



OHIO AUDITOR OF STATE  
**KEITH FABER**





**LONDON CITY SCHOOL DISTRICT  
MADISON COUNTY  
JUNE 30, 2021**

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**LONDON CITY SCHOOL DISTRICT  
MADISON COUNTY  
JUNE 30, 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

London City School District  
Madison County  
380 Elm Street, 2<sup>nd</sup> Floor  
London, Ohio 43140

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the London City School District, Madison County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 23 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Also, as discussed in Note 21 to the financial statements, the 2021 financial statements have been restated to reclassify activity related to the purchase of health insurance and due to the adoption of new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 14, 2022

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**LONDON CITY SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

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This discussion and analysis of the London City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements, and notes to the basic financial statements to enhance their understanding of the District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2021 are as follows:

- Net position of governmental activities increased \$1.8 million.
- General revenues totaled \$22.7 million and program specific revenues in the form of charges for services and sales, grants, and contributions totaled \$5.8 million. Total revenues equaled \$28.5 million.
- The District had \$26.6 million in expenses related to governmental activities; only \$5.8 million of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues (primarily grants, entitlements, property taxes, and income taxes) totaling \$22.7 million were sufficient in providing for the balance of these programs.

### **Using the Basic Financial Statements**

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity.

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all other non-major funds presented in total in one column. The major funds for the District are the General Fund and Debt Service Fund.

### **Reporting the District as a Whole**

One of the most important questions asked about the District is "How did we do financially during fiscal year 2021?"

The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in the District's net position. The change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

**LONDON CITY SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

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## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's major funds.

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

***Proprietary Funds*** - Proprietary funds use the accrual basis of accounting; the same as on the entity-wide statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various funds. The District uses an internal service fund to account for dental and health claims and premiums. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$24.4 million at the close of the current fiscal year.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services; 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.

**LONDON CITY SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

**The District as a Whole**

Recall that the Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position for fiscal year 2021 and fiscal year 2020:

<b>District Net Position</b>		
<b>Governmental Activities</b>		
	2021	Restated 2020
Current and Other Assets	\$ 26,948,583	\$ 23,077,294
Capital Assets, Net	39,413,095	40,682,008
Total Assets	66,361,678	63,759,302
Deferred Outflows of Resources	4,651,250	4,847,474
Current Liabilities	2,982,248	2,562,521
Long-Term Liabilities		
Net Pension Liability	23,679,498	22,787,525
Net OPEB Liability	1,571,409	1,902,501
Other Long-Term Liabilities	9,305,466	10,160,516
Total Liabilities	37,538,621	37,413,063
Deferred Inflows of Resources	9,055,627	8,585,460
Net Position:		
Net Investment in Capital Assets	31,020,193	31,400,637
Restricted	2,890,457	2,355,965
Unrestricted	(9,491,970)	(11,148,349)
Total Net Position	\$ 24,418,680	\$ 22,608,253

Current and other assets increased significantly in comparison with the prior fiscal year-end. This increase is primarily the result of a significant increase in equity in pooled cash and investments. This increase is the result of an increase in grants received from the State of Ohio.

Other Long-Term Liabilities decreased significantly in comparison with the prior fiscal year-end. This decrease is primarily the result of principal payments during the fiscal year.

The net pension and net OPEB liabilities, net OPEB asset, and related deferred outflows and inflows of resources related to pensions/OPEB all fluctuated significantly in comparison with the prior fiscal year-end. These fluctuations are primarily the result of changes in benefit terms and changes in actuarial assumptions.

**LONDON CITY SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

Table 2 shows the changes in net position for fiscal years 2021 and 2020:

<b>Change in Net Position</b>		
<b>Governmental Activities</b>		
	2021	Restated 2020
Revenues:		
Program Revenues		
Charges for Services	\$ 1,162,852	\$ 1,251,031
Operating Grants and Contributions	4,596,174	2,400,177
Capital Grants and Contributions	23,200	7,300
Total Program Revenues	5,782,226	3,658,508
General Revenues		
Property Taxes	8,867,016	8,093,219
Income Taxes	4,321,667	3,769,894
Revenue in Lieu of Taxes	82,674	67,617
Grants and Entitlements	8,683,334	9,184,988
Investment Earnings	33,879	385,652
Other Revenue	683,686	269,806
Total General Revenue	22,672,256	21,771,176
Total Revenues	28,454,482	25,429,684
Expenses:		
Program Expenses		
Instruction	16,477,496	16,470,062
Support Services	8,411,480	8,008,261
Non-Instructional	795,453	780,666
Extracurricular Activities	797,513	684,733
Interest and Fiscal Charges	162,113	184,125
Total Expenses	26,644,055	26,127,847
Changes in Net Position	1,810,427	(698,163)
Net Position at Beginning of Year	22,608,253	23,226,338
Restatement, See Note 21	-	80,078
Net Position at End of Year	\$ 24,418,680	\$ 22,608,253

Fiscal year 2020 amounts have been reclassified to correlate with fiscal year 2021 classifications.

Operating grants and contributions increased significantly in comparison with the prior fiscal year-end. This increase is primarily the result of the District receiving additional grants from the State of Ohio during the COVID-19 Pandemic.

Investment earnings decreased significantly in comparison with the prior fiscal year-end. This decrease is the result of a decrease in current interest rates in comparison with the interest rates in the previous fiscal year.

**LONDON CITY SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

The following table indicates the total cost of services and the net cost of services for governmental activities. The Statement of Activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements. A comparative analysis of fiscal year 2021 to 2020 follows:

	Fiscal Year 2021		Fiscal Year 2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$ 16,477,496	\$ 12,817,380	\$ 16,470,062	\$ 13,678,890
Support Services	8,411,480	7,297,990	8,008,261	7,989,235
Non-Instructional	795,453	28,181	780,666	188,634
Extracurricular Activities	797,513	556,165	684,733	428,455
Interest and Fiscal Charges	162,113	162,113	184,125	184,125
Total Expenses	<u>\$ 26,644,055</u>	<u>\$ 20,861,829</u>	<u>\$ 26,127,847</u>	<u>\$ 22,469,339</u>

Fiscal year 2020 amounts have been reclassified to correlate with the fiscal year 2021 classification.

