



**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY
JUNE 30, 2024**

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY
JUNE 30, 2024**

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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, 2024, 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, 2024, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General fund 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 for the purpose of forming opinions on the financial statements 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 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 in the audit of 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 August 11, 2025, 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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 11, 2025

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Springfield Local School District
Summit County, Ohio
Statement of Net Position - Cash Basis
June 30, 2024

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 8,385,646
Restricted Cash and Cash Equivalents	<u>7,150,000</u>
<i>Total Assets</i>	<u><u>\$ 15,535,646</u></u>
Net Position	
Restricted for:	
Capital Outlay	\$ 509,221
Debt Service	8,071,172
Other Purposes	1,916,292
Unrestricted	<u>5,038,961</u>
<i>Total Net Position</i>	<u><u>\$ 15,535,646</u></u>

See accompanying notes to the basic financial statements.

See accompanying notes the basic financial statements.

Springfield Local School District
Summit County, Ohio
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2024

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$ 10,082,492	\$ 603,741	\$ 1,218,939	\$ (8,259,812)
Special	4,620,141	169,575	1,767,412	(2,683,154)
Vocational	106,363	-	-	(106,363)
Other	1,194,752	-	-	(1,194,752)
Support Services:				
Pupils	2,129,617	-	128,665	(2,000,952)
Instructional Staff	1,906,408	-	23,754	(1,882,654)
Board of Education	49,564	-	-	(49,564)
Administration	1,648,327	-	-	(1,648,327)
Fiscal	776,621	-	-	(776,621)
Business	217,585	-	-	(217,585)
Operation and Maintenance of Plant	2,039,227	822	2,593	(2,035,812)
Pupil Transportation	1,640,473	-	-	(1,640,473)
Central	144,838	-	-	(144,838)
Operation of Non-Instructional Services:				
Food Service Operations	798,412	166,658	525,495	(106,259)
Community Services	121,835	-	81,363	(40,472)
Extracurricular Activities	751,904	355,280	2,270	(394,354)
Capital Outlay	1,496,441	-	-	(1,496,441)
Debt Service:				
Principal Retirement	250,000	-	-	(250,000)
Interest and Fiscal Charges	1,922,345	-	-	(1,922,345)
Totals	\$ 31,897,345	\$ 1,296,076	\$ 3,750,491	\$ (26,850,778)

General Receipts

Property Taxes Levied for:

General Purposes	\$ 13,286,705
Debt Service	2,746,980
Capital Outlay	230,292
Classroom Facilities Maintenance	185,760
Grants and Entitlements not Restricted to Specific Programs	12,447,159
Investment Earnings	527,547
Miscellaneous	194,418

Total General Receipts 29,618,861

Change in Net Position 2,768,083

Net Position Beginning of Year 12,767,563

Net Position End of Year \$ 15,535,646

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, 2024

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 5,041,906	\$ 921,172	\$ 2,416,429	\$ 8,379,507
Restricted Cash and Cash Equivalents	-	7,150,000	-	7,150,000
<i>Total Assets</i>	<u>\$ 5,041,906</u>	<u>\$ 8,071,172</u>	<u>\$ 2,416,429</u>	<u>\$ 15,529,507</u>
Fund Balances				
Nonspendable	\$ 7,986	-	-	\$ 7,986
Restricted	-	8,071,172	2,417,527	10,488,699
Committed	130	-	-	130
Assigned	546,353	-	-	546,353
Unassigned	4,487,437	-	(1,098)	4,486,339
<i>Total Fund Balances</i>	<u>\$ 5,041,906</u>	<u>\$ 8,071,172</u>	<u>\$ 2,416,429</u>	<u>\$ 15,529,507</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, 2024

Total Governmental Fund Balances	\$ 15,529,507
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*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.

