u>(273,901)</u>	<u>959,893</u>	<u>-</u>	<u>439,201</u>	<u>4,688,018</u>
<i>Fund Balances Beginning of Year</i>	<u>(2,723,397)</u>	<u>909,969</u>	<u>(22,556)</u>	<u>5,012,685</u>	<u>1,252,592</u>	<u>488,340</u>	<u>4,917,633</u>
<i>Fund Balances End of Year</i>	<u>\$ 783,573</u>	<u>\$ 965,824</u>	<u>\$ (296,457)</u>	<u>\$ 5,972,578</u>	<u>\$ 1,252,592</u>	<u>\$ 927,541</u>	<u>\$ 9,605,651</u>

See accompanying notes the basic financial statements.

**Springfield Local School District**  
**Summit County, Ohio**

*Reconciliation of the Statement of Receipts, Disbursements and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2022*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	4,688,018
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*Amounts reported for governmental activities in the  
statement of activities are different because:*

Internal service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund receipts (disbursements).		<u>300,931</u>
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<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>4,988,949</u>
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**Springfield Local School District**  
**Summit County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Cash Basis Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2022*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts and Other Financing Sources	\$ 27,960,948	\$ 28,234,427	\$ 24,816,491	\$ (3,417,936)
Disbursements and Other Financing Uses	<u>26,056,142</u>	<u>22,055,771</u>	<u>21,679,088</u>	<u>376,683</u>
Net Change in Fund Balance	1,904,806	6,178,656	3,137,403	(3,041,253)
<i>Fund Balance Beginning of Year</i>	(3,256,690)	(3,256,690)	(3,256,690)	-
Prior Year Encumbrances Appropriated	<u>442,480</u>	<u>442,480</u>	<u>442,480</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (909,404)</u>	<u>\$ 3,364,446</u>	<u>\$ 323,193</u>	<u>\$ (3,041,253)</u>

See accompanying notes the basic financial statements.

**Springfield Local School District**  
**Summit County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Cash Basis Fund Balance - Budget and Actual (Budget Basis)*  
*Classroom Facilities and Maintenance*  
*For the Fiscal Year Ended June 30, 2022*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts and Other Financing Sources	\$ 177,000	\$ 177,000	\$ 186,712	\$ 9,712
Disbursements and Other Financing Uses	<u>53,397</u>	<u>147,397</u>	<u>131,447</u>	<u>15,950</u>
Net Change in Fund Balance	123,603	29,603	55,265	25,662
<i>Fund Balance Beginning of Year</i>	883,279	883,279	883,279	-
Prior Year Encumbrances Appropriated	<u>26,690</u>	<u>26,690</u>	<u>26,690</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,033,572</u>	<u>\$ 939,572</u>	<u>\$ 965,234</u>	<u>\$ 25,662</u>

See accompanying notes the basic financial statements.

**Springfield Local School District**  
**Summit County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Cash Basis Fund Balance - Budget and Actual (Budget Basis)*  
*Elementary and Secondary School Emergency Relief (ESSER) Fund*  
*For the Fiscal Year Ended June 30, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts and Other Financing Sources	\$ -	\$ 3,023,965	\$ 3,032,942	\$ 8,977
Disbursements and Other Financing Uses	4,118,161	3,001,411	3,388,808	(387,397)
Net Change in Fund Balance	(4,118,161)	22,554	(355,866)	(378,420)
<i>Fund Balance Beginning of Year</i>	(29,754)	(29,754)	(29,754)	-
Prior Year Encumbrances Appropriated	7,200	7,200	7,200	-
<i>Fund Balance End of Year</i>	<u>\$ (4,140,715)</u>	<u>\$ -</u>	<u>\$ (378,420)</u>	<u>\$ (378,420)</u>

See accompanying notes the basic financial statements.

**Springfield Local School District**  
**Summit County, Ohio**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Fund*  
*June 30, 2022*

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	Governmental Activities - Internal Service Fund
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 336,969
<b>Net Position</b>	
Unrestricted	\$ 336,969

See accompanying notes the basic financial statements.