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Program revenues offset only 22 percent of expenses, relying on 78 percent support from general revenues. It is apparent that the community, as a whole, is the primary support for the District's students.

**The District's Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$15.3 million, an increase of \$2.9 million in comparison with the prior year. Of this amount, approximately \$11.8 million constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of fund balance is not available for new spending because it is; (1) not in spendable form (\$6,899); (2) restricted for specific purposes (\$2.8 million); (3) committed for specific purposes (\$158,548); or (4) assigned to specific purposes (\$461,167).

The schedule below indicates the fund balance and the total change in fund balance by major fund and other governmental funds as of June 30, 2021 and 2020.

	Fund Balance	Restated Fund Balance	Increase
	June 30, 2021	June 30, 2020	(Decrease)
General Fund	\$ 12,088,142	\$ 10,063,035	\$ 2,025,107
Debt Service Fund	1,659,479	1,476,887	182,592
Other Governmental Funds	1,513,743	819,192	694,551
Total	<u>\$ 15,261,364</u>	<u>\$ 12,359,114</u>	<u>\$ 2,902,250</u>

**LONDON CITY SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

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The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11.9 million, while total fund balance was \$12.1 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57 percent of total general fund expenditures, while total fund balance represents 59 percent of that same amount.

The Debt Service fund balance increased \$182,592 during the current fiscal year. For the most part, this increase represents the amount in which property taxes and related receipts exceeded debt service disbursements during the fiscal year.

### **General Fund – Budget Highlights**

The District's budget is prepared in accordance with Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, the variances between original and final estimated revenues and other financing sources and final and actual estimated revenues and other financing sources were minimal.

The variances between original and final estimated expenditures and other financing uses and final and actual expenditures and other financing uses were also both insignificant.

### **Capital Assets**

At fiscal year-end, the District had \$39.4 million (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, furniture, equipment and fixtures, vehicles, and textbooks and software, a decrease of \$1.3 million in comparison with the prior fiscal year. This decrease represents the amount in which current year depreciation (\$2.1 million) and net disposals (\$4,759) exceeded current year additions (\$849,945).

See Note 11 to the basic financial statements for additional information on Capital Assets.

### **Debt**

At fiscal year-end, the District's debt totaled \$8.0 million, a decrease of \$963,054 in comparison with the prior fiscal year. This decrease represents current year debt service (\$919,966) and amortization of bond premiums (\$43,088).

See Note 15 to the basic financial statements for additional information on long-term obligations.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. For questions about this report or additional information, contact Kristine Blind, Treasurer of London City District, 380 Elm Street, London, Ohio 43140.

**London City School District**  
**Madison County, Ohio**  
*Statement of Net Position*  
*June 30, 2021*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 11,823,230
Cash with Fiscal Agent	2,105,585
Accounts Receivable	5,152
Accrued Interest Receivable	16,759
Intergovernmental Receivable	287,696
Property Taxes Receivable	9,013,507
Income Taxes Receivable	1,895,829
Payments in Lieu of Taxes Receivable	142,698
Prepaid Items	272,305
Net OPEB Asset	1,385,822
Non-Depreciable Capital Assets	524,550
Depreciable Capital Assets, net	38,888,545
<i>Total Assets</i>	66,361,678
<b>Deferred Outflows of Resources</b>	
Pension	4,065,190
OPEB	586,060
<i>Total Deferred Outflows of Resources</i>	4,651,250
<b>Liabilities</b>	
Accounts Payable	83,381
Accrued Wages and Benefits	1,879,107
Intergovernmental Payable	303,508
Accrued Interest Payable	20,202
Claims Payable	415,849
Unearned Revenue	280,201
Long-Term Liabilities:	
Due Within One Year	1,096,652
Due In More Than One Year:	
Net Pension Liability	23,679,498
Net OPEB Liability	1,571,409
Other Amounts Due in More Than One Year	8,208,814
<i>Total Liabilities</i>	37,538,621
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	4,822,422
Deferred Charges on Refunding	302,075
Pension	1,246,257
OPEB	2,684,873
<i>Total Deferred Inflows of Resources</i>	9,055,627
<b>Net Position</b>	
Net Investment in Capital Assets	31,020,193
Restricted for:	
Capital Outlay	212,907
Debt Service	1,676,816
Classroom Facilities Maintenance	2,501
Student Activities	162,358
State and Federal Grants	820,455
Other Purposes	15,420
Unrestricted	(9,491,970)
<i>Total Net Position</i>	\$ 24,418,680

See accompanying notes to the basic financial statements.

**London City School District**  
**Madison County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 11,919,002	\$ 906,262	\$ 652,712	\$ -	\$ (10,360,028)
Special	4,431,241	51,995	2,001,524	-	(2,377,722)
Vocational	121,674	-	42,044	-	(79,630)
Other	5,579	-	5,579	-	-
Support Services:					
Pupils	1,571,024	-	732,889	-	(838,135)
Instructional Staff	615,088	-	174,006	-	(441,082)
Board of Education	112,404	-	-	-	(112,404)
Administration	1,720,616	-	-	-	(1,720,616)
Fiscal	711,342	-	-	-	(711,342)
Business	235,979	-	-	-	(235,979)
Operation and Maintenance of Plant	2,240,250	16,372	45,112	15,872	(2,162,894)
Pupil Transportation	991,715	14,312	114,927	-	(862,476)
Central	213,062	-	-	-	(213,062)
Non-Instructional Services:					
Food Service Operations	636,170	14,254	603,095	-	(18,821)
Community Services	159,283	-	149,923	-	(9,360)
Extracurricular Activities	797,513	159,657	74,363	7,328	(556,165)
Debt Service:					
Interest and Fiscal Charges	162,113	-	-	-	(162,113)
<b>Total Governmental Activities</b>	<b>\$ 26,644,055</b>	<b>\$ 1,162,852</b>	<b>\$ 4,596,174</b>	<b>\$ 23,200</b>	<b>(20,861,829)</b>