6,139

Net Position of Governmental Activities

<u><u>\$ 15,535,646</u></u>

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, 2024

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 13,286,705	\$ 2,746,980	\$ -	\$ 401,585	\$ 16,435,270
Intergovernmental	12,071,534	347,159	-	3,844,353	16,263,046
Investment Income	527,547	-	-	-	527,547
Tuition and Fees	599,167	-	-	-	599,167
Extracurricular Activities	54,353	-	-	299,684	354,037
Gifts and Donations	1,611	-	-	2,270	3,881
Charges for Services	-	-	-	167,480	167,480
Rent	175,392	-	-	-	175,392
Miscellaneous	119,758	-	-	19,850	139,608
<i>Total Receipts</i>	<u>26,836,067</u>	<u>3,094,139</u>	<u>-</u>	<u>4,735,222</u>	<u>34,665,428</u>
Disbursements					
Current:					
Instruction:					
Regular	8,462,907	-	-	1,619,585	10,082,492
Special	2,912,237	-	-	1,707,904	4,620,141
Vocational	106,363	-	-	-	106,363
Other	1,194,752	-	-	-	1,194,752
Support Services:					
Pupils	1,968,336	-	-	161,281	2,129,617
Instructional Staff	1,891,082	-	-	15,326	1,906,408
Board of Education	49,564	-	-	-	49,564
Administration	1,648,327	-	-	-	1,648,327
Fiscal	776,621	-	-	-	776,621
Business	217,585	-	-	-	217,585
Operation and Maintenance of Plant	2,035,288	-	-	3,939	2,039,227
Pupil Transportation	1,640,473	-	-	-	1,640,473
Central	142,951	-	-	-	142,951
Extracurricular Activities	494,512	-	-	257,392	751,904
Operation of Non-Instructional Services:					
Food Service Operations	-	-	-	798,412	798,412
Community Services	-	-	-	121,835	121,835
Capital Outlay	-	-	-	1,496,441	1,496,441
Debt Service:					
Principal Retirement	-	250,000	-	-	250,000
Interest and Fiscal Charges	-	1,922,345	-	-	1,922,345
<i>Total Disbursements</i>	<u>23,540,998</u>	<u>2,172,345</u>	<u>-</u>	<u>6,182,115</u>	<u>31,895,458</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,295,069</u>	<u>921,794</u>	<u>-</u>	<u>(1,446,893)</u>	<u>2,769,970</u>
Other Financing Sources (Uses)					
Transfers In	32,463	234,308	-	351,099	617,870
Transfers Out	(585,407)	-	-	(32,463)	(617,870)
<i>Total Other Financing Sources (Uses)</i>	<u>(552,944)</u>	<u>234,308</u>	<u>-</u>	<u>318,636</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>2,742,125</u>	<u>1,156,102</u>	<u>-</u>	<u>(1,128,257)</u>	<u>2,769,970</u>
<i>Fund Balances Beginning of Year, as previously reported</i>	<u>2,299,781</u>	<u>6,915,070</u>	<u>1,467,254</u>	<u>2,077,432</u>	<u>12,759,537</u>
Change within Financial Reporting Entity (Change in Major Funds)	-	-	(1,467,254)	1,467,254	-
<i>Fund Balances Beginning of Year, as adjusted</i>	<u>2,299,781</u>	<u>6,915,070</u>	<u>-</u>	<u>3,544,686</u>	<u>12,759,537</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,041,906</u>	<u>\$ 8,071,172</u>	<u>\$ -</u>	<u>\$ 2,416,429</u>	<u>\$ 15,529,507</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, 2024*

Net Change in Fund Balances - Total Governmental Funds	\$ 2,769,970
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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>(1,887)</u>
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<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 2,768,083</u></u>
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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)
General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts and Other Financing Sources	\$ 26,745,296	\$ 27,825,044	\$ 26,810,644	\$ (1,014,400)
Disbursements and Other Financing Uses	<u>25,722,333</u>	<u>24,658,357</u>	<u>24,531,983</u>	<u>126,374</u>
Net Change in Fund Balance	1,022,963	3,166,687	2,278,661	(888,026)
<i>Fund Balance Beginning of Year</i>	1,658,759	1,658,759	1,658,759	-
Prior Year Encumbrances Appropriated	<u>547,824</u>	<u>547,824</u>	<u>547,824</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 3,229,546</u></u>	<u><u>\$ 5,373,270</u></u>	<u><u>\$ 4,485,244</u></u>	<u><u>\$ (888,026)</u></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, 2024

	Governmental Activities - Internal Service Fund
	<hr/>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 6,139
	<hr/>
Net Position	
Unrestricted	\$ 6,139
	<hr/>

