



# **Springfield School District Springfield, Pennsylvania Delaware County**

Financial Statements  
Year Ended June 30, 2021



1835 Market Street, 3rd Floor  
Philadelphia, PA 19103

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# SPRINGFIELD SCHOOL DISTRICT

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**SPRINGFIELD SCHOOL DISTRICT**

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## INDEPENDENT AUDITOR'S REPORT

**Board of School Directors  
Springfield School District  
Springfield, Pennsylvania**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springfield School District, Springfield, Pennsylvania as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Springfield School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springfield School District, Springfield, Pennsylvania as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### **Change in Accounting Principle**

As described in Note 16 to the financial statements, Springfield School District adopted new accounting guidance, GASB Statement No. 84, "Fiduciary Activities". Our opinions are not modified with respect to that matter.

## **Report on Summarized Comparative Information**

We have previously audited the Springfield School District's 2020 financial statements, and our report dated September 21, 2020 expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the OPEB liability - PSERS and OPEB plan PSERS contributions on pages 3 through 14 and 51 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Springfield School District's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and certain state grants is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedule of expenditures of federal awards and certain state grants 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. Such 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, the combining and individual fund financial statements and the schedule of expenditures of federal awards and certain state grants 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 October 22, 2021, on our consideration of Springfield School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Springfield School District's internal control over financial reporting and compliance.

**BBD, LLP**

**Philadelphia, Pennsylvania  
October 22, 2021**

# SPRINGFIELD SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

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Management's discussion and analysis ("**MD&A**") of the financial performance of the Springfield School District (the "**District**") provides an overview of the District's financial performance for fiscal year ended June 30, 2021. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

### DISTRICT PROFILE

The District consists of the Springfield Literacy Center (grades K to 1), two elementary schools (grades 2 to 5), a middle school (grades 6 to 8) and a high school (grades 9 to 12) consisting of approximately 4,351 students. The District covers 7 square miles and is comprised of the Township of Springfield and the Borough of Morton. During 2020-2021, there were 463 employees in the District, consisting of 288 teachers, 22 administrators, including general administration, principals and supervisors, and 153 support personnel including administrative assistants, maintenance staff, custodial staff, security staff and classroom assistants.

### DISTRICT MISSION

Standing as a cornerstone of the Springfield and Morton communities, we are committed to excellence in all dimensions of student life. Through dynamic, diverse and innovative programs, we empower our students to achieve their individual potential and inspire them to become ethical and contributing citizens.

### FINANCIAL HIGHLIGHTS

- On a government-wide basis, including all governmental activities and the business-type activities, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows resulting in a deficit in total net position at the close of the 2020-2021 fiscal year of \$78,916,541. During the 2020-2021 fiscal year, the District had a decrease in total net position of \$13,919,491. The net position of governmental activities decreased by \$13,799,082 and net position of business-type activities decreased by \$120,409.
- The General Fund reported a decrease in fund balance of \$1,044,624, bringing the cumulative balance to \$7,764,837 at the conclusion of the 2020-2021 fiscal year.
- At June 30, 2021, the General Fund fund balance includes \$3,155,525 which is considered nonspendable consisting predominantly of the District's reserves with the Delaware County Public Schools Healthcare Trust, \$3,019,053 committed to retirement rate stabilization and unassigned amounts of \$1,590,259 or 1.91% of the \$83,280,623 2021-2022 General Fund expenditure budget. Guidelines prescribed by the Pennsylvania Department of Education allow a district to maintain a maximum General Fund fund balance of 8% of the following year's expenditure budget.
- During 2020-2021, the Capital Projects Fund reported a decrease in fund balance of \$9,104,996 due primarily to costs paid that were associated with the high school master plan project. The remaining fund balance of \$35,109,429 as of June 30, 2021 is restricted for the high school master plan project and future capital project expenditures.
- Total General Fund revenues were \$787,528 or 1.01% more than budgeted amounts and total General Fund expenditures and other financing uses were \$2,360,368 or 2.87% less than budgeted amounts resulting in a net positive variance of \$3,147,896.
- In December 2019, an outbreak of a novel strain of coronavirus ("**COVID-19**") was identified and has since spread worldwide including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. As a result, the District experienced disruptions and operated under virtual, hybrid and in-person learning models during 2020-2021 as conditions permitted.

# SPRINGFIELD SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

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### OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position (Deficit)* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the District's activities are divided into two categories:

#### ***Governmental Activities***

Most of the District's basic services are included here, such as regular and special education, support services, maintenance, transportation and administration.

#### ***Business-Type Activities***

The District charges fees to cover the costs of its food services program.

The government-wide financial statements can be found on Pages 15 and 16 of this report.

### FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

#### ***Governmental Funds***

Most of the District's activities are included in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

# SPRINGFIELD SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* for each of the two major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on Pages 17 through 20 of this report.

### **Proprietary Funds**

The District maintains one type of proprietary fund. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The proprietary fund financial statements can be found on Pages 21 through 23 of this report.

### **Fiduciary Funds**

The District is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statements can be found on Pages 24 through 25 of this report.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on Pages 26 through 50 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the General Fund, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the OPEB liability - PSERS and OPEB plan PSERS contributions, as well as additional analysis which consists of combining and individual fund financial statements.

The required and other supplementary information can be found on Pages 51 through 58 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2020-2021 fiscal year the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$78,916,541. The following table presents condensed information for the *Statement of Net Position (Deficit)* of the District at June 30, 2021 and 2020.



# SPRINGFIELD SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>						
Current assets	\$ 55,285,298	\$ 67,344,299	\$283,269	\$ 32,808	\$ 55,568,567	\$ 67,377,107
Noncurrent assets	<u>133,502,097</u>	<u>122,942,061</u>	<u>41,917</u>	<u>278,257</u>	<u>133,544,014</u>	<u>123,220,318</u>
<b>Total assets</b>	<u>188,787,395</u>	<u>190,286,360</u>	<u>325,186</u>	<u>311,065</u>	<u>189,112,581</u>	<u>190,597,425</u>
<b>DEFERRED OUTFLOWS</b>						
Deferred charges – pensions	17,641,110	13,401,893	-	-	17,641,110	13,401,893
Deferred charges – OPEB	2,379,511	2,493,055	-	-	2,379,511	2,493,055
Deferred amounts on debt refunding	<u>4,399</u>	<u>304,770</u>	<u>-</u>	<u>-</u>	<u>4,399</u>	<u>304,770</u>
<b>Total deferred outflows</b>	<u>20,025,020</u>	<u>16,199,718</u>	<u>-</u>	<u>-</u>	<u>20,025,020</u>	<u>16,199,718</u>
<b>LIABILITIES</b>						
Current liabilities	12,976,324	14,955,455	171,239	36,709	13,147,563	14,992,164
Noncurrent liabilities	<u>270,379,512</u>	<u>250,482,193</u>	<u>-</u>	<u>-</u>	<u>270,379,512</u>	<u>250,482,193</u>
<b>Total liabilities</b>	<u>283,355,836</u>	<u>265,437,648</u>	<u>171,239</u>	<u>36,709</u>	<u>283,527,075</u>	<u>265,474,357</u>
<b>DEFERRED INFLOWS</b>						
Deferred credits – OPEB	667,270	773,285	-	-	667,270	773,285
Deferred credits – pensions	<u>3,859,797</u>	<u>5,546,551</u>	<u>-</u>	<u>-</u>	<u>3,859,797</u>	<u>5,546,551</u>
<b>Total deferred inflows</b>	<u>4,527,067</u>	<u>6,319,836</u>	<u>-</u>	<u>-</u>	<u>4,527,067</u>	<u>6,319,836</u>
<b>NET POSITION (DEFICIT)</b>						
Net investment in capital assets	13,646,651	25,008,504	41,917	278,257	13,688,568	25,286,761
Restricted	7,115,925	7,226,743	-	-	7,115,925	7,226,743
Unrestricted (deficit)	<u>(99,833,064)</u>	<u>(97,506,653)</u>	<u>112,030</u>	<u>(3,901)</u>	<u>(99,721,034)</u>	<u>(97,510,554)</u>
<b>Total net position (deficit)</b>	<u>\$ (79,070,488)</u>	<u>\$ (65,271,406)</u>	<u>\$153,947</u>	<u>\$274,356</u>	<u>\$ (78,916,541)</u>	<u>\$ (64,997,050)</u>

The District's total assets as of June 30, 2021 were \$189,112,581 of which \$48,385,039 or 25.59% consisted of cash and \$133,544,014 or 70.62% consisted of the District's investment in capital assets. The District's total liabilities as of June 30, 2021 were \$283,527,075 of which \$147,294,386 or 51.95% consisted of general obligation debt used to acquire and construct capital assets and \$110,787,786 or 39.07% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of \$99,721,034 at June 30, 2021. The District's unrestricted net position decreased by \$2,210,480 during 2020-2021 primarily due to the results of current year operations and the change in the District's net pension liability and related deferred outflows and inflows.

A portion of the District's net position reflects its restricted net position which totaled \$7,115,925 as of June 30, 2021. All of the District's restricted net position related to amounts restricted for capital expenditures.

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2021, the District's net investment in capital assets decreased by \$11,598,193 due to the disposal of the site of the old high school and administrative offices.

# SPRINGFIELD SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

The following table presents condensed information for the *Statement of Activities* of the District for 2021 and 2020:

	Governmental Activities		Business-Type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>						
<b>Program revenues</b>						
Charges for services	\$ 21,872	\$ 83,994	\$ 127,066	\$ 796,711	\$ 148,938	\$ 880,705
Operating grants and contributions	12,008,166	11,250,382	536,218	216,305	12,544,384	11,466,687
Capital grants and contributions	-	-	-	-	-	-
<b>General revenues</b>						
Property taxes levied for general purposes	60,446,383	58,699,362	-	-	60,446,383	58,699,362
Other taxes levied for general purposes	1,754,701	1,788,854	-	-	1,754,701	1,788,854
Grants and entitlements not restricted to specific programs	4,394,309	4,394,176	-	-	4,394,309	4,394,176
Investment earnings	<u>349,321</u>	<u>1,093,751</u>	<u>370</u>	<u>914</u>	<u>349,691</u>	<u>1,094,665</u>
<b>Total revenues</b>	<u>78,974,752</u>	<u>77,310,519</u>	<u>663,654</u>	<u>1,013,930</u>	<u>79,638,406</u>	<u>78,324,449</u>
<b>EXPENSES</b>						
Instruction	50,536,051	46,682,029	-	-	50,536,051	46,682,029
Instructional student support services	6,637,843	6,416,279	-	-	6,637,843	6,416,279
Administrative and financial support services	8,848,539	7,604,904	-	-	8,848,539	7,604,904
Operation and maintenance of plant services	9,518,872	6,822,597	-	-	9,518,872	6,822,597
Pupil transportation	2,534,445	3,683,219	-	-	2,534,445	3,683,219
Student activities	1,813,228	1,878,320	-	-	1,813,228	1,878,320
Community services	38,579	72,295	-	-	38,579	72,295
Interest and amortization expense related to noncurrent liabilities	4,602,576	4,470,471	-	-	4,602,576	4,470,471
Food service	<u>-</u>	<u>-</u>	<u>858,111</u>	<u>1,124,769</u>	<u>858,111</u>	<u>1,124,769</u>
<b>Total expenses</b>	<u>84,530,133</u>	<u>77,630,114</u>	<u>858,111</u>	<u>1,124,769</u>	<u>85,388,244</u>	<u>78,754,883</u>
<b>Change in net position before other changes</b>	(5,555,381)	(319,595)	(194,457)	(110,839)	(5,749,838)	(430,434)
Gain (loss) on sale of capital assets	(7,949,876)	-	(219,777)	-	(8,169,653)	-
Transfers	<u>(293,825)</u>	<u>(50,000)</u>	<u>293,825</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION (DEFICIT)</b>	<u>\$(13,799,082)</u>	<u>\$(369,595)</u>	<u>\$(120,409)</u>	<u>\$(60,839)</u>	<u>\$(13,919,491)</u>	<u>\$(430,434)</u>