**General Revenues**

Property Taxes Levied for:	
General Purposes	7,653,379
Debt Service	1,066,517
Classroom Facilities Maintenance	147,120
Income Taxes	4,321,667
Grants and Entitlements not Restricted to Specific Programs	8,683,334
Payments in Lieu of Taxes	82,674
Investment Earnings	33,879
Miscellaneous	683,686
<b>Total General Revenues</b>	<b>22,672,256</b>
<b>Change in Net Position</b>	<b>1,810,427</b>
<b>Net Position Beginning of Year (Restated, See Note 21)</b>	<b>22,608,253</b>
<b>Net Position End of Year</b>	<b>\$ 24,418,680</b>

See accompanying notes to the basic financial statements.



**London City School District**  
**Madison County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2021*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 8,887,065	\$ 1,187,227	\$ 1,649,874	\$ 11,724,166
Accounts Receivable	4,653	-	499	5,152
Accrued Interest Receivable	16,759	-	-	16,759
Interfund Receivable	96,621	-	-	96,621
Intergovernmental Receivable	12,021	-	275,675	287,696
Property Taxes Receivable	7,958,968	1,054,539	-	9,013,507
Income Taxes Receivable	1,895,829	-	-	1,895,829
Payments in Lieu of Taxes Receivable	142,698	-	-	142,698
Prepaid Items	6,899	-	-	6,899
<i>Total Assets</i>	<u>\$ 19,021,513</u>	<u>\$ 2,241,766</u>	<u>\$ 1,926,048</u>	<u>\$ 23,189,327</u>
<b>Liabilities</b>				
Accounts Payable	\$ 57,326	\$ -	\$ 26,055	\$ 83,381
Accrued Wages and Benefits	1,686,377	-	192,730	1,879,107
Intergovernmental Payable	271,746	-	31,762	303,508
Interfund Payable	-	-	96,621	96,621
Matured Compensated Absences Payable	16,956	-	-	16,956
<i>Total Liabilities</i>	<u>2,032,405</u>	<u>-</u>	<u>347,168</u>	<u>2,379,573</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Levied for the Next Year	4,277,674	544,748	-	4,822,422
Unavailable Revenue	623,292	37,539	65,137	725,968
<i>Total Deferred Inflows of Resources</i>	<u>4,900,966</u>	<u>582,287</u>	<u>65,137</u>	<u>5,548,390</u>
<b>Fund Balances</b>				
Nonspendable	6,899	-	-	6,899
Restricted	-	1,659,479	1,188,359	2,847,838
Committed	158,548	-	-	158,548
Assigned	50,398	-	410,769	461,167
Unassigned	11,872,297	-	(85,385)	11,786,912
<i>Total Fund Balance</i>	<u>12,088,142</u>	<u>1,659,479</u>	<u>1,513,743</u>	<u>15,261,364</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 19,021,513</u>	<u>\$ 2,241,766</u>	<u>\$ 1,926,048</u>	<u>\$ 23,189,327</u>

See accompanying notes to the basic financial statements.

**London City School District**  
**Madison County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2021*

<b>Total Governmental Fund Balances</b>		\$ 15,261,364
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		39,413,095
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 65,137	
Delinquent Property Taxes	303,667	
Income Tax	312,847	
Payments in Lieu of Taxes	27,558	
Accrued Interest Receivable	16,759	725,968
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,774,005
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(20,202)
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	1,385,822	
Deferred Outflows - Pension	4,065,190	
Deferred Outflows - OPEB	586,060	
Net Pension Liability	(23,679,498)	
Net OPEB Liability	(1,571,409)	
Deferred Inflows - Pension	(1,246,257)	
Deferred Inflows - OPEB	(2,684,873)	(23,144,965)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(7,250,000)	
Notes Payable	(468,040)	
Deferred Amount on Refunding	(302,075)	
Unamortized Bond Premium	(262,663)	
Capital Leases	(110,124)	
Compensated Absences	(1,197,683)	(9,590,585)
<i>Net Position of Governmental Activities</i>		<b>\$ 24,418,680</b>

See accompanying notes to the basic financial statements.

**London City School District**  
**Madison County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2021*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 7,635,584	\$ 1,064,584	\$ 147,120	\$ 8,847,288
Income Taxes	4,510,111	-	-	4,510,111
Intergovernmental	9,505,428	221,751	3,480,477	13,207,656
Investment Income	35,722	-	133	35,855
Tuition and Fees	934,872	-	-	934,872
Extracurricular Activities	14,366	-	150,104	164,470
Charges for Services	4,628	-	19,726	24,354
Rent	18,757	-	20,400	39,157
Contributions and Donations	41,002	-	98,265	139,267
Payments in Lieu of Taxes	55,116	-	-	55,116
Miscellaneous	653,929	-	12,351	666,280
<i>Total Revenues</i>	<u>23,409,515</u>	<u>1,286,335</u>	<u>3,928,576</u>	<u>28,624,426</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	9,414,133	-	646,215	10,060,348
Special	3,330,090	-	1,019,944	4,350,034
Vocational	114,171	-	-	114,171
Other	-	-	5,579	5,579
Support Services:				
Pupils	1,158,131	-	353,466	1,511,597
Instructional Staff	464,833	-	173,762	638,595
Board of Education	112,404	-	-	112,404
Administration	1,670,217	-	-	1,670,217
Fiscal	686,390	22,243	-	708,633
Business	235,979	-	-	235,979
Operation and Maintenance of Plant	1,685,407	-	488,385	2,173,792
Pupil Transportation	1,095,453	-	75,873	1,171,326
Central	220,348	-	-	220,348
Operation of Non-Instructional/Shared Services:				
Food Service Operations	-	-	610,937	610,937
Community Services	-	-	158,183	158,183
Extracurricular Activities	335,660	-	443,568	779,228
Capital Outlay	132,270	-	37,778	170,048
Debt Service				
Principal Retirement	5,796	919,966	-	925,762
Interest and Fiscal Charges	-	243,080	-	243,080
<i>Total Expenditures</i>	<u>20,661,282</u>	<u>1,185,289</u>	<u>4,013,690</u>	<u>25,860,261</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,748,233</u>	<u>101,046</u>	<u>(85,114)</u>	<u>2,764,165</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	2,100	-	-	2,100
Insurance Recoveries	-	-	20,065	20,065
Inception of Capital Lease	115,920	-	-	115,920
Transfers In	-	81,546	759,600	841,146
Transfers Out	(841,146)	-	-	(841,146)
<i>Total Other Financing Sources (Uses)</i>	<u>(723,126)</u>	<u>81,546</u>	<u>779,665</u>	<u>138,085</u>
<i>Net Change in Fund Balances</i>	2,025,107	182,592	694,551	2,902,250
<i>Fund Balances Beginning of Year, Restated (See Note 21)</i>	<u>10,063,035</u>	<u>1,476,887</u>	<u>819,192</u>	<u>12,359,114</u>
<i>Fund Balances End of Year</i>	<u>\$ 12,088,142</u>	<u>\$ 1,659,479</u>	<u>\$ 1,513,743</u>	<u>\$ 15,261,364</u>