**Springfield Local School District**  
**Summit County, Ohio**  
*Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2022*

	Governmental Activities - Internal Service Fund
<b>Operating Receipts</b>	
Charges for Services	\$ 4,865,313
<i>Total Operating Receipts</i>	4,865,313
<b>Operating Disbursements</b>	
Purchased Services	589,967
Claims	3,974,415
<i>Total Operating Disbursements</i>	4,564,382
<i>Operating Income (Loss)</i>	300,931
<i>Net Position Beginning of Year</i>	36,038
<i>Net Position End of Year</i>	\$ 336,969

See accompanying notes the basic financial statements.

**Springfield Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

The Springfield Local School District (the “School District”) was 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 is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District.

**Reporting Entity**

The reporting entity is required to be composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government 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 obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The 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).

***Northeast 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.

**Springfield Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

As discussed further in the Basis of Accounting section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Although Ohio Administrative Code Section 117-2-03 (C) requires the School District's financial report to follow generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The School District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. The School District also reports investments as assets, valued at cost basis.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and receipt for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and disbursements for goods or services received but not yet paid, and accrued liabilities and the related disbursements) are not recorded in these financial statements.

***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" receipts and disbursements.

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

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

**B. Fund Accounting**

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

**Governmental Funds** The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following is the School District's major governmental funds:

**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.

**Classroom Facilities Maintenance Fund** The classroom facilities maintenance fund accounts for the proceeds of a levy for the maintenance of facilities.

**Elementary and Secondary School Emergency Relief (ESSER) Fund** The ESSER fund provides emergency relief grants to school districts related to the COVID-19 pandemic.

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

**Classroom Facilities Fund** The classroom facilities fund accounts for monies received and expended in connection with contracts entered into by the school district and the Ohio School Facilities Commission for the building and equipping of classroom facilities.

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 Type** Proprietary funds are used to account for the School District's ongoing organizations and activities which are similar to those found in the private sector. Proprietary funds are classified either as enterprise or internal service.

**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 only internal service fund accounts for a self-insurance program for employee health benefits.

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***Fiduciary Funds*** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District does not have any Fiduciary Funds.

***C. Basis of Accounting***

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and receipt for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and disbursements for goods or services received but not yet paid, and accrued liabilities and the related disbursements) are not recorded in these financial statements.

***D. Budgetary Data***

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated receipts. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

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***E. Cash and Cash Equivalents***

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 the School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

Investments of the School District's cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and cash equivalents." Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

During fiscal year 2022, 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 2022, 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 \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the general fund to receive allocation of interest earnings. Interest receipts credited to the general fund during fiscal year 2022 amounted to \$4,672 with \$5,280 assigned from other funds.

***F. Inventory and Prepaid Items***

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

***G. Property, Plant and Equipment***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

***H. Interfund Receivables/Payables***

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

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***I. Accumulated Leave***

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

***J. Pensions and OPEB***

For purposes of measuring the net pension and net other postemployment benefits (OPEB) liability (asset), information about the fiduciary net position of the retirement plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, pension and health care benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the terms of the plan. The pension systems report investments at fair value.

***K. Long-Term Obligations***

The School District's cash basis financial statements do not report liabilities for bonds, leases and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a leased asset when entering into a lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

***L. Interfund Transactions***

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

***M. Net Position***

Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

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***N. 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 interfund loans.

*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.

*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 receipt 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 disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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***O. Operating Receipts and Disbursements***

Operating receipts are those receipts that are generated directly from the primary activity of the proprietary fund. For the School District, these receipts are charges for services for self-insurance programs. Operating disbursements are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All receipts and disbursements not meeting these definitions are classified as non-operating.

***P. Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2022, the School District has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and certain provisions of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the School District's financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraphs 13 and 14 of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 97 requirements that are related to a) the accounting and financial reporting for Section 457 plans and 2) determining whether a primary government is financially accountable for a potential component unit were implemented for fiscal year 2022. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the School District.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

The statement of receipts, disbursements and changes in fund balance - budget and actual (budget basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- a. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- b. Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

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The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the general fund and classroom facilities maintenance fund.

	<b>Net Change in Fund Balance</b>		
	General Fund	Classroom Facilities Maintenance	ESSER
Cash Basis	\$ 3,506,970	\$ 55,855	\$ (273,901)
Funds Budgeted Elsewhere**	(4,377)	-	-
Adjustment for Encumbrances	<u>(365,186)</u>	<u>(590)</u>	<u>(81,965)</u>
Budget Basis	<u>\$ 3,137,403</u>	<u>\$ 55,265</u>	<u>\$ (355,866)</u>

\*\* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis. This includes the Public School Support fund.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits 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.