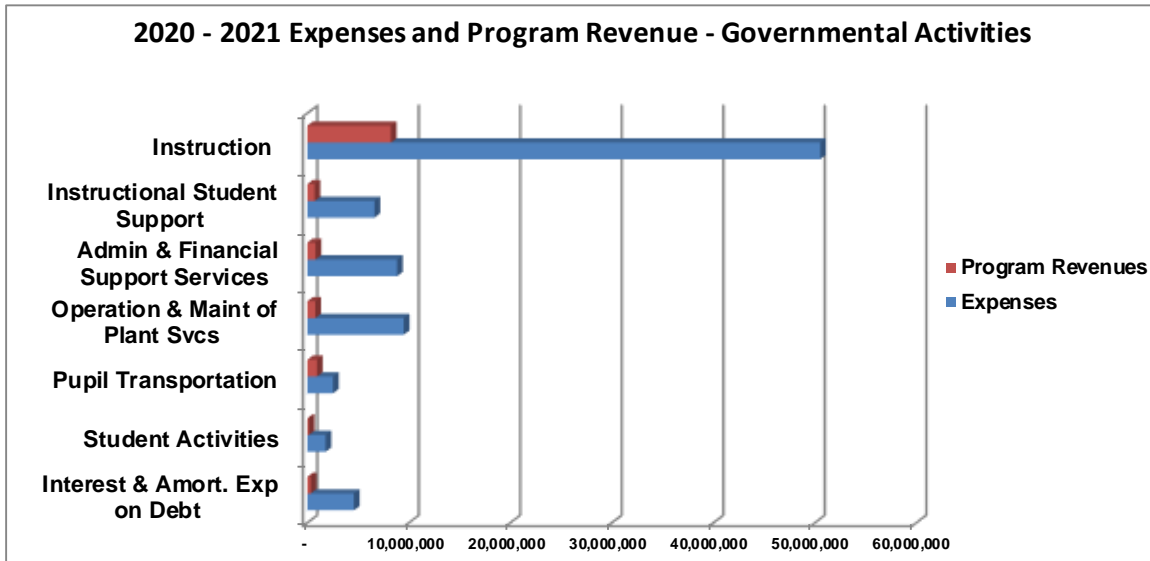
The District's net position decreased by \$13,919,491 primarily due to the loss on the disposal of the site of the old high school and administrative offices totaling \$8,169,653 and in part due to increased medical costs, pension contributions, state-mandated programs negotiated contracts and disruptions caused by COVID-19. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. A significant portion of the District's property tax base is in the form of residential housing. Although the District is primarily a residential community, the District also has a property tax base derived from commercial facilities located mostly in Springfield Township.

## SPRINGFIELD SCHOOL DISTRICT

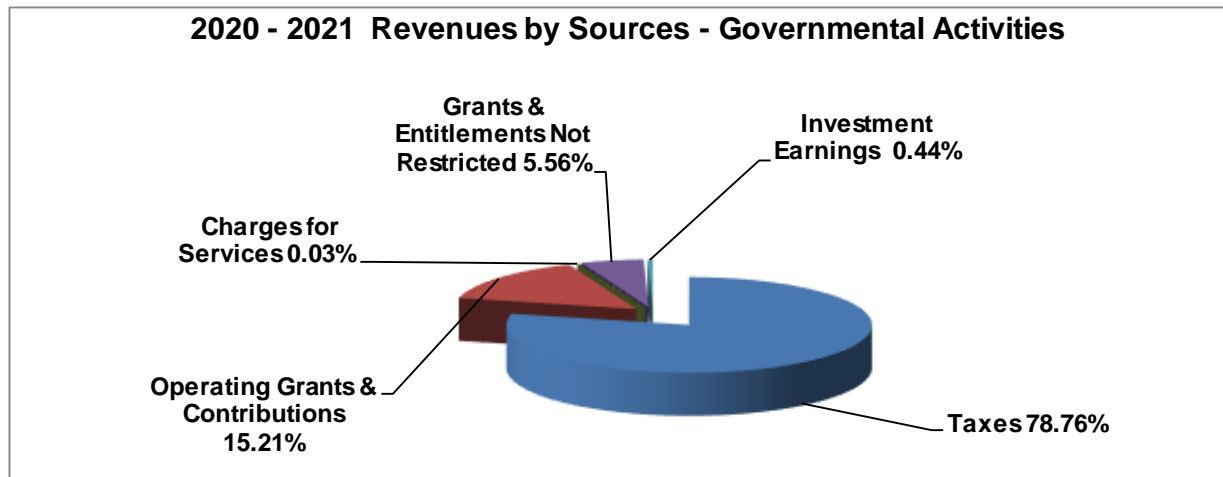
### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

The *Statement of Activities* provides detail that focuses on how the District finances its services. The *Statement of Activities* compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the District's governmental activities are not self-supporting.



To the degree that the District's functions or programs cost more than they raise, the *Statement of Activities* shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues to finance its governmental activities.



### GOVERNMENTAL FUNDS

The governmental fund financial statements provide detailed information on the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2021, the District's governmental funds reported a combined fund balance of \$42,874,266 which is a decrease of \$10,149,620 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2021 and 2020 and the total 2021 change in governmental fund balances.

# SPRINGFIELD SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

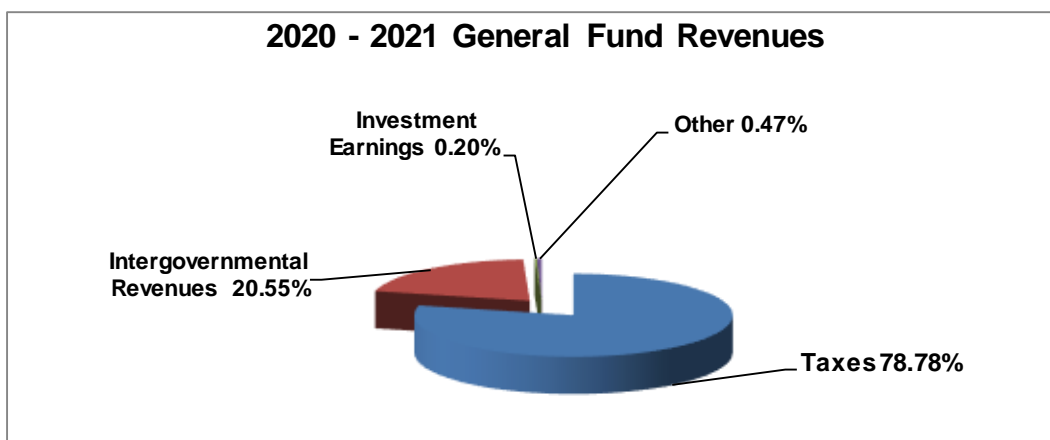
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>Change</u>
General Fund	\$ 7,764,837	\$ 8,809,461	\$ (1,044,624)
Capital Projects Fund	<u>35,109,429</u>	<u>44,214,425</u>	<u>(9,104,996)</u>
	<u>\$42,874,266</u>	<u>\$53,023,886</u>	<u>\$(10,149,620)</u>

### GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2020-2021 fiscal year, the General Fund fund balance was \$7,764,837 representing a decrease of \$1,044,624 in relation to the prior year. The decrease in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2020-2021 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 78.78% of General Fund revenues are derived from local taxes.



### General Fund Revenues and Other Financing Sources

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Tax revenues	\$62,216,276	\$60,403,225	\$1,813,051	3.00
Intergovernmental revenues	16,231,598	15,149,739	1,081,859	7.14
Investment earnings	158,999	315,555	(156,556)	(49.61)
Other	<u>372,118</u>	<u>286,955</u>	<u>85,163</u>	<u>29.68</u>
	<u>\$78,978,991</u>	<u>\$76,155,474</u>	<u>\$2,823,517</u>	<u>3.71</u>

Net tax revenues increased by \$1,813,051 or 3.00% due to several factors. A millage increase of approximately 2.26% in 2020-2021 and an increase in delinquent real estate tax collections accounted for a majority of the current year increase in tax revenues. The following table summarizes changes in the District's tax revenues for 2021 compared to 2020:

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Real estate tax	\$59,346,580	\$57,750,900	\$1,595,680	2.76
Interim real estate tax	13,657	26,894	(13,237)	(49.22)
PURTA tax	59,156	53,467	5,689	10.64
Payments in lieu of tax	47,764	47,376	388	0.82
Transfer tax	905,299	907,969	(2,670)	(0.29)
Mercantile tax	790,247	827,419	(37,172)	(4.49)
Delinquent real estate tax	<u>1,053,573</u>	<u>789,200</u>	<u>264,373</u>	<u>33.50</u>
	<u>\$62,216,276</u>	<u>\$60,403,225</u>	<u>\$1,813,051</u>	<u>3.00</u>

# SPRINGFIELD SCHOOL DISTRICT

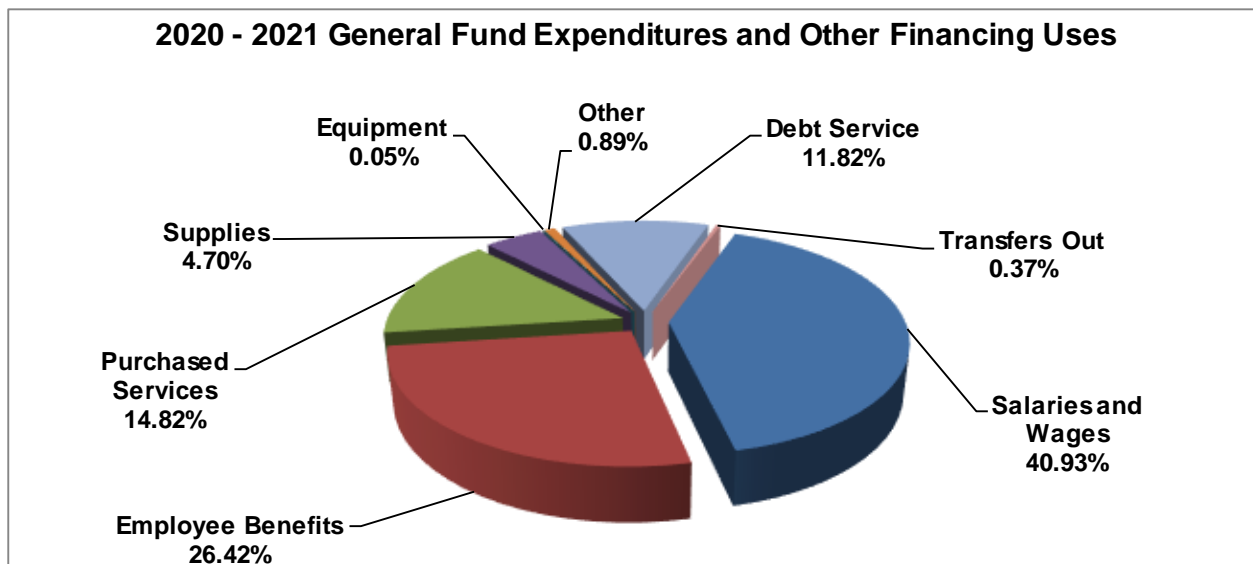
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Intergovernmental revenues increased primarily due to additional governmental funding received to aid with additional costs incurred associated with COVID-19.

Investment earnings decreased commensurate with a decrease in interest rates.

As the graph below illustrates, the largest portion of General Fund expenditures are for salaries and benefits. The District is an educational service entity and as such is labor intensive.



### General Fund Expenditures and Other Financing Uses

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$32,757,004	\$31,861,787	\$ 895,217	2.81
Employee benefits	21,138,002	21,161,228	(23,226)	(0.11)
Purchased services	11,862,499	12,427,551	(565,052)	(4.55)
Supplies	3,762,101	2,975,921	786,180	26.42
Equipment	42,776	80,911	(38,135)	(47.13)
Other	708,368	205,632	502,736	244.48
Debt service	9,459,040	8,702,986	756,054	8.69
Transfers out	<u>293,825</u>	<u>50,000</u>	<u>243,825</u>	<u>487.65</u>
	<u>\$80,023,615</u>	<u>\$77,466,016</u>	<u>\$2,557,599</u>	<u>3.30</u>

Salaries and wages increased by \$895,217 or 2.81% in 2020-2021 as a result of additional staff added, contractually obligated pay increases for the various District union agreements in addition to salary increases for non-union employees.

Employee benefits decreased by \$23,226 or 0.11% primarily due to a decrease in health insurance costs.

Purchased services decreased by \$565,052 or 4.55% primarily due to decreased special education contracted services and substitute costs due to the impact of COVID-19 and the buildings being closed during portions of the fiscal year.

The increase in the debt service of \$756,054 or 8.69% was due to increased debt service requirements from the new series of bonds issued in recent years to finance the construction costs for the high school master plan.