See accompanying notes to the basic financial statements.

**London City School District**  
**Madison County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2021*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	2,902,250
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 849,945	
Current Year Depreciation	<u>(2,114,099)</u>	(1,264,154)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(4,759)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(44,282)	
Property Taxes	19,728	
Income Tax	(188,444)	
Payment in Lieu of Taxes	27,558	
Other	<u>(1,910)</u>	(187,350)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	919,966	
Capital Lease	<u>5,796</u>	925,762
Inception of capital lease in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
		(115,920)
Amortization of bond premium on bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities.		
		43,088
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	2,340	
Amortization of Refunding Loss	35,539	37,879
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,699,118	
OPEB	<u>46,264</u>	1,745,382
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,695,026)	
OPEB	<u>115,430</u>	(2,579,596)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		295,256
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 governmental funds.		
Compensated Absences		<u>12,589</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>1,810,427</u></u>

**London City School District**  
**Madison County, Ohio**  
*Statement of Revenues, Expenditures and Changes in*  
*Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$ 6,879,442	\$ 7,462,442	\$ 7,462,038	\$ (404)
Income Taxes	3,783,149	3,931,149	3,930,807	(342)
Intergovernmental	8,797,091	9,479,591	9,499,500	19,909
Investment Income	73,962	119,462	119,021	(441)
Tuition and Fees	920,031	925,632	935,568	9,936
Charges for Services	4,500	4,628	4,628	-
Rent	36,000	20,500	18,757	(1,743)
Contributions and Donations	-	2,000	2,000	-
Miscellaneous	114,034	649,934	649,488	(446)
<i>Total Revenues</i>	<u>20,608,209</u>	<u>22,595,338</u>	<u>22,621,807</u>	<u>26,469</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	9,471,220	9,307,991	9,378,849	(70,858)
Special	3,638,044	3,652,739	3,348,351	304,388
Vocational	123,385	123,385	110,185	13,200
Other	2,436	2,436	-	2,436
Support Services:				
Pupils	1,332,162	1,171,525	1,151,030	20,495
Instructional Staff	466,005	465,985	466,819	(834)
Board of Education	105,197	125,831	113,207	12,624
Administration	1,683,593	1,688,861	1,650,796	38,065
Fiscal	676,406	681,406	687,238	(5,832)
Business	244,330	246,931	241,775	5,156
Operation and Maintenance of Plant	1,759,047	1,758,498	1,697,941	60,557
Pupil Transportation	1,206,463	1,136,700	1,101,098	35,602
Central	213,919	213,919	209,722	4,197
Extracurricular Activities	386,957	386,957	326,896	60,061
Capital Outlay	16,967	16,967	16,350	617
<i>Total Expenditures</i>	<u>21,326,131</u>	<u>20,980,131</u>	<u>20,500,257</u>	<u>479,874</u>
<i>Excess of Receipts Over (Under) Expenditures</i>	<u>(717,922)</u>	<u>1,615,207</u>	<u>2,121,550</u>	<u>506,343</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	2,100	2,100	2,100	-
Advances In	-	-	272,984	272,984
Advances Out	(47,533)	-	-	-
Transfers Out	(670,000)	(1,063,533)	(1,063,266)	267
<i>Total Other Financing Sources (Uses)</i>	<u>(715,433)</u>	<u>(1,061,433)</u>	<u>(788,182)</u>	<u>273,251</u>
<i>Net Change in Fund Balance</i>	<u>(1,433,355)</u>	<u>553,774</u>	<u>1,333,368</u>	<u>779,594</u>
<i>Fund Balance Beginning of Year</i>	<u>7,166,051</u>	<u>7,166,051</u>	<u>7,166,051</u>	<u>-</u>
Prior Year Encumbrances Appropriated	39,482	39,482	39,482	-
<i>Fund Balance End of Year</i>	<u>\$ 5,772,178</u>	<u>\$ 7,759,307</u>	<u>\$ 8,538,901</u>	<u>\$ 779,594</u>

See accompanying notes to the basic financial statements.

**London City School District**  
**Madison County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*June 30, 2021*

	Governmental Activities	
	Internal Service Funds	
<b>Assets</b>		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$	99,064
Cash with Fiscal Agent		2,105,585
Prepaid Items		265,406
<i>Total Current Assets</i>		2,470,055
<i>Current Liabilities:</i>		
Unearned Revenue		280,201
Claims Payable		415,849
<i>Total Current Liabilities</i>		696,050
<b>Net Position</b>		
Unrestricted		1,774,005
<i>Total Net Position</i>	\$	1,774,005

See accompanying notes to the basic financial statements.