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 can be deposited or invested in the following securities:

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- 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 exceeds the principal value of the agreement by at least two percent and be marked to market daily with the term of the agreement not exceeding 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 bankers' acceptance and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred and seventy days, respectively, in an amount not to exceed forty percent of the interim monies available for investment at any one time; and
- 8) Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 specific 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.

***Restricted Cash and Cash Equivalents*** - At fiscal year end, \$5,290,000 was held separately for required sinking fund deposits relating to the School District's qualified school construction bonds. These funds are not included in "deposit" or "investments" below.

***Deposits*** - At year-end, the School District's bank balance was \$7,951,590.35. Of the bank balance of \$7,951,590.35, \$250,000 was covered by FDIC, \$4,331,901.75 was collateralized by the financial institution's participation in the OPCS and \$3,619,688.60 was uninsured, uncollateralized and exposed to custodial credit risk. Although the securities were held by the pledging financial institution's 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.

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**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.

**Investments**

As of June 30, 2022, the School District had the following investment and maturity:

S&P Global Rating	Investment	Measurement Amount	Investment Maturities	Percent of Total
			12 Months or Less	
	Cost:			
AAAm	STAR Ohio	\$ 225,780	\$ 225,780	10.17%
N/A	US Treasury Money Market	1,993,360	1,993,360	89.83%
	Total	<u>\$ 2,219,140</u>	<u>\$ 2,219,140</u>	<u>100.00%</u>

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District’s investment policy limits investment portfolio maturities to two years or less for investments with a fixed interest rate, and one year or less for investments with a variable interest rate.

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, 2022, is 35 days.

**Concentration of Credit Risk.** The School District places no limit on the amount that may be invested in any one issuer.

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**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2020, 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 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2021, were levied after April 1, 2021 and are collected in 2021 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 Fiscal Officer and 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, 2022, are available to finance fiscal year 2022 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.

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 421,534,400	97.20%	\$ 424,100,000	97.10%
Public Utility Personal Property	12,109,920	2.80%	12,621,120	2.90%
	\$ 433,644,320	100.00%	\$ 436,721,120	100.00%

**NOTE 6 – 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.

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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 2022 a total expense of \$4,564,382 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$100,000.

**NOTE 7 - 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 these estimates 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.

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The remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

***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](http://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; or 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 may be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years 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. 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. The COLA is indexed to the percentage increase in the CPIW, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. SERS approved a 0.5 percent COLA for calendar year 2021.

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, 2022, 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 2022.

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The School District's contractually required contribution to SERS was \$506,710 for fiscal year 2022.

***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 website at [www.strsoh.org](http://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. 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 until 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. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any 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 plan unfunded liability. A member is eligible to receive a monthly 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 is deposited into the member's DC account and the remaining 2 percent is applied 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 at age 50 and after termination of employment.

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.

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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.

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. New members 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2022 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$1,776,177 for fiscal year 2022.

***Pension Liabilities***

The net pension liability was measured as of June 30, 2021, 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.09902220%	0.1022232%	
Prior Measurement Date	0.10926710%	0.10976006%	
Change in Proportionate Share	-0.01024490%	-0.00753774%	
Proportionate Share of the Net Pension Liability	\$ 3,653,632	\$ 13,070,042	\$ 16,723,674

***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.

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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 2132.

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, 2021, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
<b>Total</b>	<b>100.00 %</b>	

**Discount Rate** Total pension liability was calculated using the discount rate of 7.00 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 23-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 (7.00 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments was 28.18%.

**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 7.00 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 (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 6,078,746	\$ 3,653,632	\$ 1,608,427

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, are presented below:

Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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Post-retirement mortality rates for healthy retirees 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled 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 June 30, 2021 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011 through June 30, 2016. An actuarial experience study is done on a quinquennial basis.

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 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 %	

\*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 7.00 percent as of June 30, 2021. 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, 2021. Therefore, the long-term expected rate of return on investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

**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, 2021, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 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	\$ 24,475,298	\$ 13,070,042	\$ 3,432,626

***Assumption and Benefit Changes since the Prior Measurement Date*** The discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

**NOTE 8 - DEFINED BENEFIT OPEB PLANS**

See Note 7 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 Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://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, 2022, 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.