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, 2024

	Governmental Activities - Internal Service Fund
Operating Disbursements	
Claims	\$ 1,887
<i>Change in Net Position</i>	(1,887)
<i>Net Position Beginning of Year</i>	8,026
<i>Net Position End of Year</i>	\$ 6,139

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, 2024

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. During the fiscal year ended June 30, 2024, the School District paid \$343,569 to NEOnet for basic service charges.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Portage Area School Consortium

The Portage Area School Consortium (the "Consortium") is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in Washington, Columbiana, Portage, Harrison, Belmont, Tuscarawas, Mahoning and Summit counties. The Consortium is a stand-alone entity, comprised of two stand-alone Pools; the Portage County School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These Pools were established by the Consortium on August 5, 1988 to provide property and casualty risk management services and risk sharing to its members. The Pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code.

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

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.

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

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

Proprietary Fund 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. As of July 1, 2022, the District is no longer self-insured, but for fiscal year 2024 continued to pay outstanding expenses from the internal service fund.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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 2024, the School District invested in money market and 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.

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 \$100 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 2024 amounted to \$527,547 with \$392,686 assigned from other funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. 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.

H. 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.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

I. 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.

J. 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.

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement benefits.

L. 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.

M. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds 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 capital asset (including the intangible right to use) when entering into a lease, subscription-based information technology arrangements (SBITA) or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease, SBITA and financed purchase payments are reported when paid.

N. Leases

Lease receivables/payables are not reflected under the School District's cash basis of accounting. Lease receipts/disbursements are recognized when they are received/paid.

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

O. 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.

P. 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.

Q. 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.

Springfield Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

R. 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.

S. Change within the Financial Reporting Entity and Adjustment to Fund Balance

For fiscal year 2024, GASB Statement No. 100, *Accounting Changes and Error Corrections* was effective. This GASB pronouncement had no effect on beginning net position/fund balance as the School District had no accounting changes or error corrections related to fiscal year 2024. For fiscal year 2024, the Permanent Improvement capital projects fund presentation was changed from major to nonmajor.

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).

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.

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Summit County, Ohio
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Net Change in Fund Balance

	<u>General Fund</u>
Cash Basis	\$ 2,742,125
Funds Budgeted Elsewhere**	11,206
Adjustment for Encumbrances	<u>(474,670)</u>
Budget Basis	<u><u>\$ 2,278,661</u></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, Uniform Fund, Community Education Fund, Recreation Fund, Stadium Fund, Veteran's Plaque Donations Fund and Unclaimed Funds.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into two 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:

- 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;

Springfield Local School District
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- 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, \$7,150,000 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, \$2,084,858 of the School District's bank balance was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Springfield Local School District
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Notes to the Basic Financial Statements
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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, 2024, the School District had the following investments and maturities:

S&P Global Rating	Investment	Measurement Amount	Investment Maturities	Percent of Total
			12 Months or Less	
	Net Asset Value (NAV):			
AAAm	STAR Ohio	\$ 11,099,921	\$ 11,099,921	83.59%
	Cost:			
N/A	US Treasury Money Market	2,178,615	2,178,615	16.41%
	Total	<u>\$ 13,278,536</u>	<u>\$ 13,278,536</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, 2024, is 47 days.

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

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.

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Notes to the Basic Financial Statements
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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 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2022, 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 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2023, were levied after April 1, 2023 and are collected in 2023 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, 2024, are available to finance fiscal year 2024 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 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 438,683,330	97.01%	\$ 559,278,200	97.46%
Public Utility Personal Property	13,454,540	2.99%	14,541,550	2.54%
	<u>\$ 452,137,870</u>	<u>100.00%</u>	<u>\$ 573,819,750</u>	<u>100.00%</u>
Full Tax Rate per \$1,000 of assessed valuation	<u>\$ 53.83</u>		<u>\$ 51.70</u>	

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 6 – INTERFUND

Interfund Transfers

Transfers made during 2024 were as follows:

	Transfers Out	Transfers In
General Fund	\$ 585,407	\$ 32,463
Debt Service	-	234,308
Other Governmental	32,463	351,099
Total	<u>\$ 617,870</u>	<u>\$ 617,870</u>

The transfers from the general fund are made to move unrestricted balances to support programs and projects accounted for in other funds. The transfers from the other governmental funds to the general fund are to transfer residual balances.