# **SPRINGFIELD SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**

**June 30, 2021**

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### **CAPITAL PROJECTS FUND**

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. Transfers from the General Fund are made to this fund when available to minimize the need for additional debt borrowings. The District has been proactive in terms of preparing for unexpected and proposed capital projects each year and has developed a capital projects improvement plan which has created a priority list of capital facility needs. The District also uses this fund to support its five-year plan to update the District-wide technology plan and major equipment program. During 2020-2021, the Capital Projects Fund reported a decrease in fund balance of \$9,104,996 primarily due to capital expenditures made during the year related to the high school master plan. The remaining fund balance of \$35,109,429 as of June 30, 2021 is restricted for the high school master plan project and future capital expenditures.

### **GENERAL FUND BUDGET INFORMATION**

The District maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1st each year. The most significant budgeted fund is the General Fund.

Actual revenues were \$787,528 or 1.01% more than budgeted amounts and total General Fund expenditures and other financing uses were \$2,360,368 or 2.87% less than budgeted amounts resulting in a net positive variance of \$3,147,896. Major budgetary highlights for 2020-2021 were as follows:

- Actual federal revenues received were \$783,536 more than budgeted amounts because of additional CARES Act and COVID-19 relief funding passed through to the District by the Pennsylvania Department of Education, the Pennsylvania Commission on Crime and Delinquency and the Delaware County Intermediate Unit.
- Actual instructional expenditures were \$1,406,561 lower than budgeted amounts due to lower benefits costs, decreased special education tuitions and purchased contracted services. Support services were \$1,649,414 lower than budgeted amounts as a result of operations and maintenance costs and transportation services not incurred due to building closures and route reductions related to COVID-19 disruptions.

### **BUSINESS-TYPE ACTIVITIES AND PROPRIETARY FUND**

The District's business-type activities and proprietary fund consist of the District's food services program. The District's food services program is managed by an outside third-party contractor. During 2020-2021, the net position of the business-type activities and proprietary fund decreased by \$120,409 due to a loss on disposal of capital assets from the site of the old high school. During 2020, the General fund made a transfer of \$293,825 to subsidize an operational loss in part caused by COVID-19 disruptions. As of June 30, 2021, the business-type activities and proprietary fund had net position of \$153,947.

### **CAPITAL ASSETS**

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounted to \$133,544,014 net of accumulated depreciation. This investment in capital assets includes land, land improvements, buildings and improvements and furniture and equipment. The total increase in the District's investment in capital assets for the current fiscal year was \$10,323,696 or 8.38%. The increase was the result of current year additions in excess of current year disposals and depreciation expense.

Current year capital additions were \$22,896,379, net book value of the old high school and administrative offices was \$8,169,653 and depreciation expense was \$4,403,030.

# SPRINGFIELD SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

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Major capital additions for the current fiscal year included the following:

• High school master plan development	\$ 17,991,436
• New high school furniture & equipment	\$ 1,891,975
• Land purchase – Eagle Road	\$ 1,498,471
• Bus depot building	\$ 612,000

### NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$147,294,386 consisting of \$119,175,000 in bonds payable, \$14,185,000 in notes payable, and net deferred credits of \$13,934,386. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The District's general obligation debt increased by \$12,664,651 or 9.41% during the fiscal year.

During 2020-2021, the District issued general obligation notes, Series of 2020 in the amount of \$15,030,000, the proceeds from which were used to refund the general obligation bonds, Series A of 2012, and Series B of 2012. The District issued general obligation bonds, Series A of 2020 in the amount of \$14,870,000, the proceeds from which are to be used for the construction of the high school master plan. The District issued general obligation bonds, Series of 2021 in the amount of \$9,635,000, the proceeds from which were used to refund a portion of the general obligation bonds, Series of 2015. The District issued general obligation bonds, Series A of 2021 in the amount of \$9,440,000, the proceeds from which were used to refund a portion of the general obligation bonds, Series A of 2016.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The District's outstanding general obligation debt of \$147,294,386 is within the current debt limitation of the District which was \$174,979,010 as of June 30, 2021.

The District's general obligation debt rating is a Standard & Poor's AA/Stable underlying rating. Standard and Poor's notes that the AA/Stable rating reflects the District's stable financial performance, limited tax base and manageable debt position.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System ("**PSERS**"). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$110,787,786 as of June 30, 2021. The District's net pension liability increased by \$6,930,396 or 6.67% during the fiscal year.

The District reports a liability for its other post-employment benefits ("**OPEB**") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB liability which totaled \$10,936,573 as of June 30, 2021. The District's OPEB liability increased by \$304,317 or 2.86% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for capital leases, compensated absences, and early retirement incentive plans, which totaled \$1,360,767 as of June 30, 2021. These liabilities decreased by \$2,045 or 0.15% during the fiscal year.

### FACTORS BEARING ON DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District expects the historical trend for greater local tax effort to fund instructional programs and services to continue as state and federal funding for public education is expected to remain stagnant, as was seen during the 2021-2022 Commonwealth of Pennsylvania budget process. The Commonwealth of Pennsylvania only accounted for approximately 18.44% of total revenue sources to fund costs supporting the District's educational programs during fiscal 2020-2021. Local sources of revenue, primarily property taxes, now support approximately 79.47% of the costs of educational programs and services in the District.

# SPRINGFIELD SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

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- The District adopted a 2021-2022 budget totaling \$83,280,623 which is projected to use \$2,678,520 of General Fund fund balance which is unassigned or committed for employer retirement rate stabilization as of June 30, 2021 and the real estate tax millage rate was increased by approximately 1.76%. The District's use of the fund balance offset projected increases of \$987,000 in salaries and benefits and a \$530,000 increase in purchased services. The District anticipates budgeted local revenues to return to pre-COVID levels as the local economy recovers from the impact of the COVID-19 pandemic. In addition, for the 2021-2022 school year, the District started school with all buildings open and students attending in-person learning with mandatory masking. For 2020-2021, the District received approximately \$725,000 of pass-through Federal funding from the Pennsylvania Department of Education and the Pennsylvania Commission on Crime and Delinquency to cover additional expenditures related to the COVID pandemic and anticipates receiving additional governmental funding during the 2021-2022 school year.
- In 2006, Act 1 was passed which repealed Act 72, which provides taxpayer relief through gambling revenues generated at the State level. The intent of this legislation is to provide a mechanism to relieve the burden of funding public education from property owners. This new legislation has put a "ceiling" on the percentage increase of local real estate taxes that can be levied year-to-year in order to balance the school district budget. Pennsylvania school districts are now required to seek approval through back-end referendum to increase taxes higher than the approved index. This law puts an already increased burden on the District's revenue stream in future years. This legislation introduced certain new requirements on school districts which include the following:
  - ♦ That in the event a school district wishes to increase the property tax millage rate by more than an index annually prescribed by the state, 2.60% for Springfield School District for 2021-2022, the school district must seek voter approval (known commonly as a "back-end referendum") prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index.
  - ♦ Certain exceptions are provided under Act 1 that, if approved by the appropriate authority, may permit increases above the Act 1 index without the need for a back-end referendum. Typically, these exceptions relate to emergencies and cost increases in excess of the Act 1 index (e.g., special education and retirement system contributions) over which the school district has no control.
  - ♦ Any revenues distributed under the provisions of Act 1 are to be used for the purpose of reducing property taxes for homestead and farmstead approved tax parcels. (Act 1 permitted slot machine gambling in Pennsylvania.)
- In November 2010 and, again, in 2017 legislation was signed into law to implement a series of actuarial and funding changes to PSERS. The 2017 law will not take effect until July of 2019. The law will change the pension plans for all new hires effective July 1, 2019. It does not impact the pension benefits of current or retired PSERS members. Based on available projections, school districts will not see relief from the new legislation until 10-20 years in the future. The employer contribution rate for 2022-2023 is projected at 35.62%. Currently, the employer contribution rate for 2021-2022 is 34.95%.
- In 2018, the District successfully negotiated a new contract with the Springfield Education Association whose contract had expired on June 30, 2017. The new agreement is for five years expiring on June 30, 2022. In June 2019, the Springfield Educational Support Professionals Association agreed to a 4-year contract extension expiring on June 30, 2023.
- The District has been working on a proposed high school master plan through its facilities committee over the last six years. The plan has reviewed the existing conditions of the high school which was constructed primarily in the mid-1950s and a significant addition added in the early 1970s. The proposed plan contemplated different alternatives for the high school campus which included renovating the existing building and different scenarios for construction of a new building.



## **SPRINGFIELD SCHOOL DISTRICT**

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**June 30, 2021**

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The District presented a summary of the proposed master plan at a public school board meeting in May 2014 and to the community at six scheduled public town hall meetings starting in October 2014 to review the various components of the plan which included projected costs for building renovation and new construction scenarios and the projected financing projections and related real estate tax impact. In June 2015, the School Board approved the recommendation to pursue state and local approvals to construct a new high school and commence the financing plan required to construct the high school. All Township and local approvals were received in July 2018 and the project commenced in August 2018 with a projected completion date of the fall of 2020. Due to delays caused by COVID-19, the new high school was completed by December 2020 and the building was opened in January 2021. The District issued a new series of general obligation bonds in 2020-2021 and received proceeds totaling approximately \$14.9 million to finance costs for the high school master plan and other capital asset projects.

- The District does not expect significant commercial business growth in the near future given the existing developed commercial and residential nature of the local economy and a lack of developable land remaining within the District. In fact, the District has experienced only a minor increase in the assessed value of commercial properties within the District, which limits growth in tax revenues for the District.
- Over the last five years, the District has experienced an increase of approximately 319 students attending the District's five schools - most notably at the elementary schools and Springfield High School. The elementary schools' increases are primarily attributed to the success of the Springfield Literacy Center and the District manages these increases by balancing the growth via redistricting the enrollment areas. The growth at Springfield High School is a result of the growth in the elementary school enrollments from prior years and these students now attending the high school. The District is preparing for a slight continuation of this growth in student enrollment at Springfield High School. The existing building has the capacity to hold approximately 500 additional students, so additional space should not be needed to absorb this slight increase. In addition, should the increase of students continue at the elementary level, additional classroom space and faculty could be required for both the elementary and middle schools.

The other demographic fact that might impact future enrollment could be the continued enrollment changes for non-public schools and the turnover in the District's citizenship census - as senior citizens move out and turn over their homes to younger families coming into District. Should the census change to increased numbers of families with school-age children, student enrollment could continue to increase in future years, possibly requiring additional staff and classroom space.

### **CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director of Operations, Springfield School District, 200 S. Rolling Road, Springfield, Pennsylvania 19064.

# SPRINGFIELD SCHOOL DISTRICT

## STATEMENT OF NET POSITION (DEFICIT)

June 30, 2021 with summarized comparative totals for 2020

	Governmental Activities	Business-type Activities	Totals	
			2021	2020
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 48,287,110	\$ 97,929	\$ 48,385,039	\$ 58,614,378
Investments	-	-	-	3,160,000
Taxes receivable	1,112,182	-	1,112,182	1,216,218
Due from other governments	1,922,403	179,766	2,102,169	2,208,163
Other receivables	808,078	-	808,078	387,913
Prepaid expenses	3,155,525	-	3,155,525	1,783,766
Inventories	-	5,574	5,574	6,669
<b>Total current assets</b>	<b>55,285,298</b>	<b>283,269</b>	<b>55,568,567</b>	<b>67,377,107</b>
<b>NONCURRENT ASSETS</b>				
Capital assets, net	133,502,097	41,917	133,544,014	123,220,318
<b>Total assets</b>	<b>188,787,395</b>	<b>325,186</b>	<b>189,112,581</b>	<b>190,597,425</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts on debt refunding	4,399	-	4,399	304,770
Deferred charges - OPEB	2,379,511	-	2,379,511	2,493,055
Deferred charges - pension	17,641,110	-	17,641,110	13,401,893
<b>Total deferred outflows of resources</b>	<b>20,025,020</b>	<b>-</b>	<b>20,025,020</b>	<b>16,199,718</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	3,577,365	171,239	3,748,604	6,012,926
Accrued salaries, payroll withholdings and benefits	7,827,620	-	7,827,620	7,357,183
Unearned revenues	35,680	-	35,680	-
Accrued interest payable	1,535,659	-	1,535,659	1,622,055
<b>Total current liabilities</b>	<b>12,976,324</b>	<b>171,239</b>	<b>13,147,563</b>	<b>14,992,164</b>
<b>NONCURRENT LIABILITIES</b>				
Due within one year	5,443,628	-	5,443,628	5,261,527
Due in more than one year	264,935,884	-	264,935,884	245,220,666
<b>Total noncurrent liabilities</b>	<b>270,379,512</b>	<b>-</b>	<b>270,379,512</b>	<b>250,482,193</b>
<b>Total liabilities</b>	<b>283,355,836</b>	<b>171,239</b>	<b>283,527,075</b>	<b>265,474,357</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred credits - OPEB	667,270	-	667,270	773,285
Deferred credits - pension	3,859,797	-	3,859,797	5,546,551
<b>Total deferred inflows of resources</b>	<b>4,527,067</b>	<b>-</b>	<b>4,527,067</b>	<b>6,319,836</b>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	13,646,651	41,917	13,688,568	25,286,761
Restricted	7,115,925	-	7,115,925	7,226,743
Unrestricted (deficit)	(99,833,064)	112,030	(99,721,034)	(97,510,554)
<b>Total net position (deficit)</b>	<b>\$ (79,070,488)</b>	<b>\$ 153,947</b>	<b>\$ (78,916,541)</b>	<b>\$ (64,997,050)</b>