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For fiscal year 2022, this amount was \$25,000. 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 2022, the School District’s surcharge obligation was \$56,851.

***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 partial premium reimbursements will be continued indefinitely. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://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, 2022, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Liability (Asset)***

The net OPEB liability (asset) was measured as of June 30, 2021, 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:

	SERS	STRS
Proportion of the Net OPEB Liability (Asset):		
Current Measurement Date	0.10165800%	0.10222200%
Prior Measurement Date	0.11347700%	0.10976000%
Change in Proportionate Share	-0.01181900%	-0.00753800%
Proportionate Share of the Net		
OPEB Liability (Asset)	\$ 1,923,967	\$ (2,155,267)

***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).

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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, 2021, are presented below:

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate	
Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	6.750 percent - 4.40 percent
Medicare	5.125 percent - 4.40 percent

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

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 2016 through 2020, and was adopted by the Board on April 15, 2021. 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-

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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, 7.00 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, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 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 1.50 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 all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is 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. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

**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 (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent).

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Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 2,384,020	\$ 1,923,967	\$ 1,556,433

  

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 1,481,292	\$ 1,923,967	\$ 2,515,230

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, 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	7.00 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.00 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	29.98 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.

The actuarial assumptions used in the June 30, 2021 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
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	<u>100.00 %</u>	

\*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 7.00 percent as of June 30, 2021. 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 7.00 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2021.

**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, 2021, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2021, 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,818,712)	\$ (2,155,267)	\$ (2,436,408)
		<u>Current Trend Rate</u>	
	<u>1% Decrease</u>	<u>1% Increase</u>	
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,425,017)	\$ (2,155,267)	\$ (1,821,697)

**Springfield Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

**Assumption Changes Since the Prior Measurement Date** The discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

**Benefit Term Changes Since the Prior Measurement Date** The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.100 percent. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in current year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

**NOTE 9 – CONTINGENCIES AND SIGNIFICANT COMMITMENTS**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2022, 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 of 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 the District reports on a cash basis, any adjustments after fiscal year end would not affect the financial statements.

**NOTE 10 - 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:

Fund	Amount
General Fund	\$ 373,901
Classroom Facilities Maintenance Fund	590
ESSER	81,965
Other Governmental Funds	312,360
	\$ 768,816

**Springfield Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

**NOTE 11 - LONG - TERM OBLIGATIONS**

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

	Outstanding 6/30/21	Additions	Reductions	Outstanding 6/30/22	Amounts Due in One Year
<b>Governmental Activities:</b>					
<i>Direct Placement</i>					
Energy Conservation Bonds, Series 2017	\$ 575,000	\$ -	\$ (75,000)	\$ 500,000	\$ 80,000
2019 Bus Transportation Depot	2,740,000	-	(160,000) *	2,580,000	165,000
<i>Total Direct Placement</i>	<u>3,315,000</u>	<u>-</u>	<u>(235,000)</u>	<u>3,080,000</u>	<u>245,000</u>
<i>School Facilities Improvement Bonds</i>					
Series 2010B Build America Bonds	20,200,000	-	-	20,200,000	-
Series 2010C Qualified School Construction Bonds	11,260,000	-	-	11,260,000	-
<i>Total School Facilities Improvement Bonds</i>	<u>31,460,000</u>	<u>-</u>	<u>-</u>	<u>31,460,000</u>	<u>-</u>
<i>Total Governmental Activities Long-Term Obligations</i>	<u>\$ 34,775,000</u>	<u>\$ -</u>	<u>\$ (235,000)</u>	<u>\$ 34,540,000</u>	<u>\$ 245,000</u>

\*During the Fiscal year, the bank covered this principal payment.

The bus transportation depot bond, energy conservation bond and the school facilities bonds will be paid from the debt service fund.