NOTE 7 – RISK MANAGEMENT

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

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

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

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

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

The 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 funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 9 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, to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Springfield Local School District
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Age and service requirements for retirement are as follows:

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

* Members with 25 years of service credit as of August 1, 2017, 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 CPI-W, 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 the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$486,491 for fiscal year 2024.

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 system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

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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. Eligibility charges will be phased in until August 1, 2023 when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 percent of the 14 percent member rate 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. 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 on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC plan who become disabled are entitled only to their account balance. 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 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,534,749 for fiscal year 2024.

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Net Pension Liability

The net pension liability was measured as of June 30, 2023, 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	0.0806632%	0.08269667%	
Prior Measurement Date	0.0847387%	0.09089343%	
Change in Proportionate Share	<u>-0.0040755%</u>	<u>-0.00819676%</u>	
Proportionate Share of the Net Pension Liability	\$ 4,457,055	\$ 17,808,676	\$ 22,265,731

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 termination). 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 pension liability in the latest actuarial valuation, prepared as of June 30, 2023, are presented below:

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Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
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 disabled 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14.00 percent. Projected inflows from investment earnings were calculated using the long term assumed investment rate of return, 7.00 percent. Based on those assumptions, the

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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 pension plan 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, for fiscal year 2023 was 6.90 percent.

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	\$ 6,578,389	\$ 4,457,055	\$ 2,670,240

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, actuarial valuation, are presented below:

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2015, through June 30, 2021. 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:

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Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

*Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of 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, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. 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, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability 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 rate:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 27,385,803	\$ 17,808,676	\$ 9,709,048

Assumption and Benefit Changes Since the Prior Measurement Date The discount rate remained at 7.00 percent for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 9 - DEFINED BENEFIT OPEB PLANS

The net OPEB liability (asset) is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

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See Note 8 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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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 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 fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$57,958. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2024.

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,

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prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of June 30, 2023, 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	0.0828276%	0.08269667%
Prior Measurement Date	0.0866923%	0.09089343%
Change in Proportionate Share	<u>-0.0038647%</u>	<u>-0.00819676%</u>
Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,364,539	\$ (1,608,336)

Actuarial Assumptions - SERS

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

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

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

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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, 2023, 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 expenses, including expenses
Fiduciary Net Position Depletion	Projected to be 2048
Municipal Bond Index Rate	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate	
Measurement Date	4.27 percent, net of plan investment expense, including price inflation
Prior Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.125 percent - 4.40 percent
Pre-Medicare	6.75 percent - 4.40 percent
Medical Trend Assumption	6.75 percent - 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted 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 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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 in 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 long-normal distribution analysis in which best-estimate ranges of expected future real rates of return 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 timeframe. 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.

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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 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 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, 2023, and the June 30, 2022, 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 3.86 percent at June 30, 2023 and 3.69 percent at June 30, 2022.

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 (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). 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).

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	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 1,744,272	\$ 1,364,539	\$ 1,065,105
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 1,002,480	\$ 1,364,539	\$ 1,844,317

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Projected Salary Increases	Varies by service from 2.50 percent to 8.50 percent	Varies by service from 2.50 percent to 8.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. 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	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

*Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of 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, 2023. 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

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, 2023, 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 if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

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	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB (Asset)	\$ (1,361,246)	\$ (1,608,336)	\$ (1,823,525)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB (Asset)	\$ (1,833,511)	\$ (1,608,336)	\$ (1,337,117)

Assumption Changes Since the Prior Measurement Date The discount rate remained unchanged at 7.00 percent for the June 30, 2023 valuation.

Benefit Term Changes Since the Prior Measurement Date Healthcare trends were updated to reflect emerging claims and recoveries experiences as well as benefit changes effective January 1, 2024.

NOTE 10 – CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2024, 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 and Workforce (DEW) 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. The final Ohio DEW adjustment resulted in a payable to the District. However, as the District reports on a cash basis, the adjustment has no financial effect on the financial statements.