See accompanying notes

# SPRINGFIELD SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

Year ended June 30, 2021 with summarized comparative totals for 2020

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position (Deficit)</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	
							<u>2021</u>	<u>2020</u>
<b>GOVERNMENTAL ACTIVITIES</b>								
Instruction	\$ 50,536,051	\$ 7,058	\$ 8,235,928	\$ -	\$ (42,293,065)	\$ -	\$ (42,293,065)	\$ (39,570,970)
Instructional student support services	6,637,843	-	720,306	-	(5,917,537)	-	(5,917,537)	(5,681,391)
Administrative and financial support services	8,848,539	-	823,908	-	(8,024,631)	-	(8,024,631)	(6,886,117)
Operation and maintenance of plant services	9,518,872	14,814	770,024	-	(8,734,034)	-	(8,734,034)	(5,569,375)
Pupil transportation	2,534,445	-	956,659	-	(1,577,786)	-	(1,577,786)	(2,689,077)
Student activities	1,813,228	-	161,821	-	(1,651,407)	-	(1,651,407)	(1,702,041)
Community services	38,579	-	-	-	(38,579)	-	(38,579)	(72,295)
Interest and amortization related to noncurrent liabilities	4,602,576	-	339,520	-	(4,263,056)	-	(4,263,056)	(4,124,472)
<b>Total governmental activities</b>	<u>84,530,133</u>	<u>21,872</u>	<u>12,008,166</u>	<u>-</u>	<u>(72,500,095)</u>	<u>-</u>	<u>(72,500,095)</u>	<u>(66,295,738)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Food service	858,111	127,066	536,218	-	-	(194,827)	(194,827)	(111,753)
<b>Total business-type activities</b>	<u>858,111</u>	<u>127,066</u>	<u>536,218</u>	<u>-</u>	<u>-</u>	<u>(194,827)</u>	<u>(194,827)</u>	<u>(111,753)</u>
<b>Total primary government</b>	<u>\$ 85,388,244</u>	<u>\$ 148,938</u>	<u>\$ 12,544,384</u>	<u>\$ -</u>	<u>(72,500,095)</u>	<u>(194,827)</u>	<u>(72,694,922)</u>	<u>(66,407,491)</u>
<b>GENERAL REVENUES</b>								
Property taxes levied for general purposes					60,446,383	-	60,446,383	58,699,362
Other taxes levied for general purposes					1,754,701	-	1,754,701	1,788,854
Grants and entitlements not restricted to specific programs					4,394,309	-	4,394,309	4,394,176
Investment earnings					349,321	370	349,691	1,094,665
Loss on sale disposal of capital assets					(7,949,876)	(219,777)	(8,169,653)	-
<b>TRANSFERS</b>					<u>(293,825)</u>	<u>293,825</u>	<u>-</u>	<u>-</u>
<b>Total general revenues and transfers</b>					<u>58,701,013</u>	<u>74,418</u>	<u>58,775,431</u>	<u>65,977,057</u>
<b>CHANGE IN NET POSITION (DEFICIT)</b>					(13,799,082)	(120,409)	(13,919,491)	(430,434)
<b>NET POSITION (DEFICIT)</b>								
Beginning of year					(65,271,406)	274,356	(64,997,050)	(64,566,616)
<b>End of year</b>					<u>\$ (79,070,488)</u>	<u>\$ 153,947</u>	<u>\$ (78,916,541)</u>	<u>\$ (64,997,050)</u>

See accompanying notes

# SPRINGFIELD SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021 with summarized comparative totals for 2020

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
<b>ASSETS</b>				
Cash	\$ 10,289,551	\$ 37,997,559	\$ 48,287,110	\$ 58,602,421
Investments	-	-	-	3,160,000
Taxes receivable	1,112,182	-	1,112,182	1,216,218
Due from other governments	1,922,403	-	1,922,403	2,193,981
Other receivables	808,078	-	808,078	387,913
Prepaid items	<u>3,155,525</u>	<u>-</u>	<u>3,155,525</u>	<u>1,783,766</u>
<b>Total assets</b>	<u>\$ 17,287,739</u>	<u>\$ 37,997,559</u>	<u>\$ 55,285,298</u>	<u>\$ 67,344,299</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 689,235	\$ 2,888,130	\$ 3,577,365	\$ 5,976,217
Accrued salaries, payroll withholdings and benefits	7,881,482	-	7,881,482	7,412,499
Unearned revenues	<u>35,680</u>	<u>-</u>	<u>35,680</u>	<u>-</u>
<b>Total liabilities</b>	<u>8,606,397</u>	<u>2,888,130</u>	<u>11,494,527</u>	<u>13,388,716</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	<u>916,505</u>	<u>-</u>	<u>916,505</u>	<u>931,697</u>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	3,155,525	-	3,155,525	1,783,766
Restricted for				
Capital projects	-	35,109,429	35,109,429	44,214,425
Committed to				
Employer retirement rate stabilization	3,019,053	-	3,019,053	3,019,053
Unassigned	<u>1,590,259</u>	<u>-</u>	<u>1,590,259</u>	<u>4,006,642</u>
<b>Total fund balances</b>	<u>7,764,837</u>	<u>35,109,429</u>	<u>42,874,266</u>	<u>53,023,886</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 17,287,739</u>	<u>\$ 37,997,559</u>	<u>\$ 55,285,298</u>	<u>\$ 67,344,299</u>

See accompanying notes

## SPRINGFIELD SCHOOL DISTRICT

### RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2021

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>	<b>\$ 42,874,266</b>
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	133,502,097
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position.	4,399
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	15,493,554
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	916,505
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(270,325,650)
Accrued interest payable on long-term liabilities is included in the statement of net position, but is excluded from the governmental funds balance sheet until due and payable.	<u>(1,535,659)</u>
<b>NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (79,070,488)</u></b>

# SPRINGFIELD SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2021 with summarized comparative totals for 2020

	General Fund	Capital Projects Fund	Totals	
			2021	2020
<b>REVENUES</b>				
Local sources	\$ 62,766,515	\$ 380,323	\$ 63,146,838	\$ 62,419,597
State sources	14,570,729	-	14,570,729	14,163,028
Federal sources	1,641,747	-	1,641,747	916,281
<b>Total revenues</b>	<u>78,978,991</u>	<u>380,323</u>	<u>79,359,314</u>	<u>77,498,906</u>
<b>EXPENDITURES</b>				
Current				
Instruction	46,382,250	-	46,382,250	44,111,467
Support services	21,549,881	571,978	22,121,859	22,828,110
Operation of noninstructional services	1,705,178	-	1,705,178	1,850,698
Facilities acquisition, construction and improvement services	-	26,971,830	26,971,830	44,325,019
Debt service	9,459,040	-	9,459,040	8,702,986
<b>Total expenditures</b>	<u>79,096,349</u>	<u>27,543,808</u>	<u>106,640,157</u>	<u>121,818,280</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(117,358)</u>	<u>(27,163,485)</u>	<u>(27,280,843)</u>	<u>(44,319,374)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	14,870,000	14,870,000	30,000,000
Issuance of debt - refunding	-	34,105,000	34,105,000	-
Payment of debt - refunding	-	(34,101,709)	(34,101,709)	-
Bond premiums	-	2,861,800	2,861,800	6,314,588
Refund of prior year receipts	(633,441)	-	(633,441)	(134,905)
Proceeds from extended term financing	-	323,398	323,398	462,262
Transfers out	(293,825)	-	(293,825)	(50,000)
<b>Total other financing sources (uses)</b>	<u>(927,266)</u>	<u>18,058,489</u>	<u>17,131,223</u>	<u>36,591,945</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,044,624)</u>	<u>(9,104,996)</u>	<u>(10,149,620)</u>	<u>(7,727,429)</u>
<b>FUND BALANCES</b>				
Beginning of year	<u>8,809,461</u>	<u>44,214,425</u>	<u>53,023,886</u>	<u>60,751,315</u>
<b>End of year</b>	<u>\$ 7,764,837</u>	<u>\$ 35,109,429</u>	<u>\$ 42,874,266</u>	<u>\$ 53,023,886</u>

See accompanying notes

## SPRINGFIELD SCHOOL DISTRICT

### RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES

Year ended June 30, 2021

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<b>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>		<b>\$ (10,149,620)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and loss on disposal of capital assets in the current period.

Capital outlay expenditures	\$ 22,896,379	
Loss on disposal of capital assets	(7,949,876)	
Depreciation expense	<u>(4,386,467)</u>	10,560,036

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year.

Deferred inflows of resources June 30, 2020	(931,697)	
Deferred inflows of resources June 30, 2021	<u>916,505</u>	(15,192)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of bonds payable	38,195,000	
Issuance of debt	(48,975,000)	
Proceeds from bond premiums	(2,861,800)	
Proceeds from extended term financing	(323,398)	
Repayment of extended term financing	360,709	
Amortization of discounts, premiums and deferred amounts on refunding	<u>676,778</u>	(12,927,711)

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.

Change in net pension liability and related deferred inflows and outflows	(1,004,425)	
Current year change in accrued interest payable	86,396	
Current year change in long-term early retirement incentive	12,005	
Current year change in compensated absences	(48,725)	
Current year change in net post-employment benefit (OPEB) liability and related deferred inflows and outflows	<u>(311,846)</u>	<u>(1,266,595)</u>

<b>CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ (13,799,082)</u></b>
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See accompanying notes

# SPRINGFIELD SCHOOL DISTRICT

## STATEMENT OF NET POSITION (DEFICIT) - PROPRIETARY FUND

June 30, 2021 with summarized comparative totals for 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 97,929	\$ 11,957
Due from other governments	179,766	14,182
Inventories	<u>5,574</u>	<u>6,669</u>
<b>Total current assets</b>	<u>283,269</u>	<u>32,808</u>
<b>NONCURRENT ASSETS</b>		
Capital assets, net	<u>41,917</u>	<u>278,257</u>
<b>Total assets</b>	<u>325,186</u>	<u>311,065</u>
<b>LIABILITIES AND NET POSITION (DEFICIT)</b>		
<b>LIABILITIES</b>		
Accounts payable	<u>171,239</u>	<u>36,709</u>
<b>Total liabilities</b>	<u>171,239</u>	<u>36,709</u>
<b>NET POSITION (DEFICIT)</b>		
Net investment in capital assets	41,917	278,257
Unrestricted (deficit)	<u>112,030</u>	<u>(3,901)</u>
<b>Total net position (deficit)</b>	<u>\$ 153,947</u>	<u>\$ 274,356</u>

See accompanying notes



# SPRINGFIELD SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND

Year ended June 30, 2021 with summarized comparative totals for 2020

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 127,066	\$ 796,711
<b>OPERATING EXPENSES</b>		
Purchased professional and technical services	84,683	93,203
Purchased property services	21,469	48,723
Purchased services	382,562	488,894
Supplies	352,834	467,163
Depreciation	16,563	26,786
<b>Total operating expenses</b>	<u>858,111</u>	<u>1,124,769</u>
<b>Operating loss</b>	<u>(731,045)</u>	<u>(328,058)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Earnings on investments	370	914
State sources	18,936	11,157
Federal sources	517,282	205,148
Loss on disposal of assets	(219,777)	-
<b>Total nonoperating revenues</b>	<u>316,811</u>	<u>217,219</u>
<b>Net loss before transfers</b>	(414,234)	(110,839)
<b>Transfers in</b>	<u>293,825</u>	<u>50,000</u>
<b>CHANGE IN NET POSITION</b>	(120,409)	(60,839)
<b>NET POSITION</b>		
Beginning of year	<u>274,356</u>	<u>335,195</u>
<b>End of year</b>	<u>\$ 153,947</u>	<u>\$ 274,356</u>