***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.

***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. 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

**Springfield Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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	855,000
2021	910,000	910,000
2022	925,000	-
2023	935,000	-
2024	995,000	-
2025	1,010,000	-
2026	1,025,000	-
2027	1,080,000	-
	<u>\$ 11,260,000</u>	<u>\$ 5,290,000</u>

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

***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.

**Springfield Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

Principal and interest requirements to retire the long-term note and general obligation bonds outstanding at June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Build America		Qualified School Construction		Energy Conservation	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	-	1,210,613	-	591,150	80,000	10,120
2024	-	1,210,613	-	591,150	80,000	8,360
2025	-	1,210,613	-	591,150	80,000	6,600
2026	-	1,210,613	-	591,150	85,000	4,785
2027	-	1,210,613	11,260,000	591,150	85,000	2,915
2028 - 2032	5,380,000	5,594,284	-	295,575	90,000	990
2033 - 2037	6,965,000	3,928,873	-	-	-	-
2038 - 2042	7,855,000	1,714,081	-	-	-	-
Totals	<u>\$20,200,000</u>	<u>\$17,290,303</u>	<u>\$11,260,000</u>	<u>\$ 3,251,325</u>	<u>\$ 500,000</u>	<u>\$ 33,770</u>

Fiscal Year Ending June 30,	Bus Transportation Depot		Total	
	Principal	Interest	Principal	Interest
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	180,000	54,648	265,000	1,861,196
2027	185,000	49,611	11,530,000	1,854,289
2028 - 2032	1,015,000	167,049	6,485,000	6,057,898
2033 - 2037	690,000	28,842	7,655,000	3,957,715
2038 - 2042	-	-	7,855,000	1,714,081
Totals	<u>\$ 2,580,000</u>	<u>\$ 492,936</u>	<u>\$ 34,540,000</u>	<u>\$21,068,334</u>

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

**NOTE 12 – 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.

**Springfield Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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	Capital Improvement Reserve
Set-Aside Restricted Balance as of June 30, 2021	\$ -
Current Year Set-Aside Requirement	367,718
Current Year Offsets	<u>(476,125)</u>
Total	<u>\$ (108,407)</u>
Balance Carried Forward to Fiscal Year 2023	<u>\$ -</u>
Set-aside Restricted Balance June 30, 2022	<u>\$ -</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.

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**Springfield Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

**NOTE 13 – 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	Classroom Facilities Maintenance	ESSER	Debt Service	Classroom Facilities	Other Governmental Funds	Total
Nonspendable:							
Unclaimed Monies	\$ 7,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,201
Total Nonspendable	<u>7,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,201</u>
Restricted for:							
Debt Service	-	-	-	5,972,578	-	-	5,972,578
Capital Outlay	-	-	-	-	1,252,592	767,468	2,020,060
Management Info Systems	-	-	-	-	-	6,101	6,101
Federal and State Grant Programs	-	-	-	-	-	39,852	39,852
Athletics	-	-	-	-	-	136,755	136,755
Food Services	-	-	-	-	-	18,593	18,593
Other Purposes	-	965,824	-	-	-	235,979	1,201,803
Other Grants	-	-	-	-	-	59,692	59,692
Total Restricted	<u>-</u>	<u>965,824</u>	<u>-</u>	<u>5,972,578</u>	<u>1,252,592</u>	<u>1,264,440</u>	<u>9,455,434</u>
Committed for:							
Other Purposes:	130	-	-	-	-	-	130
Total Committed	<u>130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130</u>
Assigned for:							
Encumbrances:							
Instruction	27,661	-	-	-	-	-	27,661
Support	328,277	-	-	-	-	-	328,277
Extracurricular Activities	9,250	-	-	-	-	-	9,250
Community Education	1,034	-	-	-	-	-	1,034
Recreation Fund	9	-	-	-	-	-	9
Public	84,812	-	-	-	-	-	84,812
Total Assigned	<u>451,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>451,043</u>
Unassigned	<u>325,199</u>	<u>-</u>	<u>(296,457)</u>	<u>-</u>	<u>-</u>	<u>(336,899)</u>	<u>(308,157)</u>
Total Fund Balance	<u>\$ 783,573</u>	<u>\$ 965,824</u>	<u>\$ (296,457)</u>	<u>\$ 5,972,578</u>	<u>\$ 1,252,592</u>	<u>\$ 927,541</u>	<u>\$ 9,605,651</u>

**Springfield Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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	Deficit Fund Balance
ESSER	\$ 296,457
Other Governmental Funds:	
Vocational Education Enhancement	8,835
Student Wellness and Success	5,710
Rural and Small Town FY21	3,822
Title VI-B	92,700
Title I	202,727
Drug Free	765
Title VI-R	18,702
Miscellaneous Federal Grants	3,638
Total	\$ 633,356

**NOTE 14 – ACCOUNTABILITY AND COMPLIANCE**

***A. Accountability***

Ohio Adm. Code Section 117-2-03(C) requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2022, the School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

At June 30, 2022, the School District had deficit balances in the amount of \$633,356 as previously disclosed in Note 13. The General Fund provides transfers to cover deficit balance; however, this is done when cash is needed.