**London City School District**  
**Madison County, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Funds*  
*For the Fiscal Year Ended June 30, 2021*

	Governmental Activities
	Internal Service Funds
<b>Operating Revenues</b>	
Charges for Services	\$ 3,084,825
<i>Total Operating Revenues</i>	<i>3,084,825</i>
<b>Operating Expenses</b>	
Purchased Services	651,030
Claims	2,155,646
<i>Total Operating Expenses</i>	<i>2,806,676</i>
<i>Operating Income (Loss)</i>	<i>278,149</i>
<b>Non-Operating Revenues (Expenses)</b>	
Interest	17,107
<i>Total Non-Operating Revenues (Expenses)</i>	<i>17,107</i>
<i>Change in Net Position</i>	<i>295,256</i>
<i>Net Position Beginning of Year, Restated</i>	<i>1,478,749</i>
<i>Net Position End of Year</i>	<i>\$ 1,774,005</i>

See accompanying notes to the basic financial statements.

**London City School District**  
**Madison County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Fiscal Year Ended June 30, 2021

	Governmental Activities
	Internal Service Funds
<b>Cash Flows from Operating Activities</b>	
Cash Received from Charges for Services	\$ 3,347,940
Cash Payments for Purchased Services	(637,169)
Cash Payments for Claims	(2,334,678)
<i>Net Cash Provided by Operating Activities</i>	376,093
<b>Cash Flows from Investing Activities</b>	
Interest	17,107
<i>Net Cash Provided by Investing Activities</i>	17,107
<i>Net Increase in Cash and Cash Equivalents</i>	393,200
<i>Cash and Cash Equivalents at Beginning of Year, Restated</i>	1,811,449
<i>Cash and Cash Equivalents at End of Year</i>	\$ 2,204,649
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 278,149
Adjustments:	
Changes in Assets and Liabilities:	
Prepaid Items	(265,406)
Claims Payable	100,235
Unearned Revenue	263,115
<i>Net Cash Provided by Operating Activities</i>	\$ 376,093

See accompanying notes to the basic financial statements.



## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

The London City School District (the “District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by State statute and federal guidelines.

The District serves an area of approximately 54 square miles. The District is located in Madison County and encompasses all of the City of London and portions of Deer Creek, Somerford, and Union Townships. 70 non-certificated employees staff it and 147 certificated employees who provide services to 2,054 students. The District currently operates three instructional buildings and one bus garage.

#### *Reporting Entity*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Non-public Schools – Within the District boundaries, there is one non-public school. Current State legislature provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the District, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District had no component units for the fiscal year ended June 30, 2021.

The District participates in seven organizations, three of which are defined as jointly governed organizations, one as a public entity shared risk pool, two as insurance purchasing pools, and one as a related organization. These organizations are the Metropolitan Educational Technology Association, Tolles Career and Technical Center, London Schools Foundation, Schools of Ohio Risk Sharing Authority, Ohio SchoolComp Workers’ Compensation Group Rating Plan, Jefferson Health Plan, and London Public Library. These organizations are presented in Note 17 to the basic financial statements.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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### **Basis of Presentation**

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

#### *Government-wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government. The government-wide statements usually distinguish between those activities of the District that are governmental and those that are considered business-type; however, the District has no business-type activities. The activity of the internal service fund is also eliminated to avoid 'doubling up' revenues and expenses.

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

#### *Fund Financial Statements*

During the fiscal year, the District segregates transactions related to certain District functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements.

### **Fund Accounting**

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

#### *Governmental Funds*

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

## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

Debt Service Fund - The Debt Service Fund is used to account for and reports the accumulation of restricted property taxes received and the payment of general obligation bond principal and interest.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

### *Internal Service Fund*

The Internal Service Fund is used to account for money received from other funds as payment for providing medical and dental insurance. Payments are made to a third-party administrator for claims payments, claims administration and stop-loss coverage.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund are charges for services. Operating expenses for internal service fund includes the claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses

### **Measurement Focus**

#### *Government-wide Financial Statements*

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

#### *Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District has no enterprise funds.

## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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### **Basis of Accounting**

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

#### *Revenues - Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means that the amount of the transaction can be determined, and "available" means that the resources are collectible within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance, income tax, grants, accrued interest, tuition and fees, extracurricular activities, and customer sales and services.

#### **Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include deferred amount on refunding, property taxes, unavailable revenue, pension, and OPEB.

## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. This amount is only reported on the Statement of Net Position. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide Statement of Net Position and the governmental funds balance sheet. Unavailable revenue includes delinquent property taxes. These amounts are only reported on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position (See Notes 12 and 13).

### *Expenses/Expenditures*

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

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

### **Cash and Cash Equivalents**

To improve cash management, all cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

All investments are reported at fair value, which is based on quoted market prices.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$35,722, which includes approximately \$8,259 assigned from other District funds.

Investments with an original maturity greater than three months at the time they are purchased are reported as investments.

### **Interfund Balances**

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

### **Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and purchased food held for resale.

### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when paid.

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**Capital Assets**

All capital assets of the District are general capital assets that are associated with governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 50 years
Buildings and Improvements	15 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	8 years
Textbooks and Software	6 years

**Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the number of years an employee has been with the District. The entire compensated absences liability is reported on the government-wide financial statements.

**Bond Premiums/Issuance Costs/Interest on Capital Appreciation Bonds**

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums and the interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

On the fund financial statements, bond premiums are reported as Other Financing Sources and issuance costs are reported as expenditures/expenses when the debt is issued.

## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current fiscal year. Bonds and capital leases that will be paid from governmental funds are recognized as an expenditure in the governmental fund financial statements when due.

### **Pensions/Other Postemployment Benefits (OPEB)**

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

### **Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

### **Unearned Revenue**

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue.