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NOTE 11 - 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	\$ 474,670
Other Governmental Funds	867,262
	<u>\$ 1,341,932</u>

NOTE 12 - LONG - TERM OBLIGATIONS

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

	Outstanding 6/30/23	Additions	Reductions	Outstanding 6/30/24	Amounts Due in One Year
Governmental Activities:					
<i>Direct Placement</i>					
Energy Conservation Bonds, Series 2017	\$ 420,000	\$ -	\$ (80,000)	\$ 340,000	\$ 80,000
2019 Bus Transportation Depot	2,415,000	-	(170,000)	2,245,000	175,000
<i>Total Direct Placement</i>	<u>2,835,000</u>	<u>-</u>	<u>(250,000)</u>	<u>2,585,000</u>	<u>255,000</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>\$ 34,295,000</u>	<u>\$ -</u>	<u>\$ (250,000)</u>	<u>\$ 34,045,000</u>	<u>\$ 255,000</u>

Energy Conservation Bonds, Series 2017

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

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For the Fiscal Year Ended June 30, 2024

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 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	925,000
2023	935,000	935,000
2024	995,000	-
2025	1,010,000	-
2026	1,025,000	-
2027	1,080,000	-
	<u>\$ 11,260,000</u>	<u>\$ 7,150,000</u>

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

Principal and interest requirements to retire the long-term note and general obligation bonds outstanding at June 30, 2024 are as follows:

Fiscal Year Ending June 30,	Build America		Qualified School Construction		Energy Conservation	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	1,210,613	-	295,575	90,000	990
2029	970,000	1,183,211	-	-	-	-
2030 - 2034	5,680,000	5,005,189	-	-	-	-
2035 - 2039	7,280,000	3,094,344	-	-	-	-
2040 - 2043	6,270,000	743,881	-	-	-	-
Totals	<u>\$ 20,200,000</u>	<u>\$ 14,869,077</u>	<u>\$ 11,260,000</u>	<u>\$ 2,069,025</u>	<u>\$ 340,000</u>	<u>\$ 15,290</u>

Fiscal Year Ending June 30,	Bus Transportation Depot		Total	
	Principal	Interest	Principal	Interest
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	190,000	44,436	280,000	1,551,614
2029	195,000	39,123	1,165,000	1,222,334
2030 - 2034	1,085,000	109,089	6,765,000	5,114,278
2035 - 2039	235,000	3,243	7,515,000	3,097,587
2040 - 2042	-	-	6,270,000	743,881
Totals	<u>\$ 2,245,000</u>	<u>\$ 359,697</u>	<u>\$ 34,045,000</u>	<u>\$ 17,313,089</u>

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

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 13 – STATUTORY RESERVES

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

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

	<u>Capital Improvement Reserve</u>
Set-Aside Restricted Balance as of June 30, 2023	\$ -
Current Year Set-Aside Requirement	367,909
Current Year Offsets	<u>(442,907)</u>
Total	<u>\$ (74,998)</u>
 Balance Carried Forward to Fiscal Year 2025	 <u>\$ -</u>
 Set-aside Restricted Balance June 30, 2024	 <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, 2024

NOTE 14 – FUND BALANCE

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

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

	General	Debt Service	Other Governmental Funds	Total
Nonspendable:				
Unclaimed Monies	\$ 7,986	\$ -	\$ -	\$ 7,986
Total Nonspendable	7,986	-	-	7,986
Restricted for:				
Debt Service	-	8,071,172	-	8,071,172
Capital Outlay	-	-	509,221	509,221
Management Info Systems	-	-	12,076	12,076
Federal and State Grant Programs	-	-	455,911	455,911
Athletics	-	-	221,650	221,650
Food Services	-	-	43,084	43,084
Classroom Facilities Maintenance	-	-	1,060,535	1,060,535
Other Purposes	-	-	115,050	115,050
Total Restricted	-	8,071,172	2,417,527	10,488,699
Committed for:				
Other Purposes:	130	-	-	130
Total Committed	130	-	-	130
Assigned for:				
Encumbrances:				
Instruction	48,556	-	-	48,556
Support	420,356	-	-	420,356
Extracurricular Activities	258	-	-	258
Building Improvement Services	5,500	-	-	5,500
Uniform School Supplies	149	-	-	149
Community Education	1,034	-	-	1,034
Public School Support	70,500	-	-	70,500
Total Assigned	546,353	-	-	546,353
Unassigned	4,487,437	-	(1,098)	4,486,339
Total Fund Balance	\$ 5,041,906	\$ 8,071,172	\$ 2,416,429	\$ 15,529,507