***B. Compliance***

The District's ESSER fund had expenses in excess of appropriations of \$387,397, as of June 30, 2022.

**NOTE 15 – FISCAL WATCH**

On September 14, 2021, the District was placed in fiscal watch 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**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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**NOTE 16 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2022, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2022, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

**SPRINGFIELD LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>	<b>Total Federal Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
School Breakfast Program	10.553	102587-3L70-2022	\$183,573	
National School Lunch Program	10.555	102587-3L60-2022	775,685	92,497
COVID-19 National School Lunch Program	10.555	102587-3L60-2022	33,976	
Total Child Nutrition Cluster			993,234	92,497
COVID-19 State Pandemic Electronic Benefit Transfer Administrative Cost Grants	10.649	102587-3FH0-2022	3,063	
<b>Total U.S. Department of Agriculture</b>			<b>996,297</b>	<b>92,497</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>				
<i>Passed Through Ohio Department of Education</i>				
COVID-19 Coronavirus Relief Fund	21.019	102587-5CV1-2022	555	
<b>Total U.S. Department of the Treasury</b>			<b>555</b>	
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	102587-3M00-2021	90,067	
Title I Grants to Local Educational Agencies	84.010	102587-3M00-2022	389,052	
Title I Grants to Local Educational Agencies	84.010	102587-3M00-2022	30,873	
Total Title I Grants to Local Educational Agencies			509,992	
Special Education Grants to States	84.027	102587-3M20-2021	94,555	
Special Education Grants to States	84.027	102587-3M20-2022	530,479	
COVID-19 ARP Special Education Grants to States	84.027X	102587-3IA0-2022	3,392	
Special Education Preschool Grants	84.173	102587-3C50-2021	988	
Special Education Preschool Grants	84.173	102587-3C50-2022	11,388	
COVID-19 ARP Special Education Preschool Grants	84.173X	102587-3IA0-2022	3,075	
Total Special Education Cluster			643,877	
Supporting Effective Instruction State Grants	84.367	102587-3Y60-2021	31,589	
Supporting Effective Instruction State Grants	84.367	102587-3Y60-2022	30,424	
Total Supporting Effective Instruction State Grants			62,013	
Student Support and Academic Enrichment Program	84.424	102587-3HI0-2021	7,084	
Student Support and Academic Enrichment Program	84.424	102587-3HI0-2022	25,753	
Total Student Support and Academic Enrichment Program			32,837	
COVID-19 Elementary and Secondary School Emergency Relief I	84.425D	102587-3HS0-2021	40,303	
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	102587-3HS0-2022	1,387,258	
COVID-19 ARP Elementary and Secondary School Emergency Relief	84.425U	102587-3HS0-2022	1,879,282	
Total Elementary and Secondary School Emergency Relief			3,306,843	
<b>Total U.S. Department of Education</b>			<b>4,555,562</b>	
<b>Total Expenditures of Federal Awards</b>			<b>\$5,552,414</b>	<b>\$92,497</b>

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, 2022**

**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) under programs of the federal government for the year ended June 30, 2022. 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 2022 to 2023 programs:

<b>Program Title</b>	<b>AL Number</b>	<b>Amt. Transferred</b>
Title I Grants to Local Educational Agencies	84.010	\$ 381,469
Special Education - Grants to States	84.027	\$ 8,340
Supporting Effective Instruction State Grants	84.367	\$ 117,367
Student Support and Academic Enrichment Program	84.424	\$ 50,233
Special Education Preschool Grants	84.173	\$ 477
COVID-19 Elementary and Secondary School Emergency Relief II	84.425U	\$ 223,928

# 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  
2141 Pickle Road  
Akron, Ohio 44312

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 17, 2023.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-001 through 2022-003.