See accompanying notes

# SPRINGFIELD SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year ended June 30, 2021 with summarized comparative totals for 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from charges for services	\$ 127,066	\$ 796,711
Cash payments to suppliers for goods and services	<u>(657,877)</u>	<u>(1,048,464)</u>
Net cash used for operating activities	<u>(530,811)</u>	<u>(251,753)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State sources	13,085	11,336
Federal sources	309,503	157,827
Transfers in	<u>293,825</u>	<u>50,000</u>
Net cash provided by noncapital financing activities	<u>616,413</u>	<u>219,163</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Earnings on investments	<u>370</u>	<u>914</u>
Net increase (decrease) in cash	85,972	(31,676)
<b>CASH</b>		
Beginning of year	<u>11,957</u>	<u>43,633</u>
Ending of year	<u>\$ 97,929</u>	<u>\$ 11,957</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES</b>		
Operating loss	\$ (731,045)	\$ (328,058)
<b>Adjustments to reconcile operating loss to net cash used for operating activities</b>		
Depreciation	16,563	26,786
Donated commodities used	48,046	43,814
(Increase) decrease in		
Inventories	1,095	1,473
Due from other funds	-	35,649
Increase (decrease) in		
Accounts payable	<u>134,530</u>	<u>(31,417)</u>
Net cash used for operating activities	<u>\$ (530,811)</u>	<u>\$ (251,753)</u>
<b>SUPPLEMENTAL DISCLOSURE</b>		
<b>Noncash noncapital financing activity</b>		
USDA donated commodities	<u>\$ 48,046</u>	<u>\$ 43,814</u>

See accompanying notes

# SPRINGFIELD SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS

Year ended June 30, 2021 with summarized comparative totals for 2020

	Totals	
	2021	2020
<b>ASSETS</b>		
Cash	\$ 137,930	\$ 134,285
<b>Total assets</b>	<u>137,930</u>	<u>134,285</u>
 <b>NET POSITION</b>		
Restricted for community enrichment	44,496	34,460
Restricted for student activities	<u>93,434</u>	<u>99,825</u>
<b>Total net position</b>	<u>\$ 137,930</u>	<u>\$ 134,285</u>

See accompanying notes

# SPRINGFIELD SCHOOL DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS

June 30, 2021

	Totals	
	<u>2021</u>	<u>2020</u>
<b>ADDITIONS</b>		
Receipts from student groups	\$ 65,949	\$ 292,323
Local contributions	<u>34,572</u>	<u>15,767</u>
	<u>100,521</u>	<u>308,090</u>
<b>DEDUCTIONS</b>		
Community enrichment disbursements	24,536	12,704
Student activity disbursements	<u>72,340</u>	<u>300,166</u>
<b>Total deductions</b>	<u>96,876</u>	<u>312,870</u>
<b>CHANGE IN NET POSITION</b>	3,645	(4,780)
<b>NET POSITION</b>		
Beginning of year	<u>134,285</u>	<u>139,065</u>
<b>End of year</b>	<u>\$ 137,930</u>	<u>\$ 134,285</u>

See accompanying notes

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Springfield School District (the "***District***") operates three elementary schools, a middle school and a high school to provide education and related services to the residents in the District of Springfield and the Borough of Morton. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member board form of government (the "***School Board***").

The financial statements of the District have been prepared in accordance with generally accepted accounting principles ("***GAAP***") as applied to governmental units. The Governmental Accounting Standards Board ("***GASB***") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

#### **Reporting Entity**

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

#### **Basis of Presentation**

##### ***Government-Wide Financial Statements***

The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the financial activities of the primary government except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the District.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

### ***Fund Financial Statements***

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are presented by fund type.

### ***Governmental Funds***

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

### ***Revenue Recognition***

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

### ***Expenditure Recognition***

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### ***Proprietary Funds***

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District reports the following major proprietary fund:

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's proprietary fund are charges for services. Operating expenses for the District's proprietary fund include payroll, employee benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

### ***Fiduciary Funds***

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Custodial funds are used to account for assets held on behalf of individuals and/or governmental units and are , therefore not available to support the District's own programs. The District has two custodial funds consisting of funds held on behalf of the students and a community program.

### **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

### **Investments**

Investments are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost, which approximates fair value.

### **Fair Value Measurements of Assets and Liabilities**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the District. Unobservable inputs reflect the District's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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**Level 3** – Valuations based on inputs that are unobservable, that is, inputs that reflect the District's own assumptions.

### **Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### **Property Taxes**

Taxes are levied on July 1 and are payable in the following periods:

July 1 – August 31	- Discount period, 2% of gross levy
September 1 – October 31	- Face period
November 1 to collection	- Penalty period, 10% of gross levy
February 28	- Lien date

The County Board of Assessments determines assessed valuations of property, and the District's taxes are billed and collected by local elected tax collectors. The tax on real estate for public school purposes for fiscal 2020-2021 was 34.4827 mills (\$34.48 for \$1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Taxpayers within the District have the option of paying in three installments. These installments have the following due dates:

Installment One	- August 31
Installment Two	- September 30
Installment Three	- October 31

The discount (two percent) is not applicable to installment payments; however, the penalty (10 percent) will be added if second and third installments are paid subsequent to the due dates.

### **Prepaid Items and Inventories**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

All inventories are valued at the lower of cost (first-in, first-out method) or market.

### **Unearned Revenues**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

### **Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: buildings and improvements – 15-40 years, and furniture and equipment – 5-15 years.

### **Impairment of Long-Lived Assets**

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2021.

### **Compensated Absences**

District policies permit employees to accumulate earned but unused vacation, personal and sick days. The liability for these compensated absences is recorded as a noncurrent liability in the government-wide financial statements. A liability for these amounts is recorded in the governmental funds financial statements only to the extent they have matured, for example, as a result of employee resignation and retirements.

### **Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources and uses. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures except for refundings paid from proceeds which are reported as other financing costs.

### **Fund Equity**

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The District reports the following fund balance classifications:

#### ***Nonspendable***

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

#### ***Restricted***

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### ***Committed***

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).

### ***Assigned***

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Business Administrator or (b) an appointed body (e.g., finance committee) or (c) an official to whom the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

### ***Unassigned***

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

The School Board has set a General Fund maximum unassigned fund balance of 8% of the following year's expenditure budget in accordance with guidelines prescribed by the Pennsylvania Department of Education.

### **Comparative Data**

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Implementation of New Accounting Pronouncements**

Effective July 1, 2020, the District adopted the provisions of GASB Statement No. 84 "Fiduciary Activities", GASB Statement No. 90 "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 95, "Postponements of Effective Dates of Certain Authoritative Guidance" and GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32".

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# SPRINGFIELD SCHOOL DISTRICT

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GASB Statement No. 84 improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. As a result of the implementation Statement No. 84 the District reported restricted net position and changes in fiduciary net position for its Custodial Funds for the year ended June 30, 2021.

GASB Statement No. 90 improved the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defined a majority equity interest and specified that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of GASB Statement No. 90 had no impact on the financial statements of the District for the year ended June 30, 2021.

GASB Statement No. 93 addresses those and other accounting and financial implications that result from the replacement from IBOR by (1) providing exceptions for certain hedging derivatives to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) clarifying that the uncertainty related to the continued availability of IBOR's does not, by itself affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) identifying a secured overnight financing rate and the effective federal funds rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and; (6) clarifying the definition of a reference rate, as it is used in GASB Statement 53 *"Accounting and Financial Reporting for Derivative Instruments"*. The implementation of GASB Statement No. 93 had no impact on the District's financial statements for the year ended June 30, 2021.

GASB Statement No. 95 provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in statements that first became effective or are scheduled to be effective for periods beginning after June 15, 2018, and later. See references to GASB Statement No. 95 within the various pronouncements above to determine the impact on each individual statement. The implementation of GASB Statement No. 95 by the District postponed the implementation of GASB Statement No. 84 until year ended June 30, 2021 as described above and the implementation of GASB Statement No 87 until year ended June 30, 2022 as described below.

The objectives of GASB Statement No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 had no impact on the financial statements of the District for the year ended June 30, 2021.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **New Accounting Pronouncements**

GASB Statement No. 87, "*Leases*" will be effective for the District for the year ended June 30, 2022. The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

GASB Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*", will be effective for the District for the year ended June 30, 2022. The objectives of GASB Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 establishes accounting required for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with government fund accounting principles.

GASB Statement No. 91, "*Conduit Debt Obligations*" will be effective for the District for the year ended June 30, 2022. GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" will be effective for the District for the year ended June 30, 2023. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in GASB Statement No. 94, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" will be effective for the District for the year ended June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### (2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### **Budgetary Information**

An annual budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for the Capital Projects fund.

The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

After the legal adoption of the budget, the School Board is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the Housing Education Committee and the Senate Education Committee by September 15.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated in any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without approval from the School Board. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

### (3) DEPOSITS

State statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, state treasurer's investment pools or mutual funds.

#### **Deposits**

##### **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2021, the carrying amount of the District's deposits was \$48,522,969 and the bank balance was \$50,144,652. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$15,452,099 was collateralized by the District's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net assets value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to independent annual audit. As of June 30, 2021, PSDLAF was rated as AAAM by a nationally recognized statistical rating agency.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### (4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 6,988,474	\$ 1,498,471	\$ -	\$ 8,486,945
Construction in progress	<u>77,688,497</u>	<u>124,658</u>	<u>77,688,497</u>	<u>124,658</u>
<b>Total capital assets not being depreciated</b>	<u>84,676,971</u>	<u>1,623,129</u>	<u>77,688,497</u>	<u>8,611,603</u>
Capital assets being depreciated				
Land improvements	1,951,652	-	1,049,082	902,570
Buildings	150,667,347	96,433,360	65,964,510	181,136,197
Furniture and equipment	<u>5,507,436</u>	<u>2,528,387</u>	<u>712,858</u>	<u>7,322,965</u>
<b>Total capital assets being depreciated</b>	<u>158,126,435</u>	<u>98,961,747</u>	<u>67,726,450</u>	<u>189,361,732</u>
Less accumulated depreciation for				
Land improvements	(1,674,910)	(43,975)	(887,942)	(830,943)
Buildings and improvements	(115,103,791)	(3,677,344)	(58,251,271)	(60,529,864)
Furniture and equipment	<u>(3,082,644)</u>	<u>(665,148)</u>	<u>(637,361)</u>	<u>(3,110,431)</u>
<b>Total accumulated depreciation</b>	<u>(119,861,345)</u>	<u>(4,386,467)</u>	<u>(59,776,574)</u>	<u>(64,471,238)</u>
<b>Total capital assets being depreciated, net</b>	<u>38,265,090</u>	<u>94,575,280</u>	<u>7,949,876</u>	<u>124,890,494</u>
<b>Governmental activities, net</b>	<u>\$ 122,942,061</u>	<u>\$ 96,198,409</u>	<u>\$ 85,638,373</u>	<u>\$ 133,502,097</u>
<b>Business-type activities</b>				
Capital assets being depreciated				
Buildings and improvements	\$ 362,308	\$ -	\$ 362,308	\$ -
Machinery and equipment	<u>263,586</u>	<u>-</u>	<u>144,600</u>	<u>118,986</u>
<b>Total capital assets being depreciated</b>	<u>625,894</u>	<u>-</u>	<u>506,908</u>	<u>118,986</u>
Less accumulated depreciation for				
Buildings and improvements	(164,598)	(7,246)	(171,844)	-
Machinery and equipment	<u>(183,039)</u>	<u>(9,317)</u>	<u>(115,287)</u>	<u>(77,069)</u>
<b>Total accumulated depreciation</b>	<u>(347,637)</u>	<u>(16,563)</u>	<u>(287,131)</u>	<u>(77,069)</u>
<b>Business-type activities, net</b>	<u>\$ 278,257</u>	<u>\$ (16,563)</u>	<u>\$ 219,777</u>	<u>\$ 41,917</u>

Depreciation expense was charged to functions/programs of the District as follows:

<b>Governmental activities</b>	
Instruction	\$2,867,144
Instructional student support	376,002
Administrative and financial support services	524,531
Operation and maintenance of plant services	369,266
Pupil transportation	146,502
Student activities	<u>103,022</u>
<b>Total depreciation expense – governmental activities</b>	<u>\$4,386,467</u>
<b>Business-type activities</b>	
Food service	<u>\$ 16,563</u>

As of June 30, 2021, the District had \$124,658 for legal and architectural fees related to capital projects that were not part of any formal contractual commitments.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### (5) INTERNAL TRANSFERS

A summary of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Food Service Fund	<u>\$293,825</u>	General Fund	<u>\$293,825</u>

Transfers from the General Fund to the Food Service Fund represent transfers to subsidize costs associated with food service operations.