### **Budgetary Process**

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

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

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



**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

**Estimates**

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

**NOTE 3 – ACCOUNTABILITY**

**Accountability**

At June 30, 2021, the following funds had deficit fund balances:

<u>Funds</u>	<u>Amounts</u>
Food Services	\$ (39,392)
IDEA, Part B Special Education	(14,008)
Title I - Disadvantaged Children/Targeted Assistance	(30,163)
Improving Teacher Quality	(1,822)

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Due to the implementation of GASB 54, some funds were reclassified to the General Fund. These funds are not required to be included in the General Fund Budgetary Statement. Therefore, the activity from these funds is excluded with an adjustment for their change in fund balance.
6. Transfers In and Transfers Out between the General Fund and the funds that were reclassified to the General Fund with the implementation of GASB 54 (GAAP basis). Since these funds are not required to be included in the General Fund Budgetary Statement, Transfers In and Transfers Out included (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$2,025,107
Adjustments:	
Revenue Accruals	(1,083,126)
Expenditure Accruals	107,436
Other Financing Sources and Uses	230,362
Encumbrances	53,589
Budget Basis	<u>\$1,333,368</u>

**NOTE 5 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

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

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

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

## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Cash with Fiscal Agent: The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2021 was \$2,105,585. This amount is not included in the “deposits” or “investments” reported below.

Deposits: Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2021, the carrying amount of the District’s deposits was \$4,723,290 and the bank balance was \$5,058,498. Of the District’s bank balance, \$250,000 was covered by the Federal Depository Insurance Company (FDIC) and the remaining balance was uninsured and collateralized.

Ohio law requires that deposits either be insured or be protected by:

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

Investments: At June 30, 2021, the District had the following investments and maturities:

Investment Type	Fair Value	Percent of Total	Investment Maturities		
			Within 1 Year	2 to 3 Years	4 to 5 Years
Money Market Funds	\$ 14,449	0.20%	\$ 14,449	\$ -	\$ -
Federal Home Loan Mortgage	379,503	5.35%	-	379,503	-
Federal National Mortgage Association	296,933	4.18%	-	-	296,933
Commercial Paper	1,873,858	26.39%	1,873,858	-	-
Negotiable Certificates of Deposit	4,535,197	63.88%	1,976,232	1,778,460	780,505
Total	<u>\$ 7,099,940</u>	<u>100.00%</u>	<u>\$ 3,864,539</u>	<u>\$ 2,157,963</u>	<u>\$ 1,077,438</u>

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

## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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Interest Rate Risk: The District's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: All of the District's federal agency securities were rated AA and the District's commercial paper was rated A-1. The District's investments in negotiable certificates of deposit and money market fund were unrated. The District's policy does not address credit risk.

Concentration of Credit Risk: The District's investment policy follows State statute, which limits investments in commercial paper and bankers' acceptances to 40 percent of the interim monies available for investment at any one time.

### **NOTE 6 – PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility located in the District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Madison County. The County Auditor periodically advances to the District its portion of the taxes collected. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second- Half Collections		2021 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$342,111,280	94.50%	\$378,561,650	94.89%
Public Utility Personal	19,921,330	5.50%	20,367,810	5.11%
Total Assessed Value	<u>\$362,032,610</u>	<u>100.00%</u>	<u>\$398,929,460</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$40.30		\$40.30	

**NOTE 7 – INCOME TAX**

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The District passed an income tax renewal on May 4, 2010. The renewal levy was renewed on November 5, 2019 and will expire during fiscal year 2026. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**NOTE 8 – TAX ABATEMENTS**

Under Community Reinvestment Area (CRA) and other property tax abatements entered into by the City of London, the District's property tax revenues were reduced by \$115,267 during the fiscal year. Compensation payments received from the City during the fiscal year totaled \$349,489. The amount receivable from other governments totaled \$82,674 at fiscal year-end.

**NOTE 9 – RECEIVABLES**

Receivables at June 30, 2021, consisted of property taxes, payments in lieu of taxes, income taxes, intergovernmental grants and reimbursements, accounts, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivable amounts are expected to be received within one year with the exception of delinquent property and income taxes. Property and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities:</u>	
Medicaid School Program	\$ 9,289
School Employees Retirement System	2,732
IDEA Special Education	133,381
ESSER	5,579
Title I Disadvantage Children/Target Assistance	100,511
6B IDEA Restoration	5,871
Title II-A Improving Teacher Quality	23,758
Title IV-A Student Support	<u>6,575</u>
Total Intergovernmental Receivables	<u>\$ 287,696</u>

**NOTE 10 – RISK MANAGEMENT**

**Property and Liability Insurance**

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. During fiscal year 2021, the District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for property, fleet, and liability insurance (For more information on SORSA, see Note 17).

Settled claims have not exceeded this coverage in any of the past three fiscal years. There has been no significant change in coverage from the prior fiscal year.

**Workers' Compensation**

For fiscal year 2021, the District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate applies to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

**Employee Dental Insurance**

The District provides dental insurance to employees through Delta Dental. A claims liability of \$10,109 at fiscal year-end in the self-insurance internal service fund reflects an estimate of incurred but unpaid claims liability. This liability was estimated by a third party based on claims experience. Changes in the fund's claim liability for the past two years are as follows:

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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<b><u>Fiscal Year Ending</u></b>	<u>6/30/2021</u>	<u>6/30/2020</u>
Claims Liability beginning of year	\$ 15,767	\$ 22,121
Claims incurred and changes in estimate	141,110	143,706
Claims Paid	<u>(146,768)</u>	<u>(150,060)</u>
Claims liability end of year	<u>\$ 10,109</u>	<u>\$ 15,767</u>

**Employee Group Medical Insurance**

The District provides medical insurance to employees through the Jefferson Health Plan (the Plan). A claims liability of \$405,740 at fiscal year-end in the general fund reflects an estimate of incurred but unpaid claims liability. The Plan has purchased stop loss coverage for individual employee claim amounts exceeding \$1,500,000. This liability was estimated by a third party based on claims experience. Change in the fund's claim liability for the past year is as follows:

<b><u>Fiscal Year Ending</u></b>	<u>6/30/2021</u>	<u>6/30/2020</u>
Claims Liability beginning of year	\$ 299,847	\$ 332,283
Claims incurred and changes in estimate	2,293,803	1,911,363
Claims paid	<u>(2,187,910)</u>	<u>(1,943,799)</u>
Claims Liability end of year	<u>\$ 405,740</u>	<u>\$ 299,847</u>

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**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 11 – CAPITAL ASSETS**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 524,550	\$ -	\$ -	\$ 524,550
Total Capital Assets, Not Being Depreciated	524,550	-	-	524,550
Capital Assets, Being Depreciated:				
Land Improvements	5,064,991	-	-	5,064,991
Buildings and Improvements	64,287,288	28,655	-	64,315,943
Furniture, Fixtures and Equipment	2,071,786	549,894	(28,762)	2,592,918
Vehicles	1,444,166	271,396	(82,000)	1,633,562
Textbooks and Software	666,735	-	-	666,735
Total Capital Assets, Being Depreciated	73,534,966	849,945	(110,762)	74,274,149
Less Accumulated Depreciation:				
Land Improvements	(3,767,278)	(128,013)	-	(3,895,291)
Building and Improvements	(26,570,138)	(1,738,183)	-	(28,308,321)
Furniture, Fixtures and Equipment	(1,402,787)	(148,890)	24,003	(1,527,674)
Vehicles	(970,570)	(99,013)	82,000	(987,583)
Textbooks and Software	(666,735)	-	-	(666,735)
Total Accumulated Depreciation	(33,377,508)	(2,114,099)	106,003	(35,385,604)
Total Capital Assets, Being Depreciated, Net	40,157,458	(1,264,154)	(4,759)	38,888,545
Capital Assets, Net	\$ 40,682,008	\$ (1,264,154)	\$ (4,759)	\$ 39,413,095

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,841,678
Support Services:	
Pupils	195
Instructional Staff	27,389
Administration	1,544
Operation and Maintenance of Plant	93,906
Pupil Transportation	104,206
Operation of Non-Instructional Services:	
Food Service Operations	18,573
Other	1,100
Extracurricular Activities	25,508
Total Depreciation Expense	\$ 2,114,099

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability (Asset)***

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

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

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

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

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

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

***Plan Description - School Employees Retirement System (SERS)***

Plan Description – District non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The District’s contractually required contribution to SERS was \$333,170 for fiscal year 2021. Of this amount, \$27,196 is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

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

## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,365,948 for fiscal year 2021. Of this amount, \$205,904 is reported as an intergovernmental payable.

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06954820%	0.07885223%	
Prior Measurement Date	<u>0.07388260%</u>	<u>0.08305448%</u>	
Change in Proportionate Share	<u>-0.00433440%</u>	<u>-0.00420225%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 4,600,064	\$ 19,079,434	\$ 23,679,498
Pension Expense	\$ 412,565	\$ 2,282,461	\$ 2,695,026

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

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 8,936	\$ 42,809	\$ 51,745
Net Difference between Projected and Actual Earnings on Pension Plan Investments	292,014	927,836	1,219,850
Changes of Assumptions	-	1,024,198	1,024,198
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	25,208	45,071	70,279
District Contributions Subsequent to the Measurement Date	<u>333,170</u>	<u>1,365,948</u>	<u>1,699,118</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 659,328</u></b>	<b><u>\$ 3,405,862</u></b>	<b><u>\$ 4,065,190</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ -	\$ 122,001	\$ 122,001
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	<u>157,029</u>	<u>967,227</u>	<u>1,124,256</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 157,029</u></b>	<b><u>\$ 1,089,228</u></b>	<b><u>\$ 1,246,257</u></b>

\$1,699,118 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (73,864)	\$ 395,438	\$ 321,574
2023	29,850	48,443	78,293
2024	121,717	260,714	382,431
2025	<u>91,426</u>	<u>246,091</u>	<u>337,517</u>
	<b><u>\$ 169,129</u></b>	<b><u>\$ 950,686</u></b>	<b><u>\$ 1,119,815</u></b>

***Actuarial Assumptions - SERS***

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

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2130.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

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

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

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

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Discount Rate** Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 6,301,527	\$ 4,600,064	\$ 3,172,505

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation, are presented below:

Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.



**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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

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

**Discount Rate.** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table represents the District's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 27,165,792	\$ 19,079,434	\$ 12,226,919

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. As of June 30, 2021, no members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS**

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

***Plan Description - School Employees Retirement System (SERS)***

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$46,264, which is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.07230400%	0.07885200%	
Prior Measurement Date	<u>0.07565300%</u>	<u>0.08305400%</u>	
Change in Proportionate Share	<u>-0.00334900%</u>	<u>-0.00420200%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 1,571,409	\$ (1,385,822)	
OPEB Expense	\$ (24,720)	\$ (90,710)	\$ (115,430)

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 20,640	\$ 88,799	\$ 109,439
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	17,708	48,567	66,275
Changes of Assumptions	267,869	22,877	290,746
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	57,544	15,792	73,336
District Contributions Subsequent to the Measurement Date	46,264	-	46,264
<b>Total Deferred Outflows of Resources</b>	<u>\$ 410,025</u>	<u>\$ 176,035</u>	<u>\$ 586,060</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 799,168	\$ 276,035	\$ 1,075,203
Changes of Assumptions	39,580	1,316,299	1,355,879
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	187,434	66,357	253,791
<b>Total Deferred Inflows of Resources</b>	<u>\$ 1,026,182</u>	<u>\$ 1,658,691</u>	<u>\$ 2,684,873</u>

\$46,264 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (138,872)	\$ (366,169)	\$ (505,041)
2023	(137,589)	(333,294)	(470,883)
2024	(137,797)	(321,757)	(459,554)
2025	(119,915)	(317,210)	(437,125)
2026	(91,235)	(76,281)	(167,516)
Thereafter	(37,013)	(67,945)	(104,958)
	<u>\$ (662,421)</u>	<u>\$ (1,482,656)</u>	<u>\$ (2,145,077)</u>

## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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### *Actuarial Assumptions - SERS*

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates*** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$ 1,923,358	\$ 1,571,409	\$ 1,291,599

  

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$ 1,237,360	\$ 1,571,409	\$ 2,018,103

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

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

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

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,205,756)	\$ (1,385,822)	\$ (1,538,603)
		Current Trend Rate	
	1% Decrease	Current Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,529,119)	\$ (1,385,822)	\$ (1,211,266)

**Benefit Term Changes since the Prior Measurement Date** There were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.