***District's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and/or corrective action plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 17, 2023

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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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  
2141 Pickle Road  
Akron, Ohio 44312

To the Board of Education:

### Report on Compliance for The Major Federal Program

#### *Opinion on The Major Federal Program*

We have audited Springfield Local School District's, Summit County, (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Springfield Local School District's major federal programs for the year ended June 30, 2022. Springfield Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Springfield Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

#### *Basis for Opinion on the Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 17, 2023

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**SPRINGFIELD LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2022**

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

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

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

**FINDING NUMBER 2022-001**

NONCOMPLIANCE AND MATERIAL WEAKNESS

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

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

The District's fiscal year 2022 accounting records documented the following year-end negative fund balances after failing to meet the conditions above:

- Uniform School Supplies Fund # 009 - (\$183);
- Vocational Education Enhancement Fund # 461 - (\$8,835);
- Student Wellness & Success Fund # 467 - (\$5,710);
- Elementary/Secondary School Relief Fund # 507 - (\$296,456);
- Coronavirus Relief Fund # 510 - (\$3,823);
- IDEA Part B Special Education Fund # 516 - (\$92,700);
- Title I-Disadvantaged Children Fund # 572 - (\$202,724);
- Drug Free School Grant # 584 - (\$765);
- Improving Teacher Quality Fund # 590 - (\$18,703);
- Miscellaneous Federal Grants # 599 - (\$3,638).

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.

**Official's Response:** See Corrective Action Plan

**FINDING NUMBER 2022-002**

NONCOMPLIANCE

**Ohio Rev. Code §117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Admin. Code 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the Entity to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the Entity may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the Entity's ability to evaluate and monitor the overall financial condition of the Entity. To help provide the users with more meaningful financial statements, the Entity should prepare its annual financial statements according to generally accepted accounting principles.

**Official's Response:** See Corrective Action Plan

### FINDING NUMBER 2022-003

#### NONCOMPLIANCE

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the District's ESSR fund had expenses in excess of appropriations of \$387,397, as of June 30, 2022.

Failure to have adequate appropriations in place at the time expenses are made could cause expenses to exceed available resources, further resulting in deficit spending practices.

The Board of Education should closely monitor expenditures/expenses and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures/expenses exceeding appropriations. Additionally, the Treasurer should deny payment requests exceeding appropriations when appropriations are inadequate to cover expenditures/expenses.

**Official's Response:** See Corrective Action Plan

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

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# Springfield Local Schools

## BOARD OF EDUCATION



**Christina Ziga-Budd**  
DIRECTOR OF  
STUDENT SERVICES

**Christopher Adams**  
TREASURER

**Shelley Monachino**  
SUPERINTENDENT

**Dustin Boswell**  
BUSINESS MANAGER

**Mary Meadows**  
DIRECTOR OF CURRICULUM  
& INSTRUCTION

2141 Pickle Road · Akron, OH 44312 P: 330-798-1111 F: 330-798-1161 [www.springfieldspartans.org](http://www.springfieldspartans.org)

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) JUNE 30, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Ohio Rev. Code § 3315.20 the district had several funds with negative fund balances at fiscal year end.	Repeated as finding 2022-001	See corrective action plan
2021-002	Ohio Rev. Code § 5705.39 the Districts had appropriations which exceeded estimated resources	Corrected	
2021-003	Ohio Admin. Code § 117- 2-03(B) the District did not file financial statements in accordance with generally accepted accounting principles	Repeated as finding 2022-002	See corrective action plan
2021-004	The District had several material audit adjustments	Partially corrected	Refer to the management letter

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### CORRECTIVE ACTION PLAN

**2 CFR § 200.511(c)**

**JUNE 30, 2022**

Finding Number: 2022-001

Planned Corrective Action: The treasurer will closely monitor negative fund balances and take the necessary steps to bring the funds to positive/zero balance.

Anticipated Completion Date: Nov 30 2023

Responsible Contact Person: Christopher Adams, Treasurer

Finding Number: 2022-002

Planned Corrective Action: No corrective action will be taken until the district financials support the expense. The district is hoping that a levy passage will result in the release of fiscal watch.

Responsible Contact Person: Christopher Adams, Treasurer

Finding Number: 2022-003

Planned Corrective Action: Monitoring to make sure actual expenditures do not exceed the latest appropriation amounts.

Anticipated Completion Date: Nov 30, 2023

Responsible Contact Person: Christopher Adams, Treasurer

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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 6/29/2023**

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](http://www.ohioauditor.gov)