### (6) NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Amount Due Within One Year</u>
<b>Governmental activities</b>					
<b>General obligation debt</b>					
Bonds payable	\$122,580,000	\$33,945,000	\$37,350,000	\$119,175,000	\$3,660,000
Notes payable	-	15,030,000	845,000	14,185,000	760,000
Bond premiums	12,274,819	2,861,800	1,094,356	14,042,263	695,370
Bond discounts	<u>(225,084)</u>	<u>-</u>	<u>(117,207)</u>	<u>(107,877)</u>	<u>(4,903)</u>
<b>Total general obligation debt</b>	<u>134,629,735</u>	<u>51,836,800</u>	<u>39,172,149</u>	<u>147,294,386</u>	<u>5,110,467</u>
<b>Other noncurrent liabilities</b>					
Capital leases	596,274	323,398	360,709	558,963	279,299
Early retirement incentive	202,480	-	13,459	189,021	53,862
Compensated absences	564,058	48,725	-	612,783	-
OPEB liability	5,910,667	166,498	-	6,077,165	-
Net OPEB liability – PSERS	4,721,589	137,819	-	4,859,408	-
Net pension liability – PSERS	<u>103,857,390</u>	<u>6,930,396</u>	<u>-</u>	<u>110,787,786</u>	<u>-</u>
<b>Total other noncurrent liabilities</b>	<u>115,852,458</u>	<u>7,606,836</u>	<u>374,168</u>	<u>123,085,126</u>	<u>333,161</u>
<b>Total noncurrent Liabilities</b>	<u>\$250,482,193</u>	<u>\$59,443,636</u>	<u>\$39,546,317</u>	<u>\$270,379,512</u>	<u>\$5,443,628</u>

Noncurrent liabilities are generally liquidated by the General Fund.

### (7) GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the District for which full faith and credit are pledged and is payable from unrestricted local sources. The District has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

General obligation debt outstanding as of June 30, 2021 consisted of the following:

**SPRINGFIELD SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

<u>Description</u>	<u>Interest Rate(s)</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
<b>General obligation bonds</b>				
Series of 2015	2.00% - 3.75%	\$ 9,995,000	10/01/2042	\$ 435,000
Series of 2016	2.00% - 4.00%	\$ 7,410,000	09/01/2022	5,010,000
Series A of 2016	2.00% - 3.30%	\$ 9,765,000	03/01/2043	450,000
Series of 2017	2.00% - 3.55%	\$ 9,500,000	03/01/2043	9,485,000
Series of 2018	1.90% - 5.00%	\$40,000,000	03/01/2043	39,990,000
Series of 2019	3.00% - 5.00%	\$30,000,000	03/01/2043	29,995,000
Series A of 2020	2.00% - 5.00%	\$14,870,000	03/01/2043	14,870,000
Series of 2021	2.00%	\$ 9,635,000	10/01/2042	9,500,000
Series A of 2021	2.00% - 3.00%	\$ 9,440,000	03/01/2043	9,440,000
<b>Total general obligation bonds</b>				<u>119,175,000</u>
<b>General obligation notes</b>				
Series of 2020	0.83%	\$15,030,000	10/01/2024	<u>14,185,000</u>
<b>Total general obligation debt</b>				<u>\$133,360,000</u>

Annual debt service requirements to maturity on these obligations are as follows:

<u>Year ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2022	\$ 4,420,000	\$ 4,791,686	\$ 9,211,686
2023	4,930,000	4,743,246	9,673,246
2024	4,980,000	4,693,368	9,673,368
2025	5,025,000	4,651,220	9,676,220
2026	4,405,000	4,624,441	9,029,441
2027-2031	24,925,000	20,216,550	45,141,550
2032-2036	30,505,000	14,618,165	45,123,165
2037-2041	37,150,000	7,985,538	45,135,538
2042-2043	<u>17,020,000</u>	<u>1,025,265</u>	<u>18,045,265</u>
	<u>\$133,360,000</u>	<u>\$67,349,479</u>	<u>\$200,709,479</u>

**Series of 2020 General Obligation Notes**

On August 12, 2020, the District issued \$15,030,000 of general obligation notes, Series of 2020, the proceeds from which were used to currently refund all the District's outstanding general obligation bonds, Series A and B of 2012, and to pay for the costs of issuance. The District currently refunded the general obligation bonds to reduce future debt service payments by \$1,176,942.

**Series A of 2020 General Obligation Bonds**

On November 2, 2020, the District issued \$14,870,000 of general obligation bonds, Series A of 2020, the proceeds from which were used to pay a portion of the costs of the construction of a new high school complex and other capital projects of the District, and to pay for the costs of issuance.

**Series of 2021 General Obligation Bonds**

On February 11, 2021, the District issued \$9,635,000 of general obligation bonds, Series of 2021, the proceeds from which were used to currently refund a portion of the District's outstanding general obligation bonds, Series of 2015, and to pay for the costs of issuance. The District currently refunded the general obligation bonds to reduce future debt service payments by \$2,173,751.



# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### Series A of 2021 General Obligation Bonds

On June 3, 2021, the District issued \$9,440,000 of general obligation bonds, Series A of 2021, the proceeds from which were used to advance refund a portion of the District's outstanding general obligation bonds, Series A of 2016, and to pay for the costs of issuance. The District advance refunded the general obligation bonds to reduce future debt service payments by \$1,364,437.

### In-Substance Defeasance

The District has advance refunded portions of its general obligation bonds, Series A of 2016 (the "**Series A of 2016 Bonds**") by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and earnings from the investments are sufficient to fully service the advance refunded debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the District's government-wide financial statements. At June 30, 2021, the \$9,295,000 of the Series A of 2016 Bonds is considered defeased. The District has authorized to call the remaining defeased bonds for redemption on September 1, 2021.

## (8) CAPITAL LEASES

The District has entered into long-term lease agreements for computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception dates. The future minimum lease payments under the capital leases and the net present value of the future minimum lease payments as of June 30, 2021 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$279,299	\$27,903	\$307,202
2023	196,872	14,133	211,005
2024	<u>82,792</u>	<u>4,304</u>	<u>87,096</u>
	<u>\$558,963</u>	<u>\$46,340</u>	<u>\$605,303</u>

## (9) EARLY RETIREMENT INCENTIVE PLAN

The District from time to time offers additional retirement incentives known as early retirement incentive plans ("**ERIP**") to senior professional staff and administrators contemplating retirement. There is no contractual requirement for the District to offer ERIP incentives. An ERIP is formally approved by School Board action in the year an ERIP plan is implemented.

In order for an employee to retire and participate in a District sponsored ERIP, the District must first decide whether or not to offer an ERIP in the year the employee is retiring and a specified minimum number of employees must opt into the ERIP. The District's ERIP plan provides for the payment of a specific dollar amount to be applied toward participating retiree healthcare premiums for a specified number of years.

The District's liability for its ERIP plans has been reported at the discounted present value of expected future benefit payments in the government-wide financial statements. For the year ended June 30, 2021, 8 retirees received benefits under the District's ERIP plans and the District paid \$45,893 in ERIP benefits to retirees.

As of June 30, 2021, the District had three ERIP plans in effect. The number of participants and the present value of those benefits as of June 30, 2021 are summarized below:

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	<u>Participants</u>	<u>Present Value of ERIP Benefits</u>
<u>ERIP Began</u>		
Prior to March 2000	1	\$ 6,644
July 1, 2007	8	111,593
July 1, 2016	<u>1</u>	<u>70,784</u>
	<u>10</u>	<u>\$189,021</u>

### (10) PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees Retirement System ("**PSERS**") and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

#### Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year credited service; (b) age 60 with 30 more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

# SPRINGFIELD SCHOOL DISTRICT

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### Contributions

#### Member Contributions

Active members who joined PSERS prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined PSERS after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

#### Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$10,872,169 for the year ended June 30, 2021.

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability of \$110,787,786 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.2250 percent, which was an increase of 0.0030 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$11,875,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 289,825	\$2,655,297
Net difference between projected and actual investment earnings	4,868,976	-
Changes in proportions	1,600,250	1,204,500
Difference between employer contributions and proportionate share of total contributions	9,890	-
Contributions subsequent to the measurement date	<u>10,872,169</u>	<u>-</u>
	<u>\$17,641,110</u>	<u>\$3,859,797</u>

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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\$10,872,169 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30,**

2021	\$ (292,928)
2022	(45,752)
2023	1,801,355
2024	<u>1,446,469</u>
	<u>\$2,909,144</u>

**Actuarial Assumptions**

The total pension liability as of June 30, 2020 was determined by rolling forward PSERS' total pension liability at June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Global public equity	15.0 %	5.2%
Private equity	15.0 %	7.2%
Fixed income	36.0 %	1.1%
Commodities	8.0 %	1.8%
Absolute return	10.0 %	2.5%
Infrastructure/MLPs	6.0 %	5.7%
Real estate	10.0 %	5.5%
Risk parity	8.0 %	3.3%
Cash	6.0 %	(1.0%)
Financing (LIBOR)	<u>(14.0)%</u>	<u>(0.7%)</u>
	<u>100.0 %</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### **Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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 benefit payments to determine the total pension liability.

### **Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following represents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	<b><u>1% Decrease 6.25%</u></b>	<b><u>Current Discount Rate 7.25%</u></b>	<b><u>1% Increase 8.25%</u></b>
District's proportionate share of the net pension liability	<u>\$137,067,901</u>	<u>\$110,787,786</u>	<u>\$88,524,857</u>

### **Pension Plan Fiduciary Net Position**

Detailed information about the PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on PSERS' website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

## (11) OTHER POST-EMPLOYMENT BENEFITS

### **Single-Employer Defined Benefit OPEB Plan**

The District's other post-employment benefits ("**OPEB**") include a single-employer defined benefit plan that provides medical insurance to all retirees and their dependents. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

### **OPEB Plan Membership**

Membership in the OPEB plan consisted of the following at July 1, 2019:

Active employees	440
Retirees and beneficiaries currently receiving benefits	19
Terminated OPEB plan members entitled to but not yet receiving benefits	<u>-</u>
Total	<u>459</u>

### **Funding Policy**

The District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### OPEB Liability

The District's OPEB liability has been measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, and by rolling forward the liabilities from the July 1, 2019 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is \$6,077,165, all of which is unfunded.

The District's change in its OPEB liability for the year ended June 30, 2021 was as follows:

<b>Balances as of July 1, 2020</b>	<u>\$5,910,667</u>
<b>Changes for the year:</b>	
Service cost	283,572
Interest on total OPEB liability	206,179
Benefit payments	<u>(323,253)</u>
<b>Net changes</b>	<u>166,498</u>
<b>Balances as of June 30, 2021</b>	<u>\$6,077,165</u>

### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$642,832. At June 30, 2021, the District had deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$481,231
Changes in assumptions	<u>1,757,695</u>	<u>-</u>
	<u>\$1,757,695</u>	<u>\$481,231</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

### Year ended June 30,

2022	\$ 154,105
2023	154,105
2024	154,105
2025	154,105
2026	154,105
Thereafter	<u>505,939</u>
	<u>\$1,276,464</u>

### Sensitivity of the OPEB Liability to Change in Healthcare Cost Trend Rates

The following presents the OPEB liability for June 30, 2021, calculated using current healthcare cost trends as well as what the OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$5,419,421</u>	<u>\$6,077,165</u>	<u>\$6,861,679</u>

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### **Sensitivity of the OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the District calculated using the discount rate of 3.50%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	<b><u>1% Decrease 2.50%</u></b>	<b><u>Current Discount Rate 3.50%</u></b>	<b><u>1% Increase 4.50%</u></b>
OPEB Liability	<u>\$6,623,373</u>	<u>\$6,077,165</u>	<u>\$5,582,337</u>

### **Actuarial Methods and Significant Assumptions**

The OPEB Liability as of June 30, 2021, was determined by rolling forward the OPEB Liability as of July 1, 2019 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal
- Discount rate – 3.50% – 20-year high-grade municipal rate index
- Salary growth – an annual rate of 2.50%
- Assumed healthcare cost trends – 5.40% in 2020-2021 decreasing to 4.70% at 2055-2056+
- Mortality rates were based on the PubT.H.2000 Employee (Male and Female weighted by headcount) and projected using the MP-2018 mortality improvement scale as published by the Society of Actuaries.

### **Cost Sharing Multiple-Employer Defined Benefit OPEB Plan**

PSERS provides health insurance premium assistance which, is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Retirees of PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the PSERS' health options program or employer-sponsored health insurance program.

### **Benefits Provided**

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$264,624 for the year ended June 30, 2021.

### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a liability of \$4,859,408 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.2249 percent, which was an increase of 0.0029 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$258,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 44,713	\$ -
Changes in assumptions	198,024	106,616
Net difference between projected and actual investment earnings	8,384	-
Changes in proportions	106,071	76,786
Difference between employer contributions and their proportionate share of total contributions	-	2,637
Contributions subsequent to the measurement date	<u>264,624</u>	<u>-</u>
	<u>\$621,816</u>	<u>\$186,039</u>

\$264,624 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

### Year ended June 30,

2021	\$ 25,275
2022	24,696
2023	24,052
2025	48,104
20265	25,123
Thereafter	<u>23,903</u>
	<u>\$171,153</u>

### Actuarial Assumptions

The OPEB liability as of June 30, 2020, was determined by rolling forward the PSERS' OPEB liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:



# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

- Actuarial cost method – entry age normal – level % of pay
- Investment return – 2.66% – Standard & Poors 20-year municipal bond rate
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 combined healthy annuitant tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 combined disabled tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 combined healthy annuitant tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Investments consist primarily of short term assets designed to protect the principal of the OPEB plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

<u>OPEB – Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.3%	(1.0%)
US Core Fixed Income	46.5%	(0.1%)
Non-US Developed Fixed	<u>3.2%</u>	(0.1%)
	<u>100.00%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### Discount Rate

The discount rate used to measure the OPEB liability was 2.66%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the Standard & Poors 20-year municipal bond rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

### Sensitivity of District's Proportionate Share of the Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2020, retirees' health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability for June 30, 2020, calculated using current healthcare cost trends as well as what net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	<u>\$4,858,785</u>	<u>\$4,859,408</u>	<u>\$4,859,905</u>

### Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>1.66%</u>	<u>2.66%</u>	<u>3.66%</u>
District's proportionate share of the net OPEB liability	<u>\$5,540,474</u>	<u>\$4,859,408</u>	<u>\$4,295,426</u>

### OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on PSERS's website at [www.psers.pa.gov](http://www.psers.pa.gov).

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### (12) JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

#### **Delaware County Vocational Technical School and Delaware Vocational Technical School Authority**

The District and the other fourteen Delaware County school districts participate in the Delaware County Vocational Technical School (the "**DCVTS**"). The DCVTS provides vocational-technical training and education to students of the participating school districts. The DCVTS is controlled by a joint Board comprised of representative school board members of the participating school districts. District oversight of the DCVTS operations is the responsibility of the joint board. The District's share of operating costs for the DCVTS fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2020-2021 was \$740,453.

The District and the other fourteen Delaware County school districts also participate in a joint venture for the operation of the Delaware County Vocational-Technical School Authority (the "**DCVTSA**"). The DCVTSA oversees acquiring, holding, constructing, improving and maintaining the DCVTSA school buildings. The DCVTSA is controlled by a joint board comprised of representative school board members of the participating school districts in the DCVTS. During 2020-2021, the District did not have any financial transactions with the DCVTSA.

Both the DCVTS and the DCVTSA prepare financial statements that are available to the public from their administrative offices located at 200 Yale Avenue Morton, Pennsylvania 19070.

#### **Delaware County Community College**

The District and twelve other Delaware County schools sponsor the Delaware County Community College (the "**DCCC**"). The DCCC provides higher education programs to the residents of southeastern Pennsylvania. Sponsoring school districts pay a share of the DCCC's operating and debt service costs which fluctuate based on each District's certified market values and in return residents of each of the sponsoring school districts pay a reduced cost to participate in DCCC higher education programs. The sponsoring school districts have entered into a long-term lease agreement with the DCCC to provide rental payments sufficient to retire the DCCC's outstanding debt obligations. The lease agreement expires in 2034-2035 unless the debt is retired earlier. The District's share of operating costs and rent expense for 2020-2021 was \$804,770.

The DCCC prepares financial statements that are available to the public from their administrative offices located at 901 South Media Line Road, Media, Pennsylvania 19063.

The District's future annual lease payments to the DCCC are as follows:

#### **Year ending June 30,**

2022	\$ 143,097
2023	138,037
2024	127,600
2025	127,471
2026	127,487
2027-2031	637,389
2032-2035	<u>319,929</u>
	<u>\$1,621,010</u>

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### Delaware County Intermediate Unit

The District and the other Delaware County school districts are participating members of the Delaware County Intermediate Unit (the "**DCIU**"). The DCIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating district. The School Board of each participating district must approve the annual operating budget of the DCIU but the participating districts have no ongoing fiduciary interest or responsibility to the DCIU. The DCIU is a self-sustaining organization that provides a broad array of services to participating districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and state and federal liaison services.

### (13) OPERATING LEASES

The District leases office and computer equipment under non-cancelable operating leases expiring at various dates through December 2025. Rent expense for the office and computer equipment including additional operating costs, was \$98,570 for 2020-2021.

Future minimum lease payments under these leases are as follows:

#### Year ending June 30,

2022	\$ 98,460
2023	4,220
2024	4,220
2025	4,219
2026	<u>2,109</u>
	<u>\$113,228</u>

### (14) CONTINGENCIES AND COMMITMENTS

#### Government Grants and Awards

The District receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

#### Litigation

The District is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

### (15) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs including workers compensation. For insured programs, there were no significant reductions in insurance coverages during the 2020-2021 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

# SPRINGFIELD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

The District participates in a consortium with other participating school districts and educational agencies from Delaware County to provide self-insurance programs for health and prescription insurance coverage and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. Since the District has not transferred its risk to the other participants in the consortium, GASB requires that it recognize and measure its claims, liabilities and related expenses. The District accounts for its participation in the consortium in the General Fund in the accompanying financial statements.

The following table presents the components of the self-insurance claims surplus (liability) and the related changes in the claims surplus (liability) for the year ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Insurance claims liability – beginning of year	\$ 1,088,154	\$ -
Current year insurance claims and changes in estimates	(7,046,730)	(7,303,280)
Insurance claims and fees paid	<u>8,745,756</u>	<u>8,391,434</u>
Insurance claims liability – end of year	<u>\$ 2,787,180</u>	<u>\$ 1,088,154</u>

### (16) PRIOR PERIOD RESTATEMENT

As a result of the implementation of GASB Statement No. 84 "*Fiduciary Activities*", the District made a prior period adjustment to record net position for its Custodial Fund within its fiduciary activities. This prior period adjustment and its effect on net position at July 1, 2019 was an increase in Custodial Fund net position of \$139,065. Prior to the implementation of GASB Statement No. 84, custodial fund assets equaled liabilities and did not involve measurement of results of operations.

### (17) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 22, 2021 the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# SPRINGFIELD SCHOOL DISTRICT

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2021

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Local sources	\$ 62,592,304	\$62,797,304	\$62,766,515	\$ (30,789)
State sources	14,524,331	14,535,948	14,570,729	34,781
Federal sources	858,211	858,211	1,641,747	783,536
<b>Total revenues</b>	<u>77,974,846</u>	<u>78,191,463</u>	<u>78,978,991</u>	<u>787,528</u>
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Regular programs	33,004,998	33,003,127	32,941,063	62,064
Special programs	13,102,537	13,102,536	11,811,442	1,291,094
Vocational programs	808,129	808,129	740,453	67,676
Other instructional programs	293,560	273,987	231,508	42,479
Nonpublic school programs	6,817	6,817	1,937	4,880
Adult education programs	584,216	584,215	587,216	(3,001)
Higher education programs	10,000	10,000	68,631	(58,631)
<b>Total instruction</b>	<u>47,810,257</u>	<u>47,788,811</u>	<u>46,382,250</u>	<u>1,406,561</u>
<b>Support services</b>				
Pupil support services	4,047,692	4,047,693	3,842,594	205,099
Instructional staff services	1,574,225	1,573,975	1,485,894	88,081
Administrative services	4,516,588	4,538,789	4,695,828	(157,039)
Pupil health	763,928	763,928	754,148	9,780
Business services	845,392	845,392	826,172	19,220
Operation and maintenance of plant services	5,591,419	5,591,419	4,946,735	644,684
Student transportation services	3,218,349	3,218,349	2,369,979	848,370
Support services - central	2,552,438	2,552,438	2,561,765	(9,327)
Other support services	67,312	67,312	66,766	546
<b>Total support services</b>	<u>23,177,343</u>	<u>23,199,295</u>	<u>21,549,881</u>	<u>1,649,414</u>
<b>Operation of noninstructional services</b>				
Student activities	1,490,834	1,490,333	1,666,599	(176,266)
Community services	65,000	65,000	38,579	26,421
<b>Total operation of noninstructional services</b>	<u>1,555,834</u>	<u>1,555,333</u>	<u>1,705,178</u>	<u>(149,845)</u>
<b>Debt service</b>	<u>9,681,719</u>	<u>9,681,719</u>	<u>9,459,040</u>	<u>222,679</u>
<b>Total expenditures</b>	<u>82,225,153</u>	<u>82,225,158</u>	<u>79,096,349</u>	<u>3,128,809</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(4,250,307)</u>	<u>(4,033,695)</u>	<u>(117,358)</u>	<u>3,916,337</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refund of prior year receipts	-	-	(633,441)	(633,441)
Transfers out	(158,825)	(158,825)	(293,825)	(135,000)
<b>Total other financing sources (uses)</b>	<u>(158,825)</u>	<u>(158,825)</u>	<u>(927,266)</u>	<u>(768,441)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (4,409,132)</u>	<u>\$ (4,192,520)</u>	<u>(1,044,624)</u>	<u>\$ 3,147,896</u>
<b>FUND BALANCE</b>				
Beginning of year			8,809,461	
<b>End of year</b>			<u>\$ 7,764,837</u>	

# SPRINGFIELD SCHOOL DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PSERS

Year ended June 30

	Measurement Date						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.2250%	0.2220%	0.2271%	0.2254%	0.2218%	0.2189%	0.2278%
District's proportionate share of the net pension liability	\$ 110,787,786	\$ 103,857,390	\$ 109,019,000	\$ 111,321,000	\$ 109,917,000	\$ 94,817,000	\$ 90,165,000
District's covered-employee payroll	\$ 31,568,243	\$ 30,612,248	\$ 30,578,266	\$ 30,008,497	\$ 28,731,573	\$ 28,167,194	\$ 29,069,946
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	350.95%	339.27%	356.52%	370.96%	382.57%	336.62%	310.17%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	52.00%	50.00%	54.00%	57.00%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.



# SPRINGFIELD SCHOOL DISTRICT

## SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 10,510,649	\$ 9,941,684	\$ 9,637,000	\$ 8,621,000	\$ 7,056,000	\$ 5,652,000	\$ 4,538,000
Contributions in relation to the contractually required contribution	<u>10,510,649</u>	<u>9,952,146</u>	<u>9,631,836</u>	<u>8,649,393</u>	<u>7,068,467</u>	<u>5,666,997</u>	<u>4,543,258</u>
Contribution deficiency (excess)	-	(10,462)	5,164	(28,393)	(12,467)	(14,997)	(5,258)
District's covered-employee payroll	\$ 31,568,243	\$ 30,612,248	\$ 30,578,266	\$ 30,008,497	\$ 28,731,573	\$ 28,167,194	\$ 29,069,946
Contributions as a percentage of covered-employee payroll	33.30%	32.51%	31.50%	28.82%	24.60%	20.12%	15.63%

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In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

# SPRINGFIELD SCHOOL DISTRICT

## SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN

Year ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>TOTAL OPEB LIABILITY</b>				
Service cost	\$ 283,572	\$ 234,195	\$ 244,055	\$ 216,112
Interest on total OPEB liability	206,179	147,275	144,108	157,544
Differences between expected and actual experience	-	(446,522)	-	(177,997)
Changes of assumptions	-	1,329,293	-	1,026,282
Benefit payments	<u>(323,253)</u>	<u>(291,288)</u>	<u>(264,027)</u>	<u>(261,682)</u>
<b>Net change in total OPEB liability</b>	166,498	972,953	124,136	960,259
<b>Total OPEB liability, beginning</b>	<u>5,910,667</u>	<u>4,937,714</u>	<u>4,813,578</u>	<u>3,853,319</u>
<b>Total OPEB liability, ending</b>	<u>\$ 6,077,165</u>	<u>\$ 5,910,667</u>	<u>\$ 4,937,714</u>	<u>\$ 4,813,578</u>
<b>Fiduciary net position as a % of total OPEB liability</b>	0.00%	0.00%	0.00%	0.00%
<b>Covered payroll</b>	\$ 29,793,018	\$ 29,066,359	\$ 27,766,387	\$ 27,089,158
<b>Net OPEB liability as a % of covered payroll</b>	20.40%	20.34%	17.78%	17.77%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