Springfield Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

	Deficit Fund Balance
Other Governmental Funds:	
Early Childhood Education	\$ 638
Preschool Handicapped	460
Total	<u>\$ 1,098</u>

The General Fund provides transfers to cover deficit balance; however, this is done when cash is needed.

NOTE 15 – ACCOUNTABILITY AND COMPLIANCE

Ohio Adm. Code Section 117-2-03(B) requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2024, 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.

NOTE 16 – FISCAL WATCH

On September 14, 2021, the District was placed in fiscal watch by the Ohio Department of Education and Workforce (DEW). This declaration results in the School District being required to prepare a recovery plan to correct the fiscal deficiencies and technical assistance will be provided to the School District by DEW.

SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education and Workforce</i>			
<i>Cash Assistance:</i>			
National School Breakfast Program	10.553	29H41-3L70-2024	\$ 101,827
National School Lunch Program	10.555	29H41-3L60-2024	\$ 412,178
COVID-19 - National School Lunch Program	10.555	29H41-3L60-2024	\$ 55,765
<i>Non-Cash Assistance:</i>			
National School Lunch Program/Commodities	10.555	N/A	\$ 57,896
Total Child Nutrition Cluster			\$ 627,666
Total U.S. Department of Agriculture			\$ 627,666
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through Ohio Facilities Construction Commission</i>			
COVID-19 - School Safety Grant	21.027	N/A	\$ 300,664
Total U.S. DEPARTMENT OF THE TREASURY			\$ 300,664
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education and Workforce</i>			
COVID-19 - ARP ESSER	84.425U	29H41-3HS0-2023	\$ 911,561
COVID-19 - ARP ESSER	84.425U	29H41-3HS0-2022	\$ 107,897
COVID-19 - ESSER - ARP Homeless round II	84.425W	29H41-3HS0-2023	\$ 750
Total Elementary and Secondary School Emergency Relief			\$ 1,020,208
COVID-19 - IDEA - Part B Special Education	84.027X	29H41-3M20-2024	\$ 112,559
IDEA-B - Special Education	84.027A	29H41-3M20-2024	\$ 79,466
IDEA-B - Special Education	84.027A	29H41-3M20-2024	\$ 487,266
IDEA - Early Childhood Special Education	84.173A	29H41-3C50-2024	\$ 11,823
IDEA - Early Childhood Special Education	84.173A	29H41-3C50-2023	\$ 3,502
Total Special Education Cluster			\$ 694,616
Title I - School Improvement Stimulus	84.010	29H41-3M00-2023	\$ 162,063
Title I - School Improvement Stimulus	84.010	29H41-3M00-2024	\$ 29,495
Title I - Disadvantaged Children/Targeted Assistance	84.010	29H41-3M00-2022	\$ 127
Title I - Disadvantaged Children/Targeted Assistance	84.010	29H41-3M00-2023	\$ 378,407
Title I - Disadvantaged Children/Targeted Assistance	84.010	29H41-3M00-2024	\$ 534,410
Title I - Disadvantaged Children/Targeted Assistance	84.010	29H41-3M00-2023	\$ 55,608
Title I - Expanding Opportunities for Each Child	84.010	29H41-3M00-2024	\$ 14,216
Total Title I Grants to Local Educational Agencies			\$ 1,174,326
Title IV-A - Student Support and Academic Enrichment	84.424A	29H41-3HI0-2023	\$ 37,296
Title IV-A - Student Support and Academic Enrichment	84.424F	29H41-3HI0-2024	\$ 3,250
Title IV-A - Student Support and Academic Enrichment	84.424A	29H41-3HI0-2024	\$ 49,381
Total Student Support and Academic Enrichment Program			\$ 89,927
Title II-A - Supporting Effective Instruction State Grants	84.367	29H41-3Y60-2023	\$ 95,029
Title II-A - Supporting Effective Instruction State Grants	84.367	29H41-3Y60-2024	\$ 80,873
Total Supporting Effective Instruction State Grants			\$ 175,902
Total U.S. Department of Education			\$ 3,154,979
Total Expenditures of Federal Awards			\$ 4,083,309