## SPRINGFIELD SCHOOL DISTRICT

### SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY -PSERS

Year ended June 30

	Measurement Date			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.2249%	0.2220%	0.2271%	0.2254%
District's proportionate share of the net OPEB liability	\$ 4,859,408	\$ 4,721,589	\$ 4,735,000	\$ 4,592,000
District's covered-employee payroll	\$ 31,568,243	\$ 30,612,248	\$ 30,578,266	\$ 30,008,497
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.39%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%	6.00%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

# SPRINGFIELD SCHOOL DISTRICT

## SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 264,759	\$ 254,348	\$ 254,000	\$ 249,000
Contributions in relation to the contractually required contribution	<u>264,034</u>	<u>253,383</u>	<u>251,872</u>	<u>245,856</u>
Contribution deficiency (excess)	\$ 725	\$ 965	\$ 2,128	\$ 3,144
District's covered-employee payroll	\$ 31,568,243	\$ 30,612,248	\$ 30,578,266	\$ 30,008,497
Contributions as a percentage of covered-employee payroll	0.84%	0.83%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

## **COMBINING AND INDIVIDUAL FUND FINANICAL STATEMENTS**

**SPRINGFIELD SCHOOL DISTRICT****COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND**

June 30, 2021

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	<b><u>Capital Reserve Fund</u></b>	<b><u>Capital Projects Fund</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Cash	<u>\$ 7,115,925</u>	<u>\$ 30,881,634</u>	<u>\$ 37,997,559</u>
<b>Total assets</b>	<u>\$ 7,115,925</u>	<u>\$ 30,881,634</u>	<u>\$ 37,997,559</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	<u>\$ -</u>	<u>\$ 2,888,130</u>	<u>\$ 2,888,130</u>
 <b>FUND BALANCES</b>			
Restricted for Capital projects	<u>7,115,925</u>	<u>27,993,504</u>	<u>35,109,429</u>
<b>Total fund balances</b>	<u>7,115,925</u>	<u>27,993,504</u>	<u>35,109,429</u>
<b>Total liabilities and fund balances</b>	<u>\$ 7,115,925</u>	<u>\$ 30,881,634</u>	<u>\$ 37,997,559</u>

# SPRINGFIELD SCHOOL DISTRICT

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND

Year ended June 30, 2021

	<u>Capital Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Local sources	\$ 30,609	\$ 349,714	\$ 380,323
<b>EXPENDITURES</b>			
Support services	-	571,978	571,978
Facilities acquisition, construction and improvement services	141,427	26,830,403	26,971,830
<b>Total expenditures</b>	141,427	27,402,381	27,543,808
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(110,818)	(27,052,667)	(27,163,485)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from extended term financing	-	323,398	323,398
Issuance of debt	-	14,870,000	14,870,000
Issuance of debt - refunding	-	34,105,000	34,105,000
Payment of debt - refunding	-	(34,101,709)	(34,101,709)
Bond premiums	-	2,861,800	2,861,800
<b>Total other financing sources (uses)</b>	-	18,058,489	18,058,489
<b>NET CHANGE IN FUND BALANCES</b>	(110,818)	(8,994,178)	(9,104,996)
<b>FUND BALANCES</b>			
Beginning of year	7,226,743	36,987,682	44,214,425
<b>End of year</b>	<u>\$ 7,115,925</u>	<u>\$ 27,993,504</u>	<u>\$ 35,109,429</u>

## **SINGLE AUDIT**



# SPRINGFIELD SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

Year ended June 30, 2021

	Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal CFDA Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue	Passed Through to Subrecipients
								July 1, 2020			June 30, 2021	
-59-	U.S. Department of Education											
	Passed-Through the Pennsylvania Department of Education											
	Title I - Improving Basic Programs	I	84.010	013-200415	07/01/19 - 09/30/20	\$ 156,006	\$ 20,793	\$ 20,793	\$ -	\$ -	\$ -	\$ -
	Title I - Improving Basic Programs	I	84.010	013-210415	07/01/20 - 09/30/21	138,254	89,032	-	135,959	135,959	46,927	-
	Total CFDA #84.010						109,825	20,793	135,959	135,959	46,927	-
	Title II - Improving Teacher Quality	I	84.367	020-200415	07/01/19 - 09/30/20	67,577	9,474	9,474	-	-	-	-
	Title II - Improving Teacher Quality	I	84.367	020-210415	07/01/20 - 09/30/21	61,626	52,856	-	61,626	61,626	8,770	-
	Total CFDA #84.367						62,330	9,474	61,626	61,626	8,770	-
	Title III - Language Instruction for English Learners	I	84.365	010-200145	07/01/19 - 09/30/20	14,614	3,897	974	2,923	2,923	-	-
	Title III - Language Instruction for English Learners	I	84.365	010-210145	07/01/20 - 09/30/21	15,247	6,534	-	7,360	7,360	826	-
	Total CFDA #84.365						10,431	974	10,283	10,283	826	-
	Title IV - Student Support and Academic Enrichment	I	84.424	144-200415	08/10/19 - 09/30/20	11,825	2,365	2,365	-	-	-	-
	Title IV - Student Support and Academic Enrichment	I	84.424	144-210415	08/10/20 - 09/30/21	11,832	10,142	-	11,832	11,832	1,690	-
	Total CFDA #84.424						12,507	2,365	11,832	11,832	1,690	-
	CARES Act - ESSER Fund Local	I	84.425	200-200415	03/13/20 - 10/30/20	128,135	128,135	15,520	112,615	112,615	-	-
	CARES Act - ESSER Fund Local	I	84.425	200-210415	03/13/20 - 09/30/23	510,528	35,680	-	-	-	(35,680)	-
	COVID-19 SECIM	I	84.425	252-200415	03/13/20 - 09/30/21	52,272	13,756	-	24,246	24,246	10,490	-
	Passed-Through the Pennsylvania Commission on Crime and Delinquency											
	COVID-19 ESSER School Health & Safety Grants	I	84.425	2020-ES-01-35082	03/13/20 - 09/30/22	129,697	120,842	-	120,842	120,842	-	-
	Total CFDA #84.425						298,413	15,520	257,703	257,703	(25,190)	-

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<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Passed Through to Subrecipients</u>
<b><u>Passed Through the Delaware County I.U.</u></b>											
I.D.E.A. - Part B, Section 611	I	84.027	062-200013	07/01/19 - 09/30/20	605,005	238,451	238,451	-	-	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-210013	07/01/20 - 09/30/21	735,481	735,481	-	735,481	735,481	-	-
Total CFDA #84.027						973,932	238,451	735,481	735,481	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-210013	07/01/20 - 09/30/21	4,004	4,004	-	4,004	4,004	-	-
<b>Total U.S. Department of Education</b>						1,471,442	287,577	1,216,888	1,216,888	33,023	-
<b><u>U.S. Department of Treasury</u></b>											
<b><u>Passed-Through the Pennsylvania Commission on Crime and Delinquency</u></b>											
COVID-19 Relief Fund	I	21.019	2020-CS-01-33654	03/01/20 - 10/30/20	270,375	270,375	38,739	231,636	231,636	-	-
<b><u>Passed Through the Delaware County I.U.</u></b>											
COVID-19 Relief Fund	I	21.019	N/A	09/23/20 - 12/31/20	193,223	193,223	-	193,223	193,223	-	-
<b>Total U.S. Department of Treasury</b>						463,598	38,739	424,859	424,859	-	-
<b><u>U.S. Department of Agriculture</u></b>											
<b><u>Passed-Through the Pennsylvania Department of Education</u></b>											
State Matching Share	S	N/A	N/A	07/01/19 - 06/30/20	N/A	563	563	-	-	-	-
State Matching Share	S	N/A	N/A	07/01/20 - 06/30/21	N/A	12,522	-	18,936	18,936	6,414	-
Total State Matching						13,085	563	18,936	18,936	6,414	-
Breakfast Program	I	10.553	N/A	07/01/19 - 06/30/20	N/A	4,710	4,710	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/20 - 06/30/21	N/A	76,306	-	115,501	115,501	39,195	-
Total CFDA #10.553						81,016	4,710	115,501	115,501	39,195	-
National School Lunch Program	I	10.555	N/A	07/01/19 - 06/30/20	N/A	8,909	8,909	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/20 - 06/30/21	N/A	219,578	-	353,735	353,735	134,157	-
<b><u>Passed-Through the Pennsylvania Department of Agriculture</u></b>											
National School Lunch Program	I	10.555	N/A	07/01/20 - 06/30/21	N/A	48,046	-	48,046	48,046	-	-
Total CFDA #10.555						276,533	8,909	401,781	401,781	134,157	-
<b>Total U.S. Department of Agriculture</b>						370,634	14,182	536,218	536,218	179,766	-
<b>Total Federal Awards and Certain State Grants</b>						\$ 2,305,674	\$ 340,498	\$ 2,177,965	\$ 2,177,965	\$ 212,789	\$ -

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<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Passed Through to Subrecipients</u>
Total Federal Awards						\$ 2,292,589	\$ 339,935	\$ 2,159,029	\$2,159,029	\$ 206,375	\$ -
Total State Awards						<u>13,085</u>	<u>563</u>	<u>18,936</u>	<u>18,936</u>	<u>6,414</u>	<u>-</u>
Total Federal Awards and Certain State Grants						<u>\$ 2,305,674</u>	<u>\$ 340,498</u>	<u>\$ 2,177,965</u>	<u>\$2,177,965</u>	<u>\$ 212,789</u>	<u>\$ -</u>
Special Education Cluster (IDEA) (CFDA's #84.027 and #84.173)						<u>\$ 977,936</u>	<u>\$ 238,451</u>	<u>\$ 739,485</u>	<u>\$ 739,485</u>	<u>\$ -</u>	<u>\$ -</u>
Child Nutrition Cluster (CFDA's #10.553 and #10.555)						<u>\$ 357,549</u>	<u>\$ 13,619</u>	<u>\$ 517,282</u>	<u>\$ 517,282</u>	<u>\$ 173,352</u>	<u>\$ -</u>

#### **Source Codes**

D - Direct Funding

I - Indirect Funding

S - State Share

# **SPRINGFIELD SCHOOL DISTRICT**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS**

**June 30, 2021**

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### **(1) FEDERAL EXPENDITURES**

The Schedule of Expenditures of Federal Awards and Certain State Grants reflects federal expenditures for all individual grants which were active during the fiscal year. Additionally, the Schedule reflects expenditures for certain state grants.

### **(2) BASIS OF ACCOUNTING**

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

### **(3) NONMONETARY FEDERAL AWARDS – DONATED FOOD**

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards and Certain State Grants under CFDA #10.555 National School Lunch Program and passed through the Pennsylvania Department of Agriculture represent federal surplus food consumed by the District during the 2020-2021 fiscal year.

### **(4) ACCESS PROGRAM**

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2021 was \$0.

### **(5) INDIRECT COSTS**

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

## **SPRINGFIELD SCHOOL DISTRICT**

### ***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

**Year ended June 30, 2021**

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There were no audit findings for the year ended June 30, 2020.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Board of School Directors  
Springfield School District  
Springfield, Pennsylvania**

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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springfield School District, Springfield, Pennsylvania, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Springfield School District's basic financial statements, and have issued our report thereon dated October 22, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Springfield School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Springfield School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Springfield School 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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Springfield School 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BBD, LLP**

**Philadelphia, Pennsylvania  
October 22, 2021**



## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Board of School Directors  
Springfield School District  
Springfield, Pennsylvania**

### ***Report on Compliance for Each Major Federal Program***

We have audited Springfield School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Springfield School District's major federal programs for the year ended June 30, 2021. Springfield School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Springfield School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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**"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Springfield School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, Springfield School District, complied, in all material respects, with the types of 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, 2021.



### ***Report on Internal Control over Compliance***

Management of Springfield School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Springfield School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Springfield School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**BBD, LLP**

**Philadelphia, Pennsylvania  
October 22, 2021**

# **SPRINGFIELD SCHOOL DISTRICT**

## ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

**Year ended June 30, 2021**

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### **SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Springfield School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of the Springfield School District are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Springfield School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Springfield School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:  
  
    Special Education Cluster:  
    I.D.E.A. – Part B, Section 611 – CFDA Number 84.027  
    I.D.E.A. – Part B, Section 619 – CFDA Number 84.173
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Springfield School District was determined to be a low-risk auditee.

### **FINDINGS—FINANCIAL STATEMENT AUDIT**

None

### **FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None