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, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Springfield Local School District (the District) under programs of the federal government for the year ended June 30, 2024. 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, or changes in net position 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 2024 to 2025 programs:

Title I Grants to Local Educational Agencies	84.010	\$37,556
Supporting Effective Instruction State Grants	84.367	\$17,129
Student Support and Academic Enrichment Program	84.424	\$1,413
IDEA-B Special Education Grants	84.027	\$41,484
Special Education Preschool Grants	84.173	\$168

OHIO AUDITOR OF STATE KEITH FABER

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Columbus, Ohio 43215
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800-282-0370

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, Ohio (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's cash basis financial statements and have issued our report thereon dated August 11, 2025, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

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 opinion 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 certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001 and 2024-002 that we consider to be material weaknesses.

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 item 2024-001.

Entity Type'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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 11, 2025



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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Springfield Local School District's, Stark 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, 2024. Springfield Local School District's major federal programs are 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 each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each 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 each 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 each 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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 11, 2025

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**SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
June 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER – 2024-001

A-Noncompliance and Material Weakness

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) requires the District 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. 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 District may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. 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 – 2024-002

Material Weakness

The District entered into an agreement with the Ohio School Facilities Commission on September 21, 2010 and had an Agreed Upon Procedures report on the completion of the project as of December 31, 2012.

Due to a lack of controls the District has failed to cooperate with the Commission to finalize the completion of the project.

Since the District has not obtained the certificate of completion from the Ohio Facilities Construction Commission the Commission may still have ownership interest in the District's project.

The District should work with the Ohio Facilities Construction Commission to ensure the District's OFCC project has been properly certified as complete.

Official's Response:

See corrective action plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

4. OTHER – FINDINGS FOR RECOVERY

Finding for Recovery - Repaid Under Audit

FINDING NUMBER – 2024-003

Per the Administrative Contract, employees are to be paid at their daily rate thirty percent of the number of sick days remaining at the time of retirement not to exceed the maximum amount of sixty days. At the time of retirement, the treasurer had 231.25 days of sick leave; thirty percent of that amount is 69.375 days. The treasurer was paid sixty-four days of sick leave which exceeded the maximum amount of sixty days, causing an over payment of \$1,037.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public monies illegally expended is hereby issued against Christopher Adams in the amount of \$1,037. This amount was repaid under audit and withheld from the Treasurer's April 11, 2025 payroll direct deposit.

The District should ensure the respective contract is being followed and calculations are performed correctly for all severance payments to retiring employees.

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Springfield Local Schools

BOARD OF EDUCATION



Christina Ziga-Budd
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2141 Pickle Road - Akron, OH 44312 P: 330-798-1111 F: 330-798-1161 www.springfieldspartans.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) JUNE 30, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Ohio Admin. Code § 117-2-03(B) the District did not file financial statements in accordance with generally accepted accounting principles	Repeated as finding 2024-001	See corrective action plan
2023-002	Ohio Rev. Code Section 3318.12(C)(3) states Ohio Facilities Construction Commission projects require the issuance of a certificate of completion prior to the transfer of funds.	Repeated as finding 2024-002	See corrective action plan

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Springfield Local Schools

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CORRECTIVE ACTION PLAN **2 CFR § 200.511(c)** **JUNE 30, 2024**

Finding Number:	2024-001
Planned Corrective Action:	The District is under Fiscal Caution the expense related to producing and auditing GAAP is currently prohibitive. Once released the District will most likely continue to not prepare GAAP financial statements
Anticipated Completion Date:	NA
Responsible Contact Person:	Christopher Adams
Finding Number:	2024-002
Planned Corrective Action:	The District is in the final stages with the Ohio Schools Facilities Commission to finalize the project.
Anticipated Completion Date:	January 1, 2026
Responsible Contact Person:	Christopher Adams

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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 9/9/2025

65 East State 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