**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 14 – EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and 10 month administrators do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 350 days for all employees who earn sick leave.

Employees who have been employed by the District for a minimum of 10 consecutive years at the time of retirement are entitled to retirement severance pay. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit. In addition, beginning July 1, 1986 and each contract year thereafter, a bargaining unit member may accrue one additional day of severance pay for each contract year that the bargaining member used zero days of sick leave and personal leave.

**Employee Benefits**

The District offers health insurance to its employees through the Jefferson Health Plan. Vision insurance is offered through Vision Services Plan. The provider for life insurance is Mutual of Omaha. The District provides dental insurance through a self-insurance program.

**Deferred Compensation**

District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 15 – LONG-TERM OBLIGATIONS**

The changes in the District’s long-term obligations during fiscal year 2021 were as follows:

	Outstanding 6/30/20	Additions	Deductions	Outstanding 6/30/21	Amounts Due Within One Year
<b><u>Governmental Activities:</u></b>					
Energy Conservation Notes Series 2013 - 2.70%	\$ 75,000	\$ -	\$ (25,000)	\$ 50,000	\$ 25,000
ARRA State Energy Program Loan - 1.00%	468,006	-	(49,966)	418,040	50,466
London Refunding Series 2015A					
Serial Bonds - 1.25% - 3.00%	5,565,000	-	(845,000)	4,720,000	870,000
Premium on Refunding Series 2015A	224,444	-	(34,529)	189,915	-
London Refunding Series 2015B					
Serial Bonds - 3.25%	2,530,000	-	-	2,530,000	-
Premium on Refunding Series 2015B	81,307	-	(8,559)	72,748	-
Total Bonds and Notes	<u>8,943,757</u>	-	<u>(963,054)</u>	<u>7,980,703</u>	<u>945,466</u>
Net Pension Liability					
SERS	4,420,526	179,538	-	4,600,064	-
STRS	18,366,999	712,435	-	19,079,434	-
Total Net Pension Liability	<u>22,787,525</u>	<u>891,973</u>	-	<u>23,679,498</u>	-
Net OPEB Liability					
SERS	1,902,501	-	(331,092)	1,571,409	-
Total Net OPEB Liability	<u>1,902,501</u>	-	<u>(331,092)</u>	<u>1,571,409</u>	-
Capital Leases	-	115,920	(5,796)	110,124	23,184
Compensated Absences	1,216,759	163,827	(165,947)	1,214,639	128,002
Total Governmental Activities					
Long-Term Obligations	<u>\$ 34,850,542</u>	<u>\$ 1,171,720</u>	<u>\$ (1,465,889)</u>	<u>\$ 34,556,373</u>	<u>\$ 1,096,652</u>

The District pays bond and note obligations from the Debt Service Fund, obligations related to employee pension from the fund benefitting from the employee’s service, and obligations related to compensated absences from the Severance Fund.

*London Refunding Series Bonds 2005* - On October 13, 2005, the District issued \$7,784,909 in General Obligation Bonds to advance refund a portion of the outstanding School Facilities Construction and Improvement 2001 General Obligation Bonds.

The serial bonds originally issued in the amount of \$6,125,000 have maturity dates of December 1, 2005, to December 1, 2019, and December 1, 2024, to December 1, 2029. During fiscal year 2016, the outstanding balance of the serial bonds (\$4,840,000) was currently refunded with the issuances of the General Obligation Refunding Bonds – Series 2015A and 2015B.

The term bonds originally issued in the amount of \$750,000, will mature on December 1, 2020, 2021, 2022, and 2023. During fiscal year 2016, the outstanding balance of the term bonds (\$750,000) was currently refunded with the issuance of the General Obligation Refunding Bonds – Series 2015A.

*London Refunding Series Bonds 2006* - On January 5, 2006, the District issued \$8,159,955 in General Obligation Bonds to advance refund a portion of the outstanding School Facilities Construction and Improvement 2001 General Obligation Bonds.

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

The serial bonds issued at \$6,090,000 have maturity dates of December 1, 2006, to December 1, 2013, December 1, 2015 to December 1, 2016, and December 1, 2019 to December 1, 2022. During fiscal year 2016, the outstanding balance of the term bonds (\$4,880,000) was currently refunded with the issuance of the General Obligation Refunding Bonds – Series 2015A.

The term bonds issued at \$1,070,000 will mature on December 1, 2017 and 2018. During fiscal year 2016, the outstanding balance of the term bonds (\$1,070,000) was currently refunded with the issuance of the General Obligation Refunding Bonds – Series 2015A.

*Energy Conservation Notes Series 2013* - On July 25, 2013, the District issued \$215,000 in Energy Conservation Notes for the purpose of constructing and install certain energy conservation improvements to existing school buildings and facilities. The notes carry an interest rate of 2.70% and have a final maturity date of June 1, 2023.

*ARRA State Energy Program Loan* - On August 29, 2013, the District took out a loan in the amount of \$796,968 for the purpose of constructing and install certain energy conservation improvements to existing school buildings and facilities. Payments on the loan are due semiannually in the amount of \$27,260 with the final payment due August 15, 2028.

*London Refunding Series Bonds 2015A* - On September 3, 2015, the District issued \$8,950,000 in General Obligation Bonds to refund a portion of the outstanding General Obligation Refunding Bonds Series 2005 and all the outstanding General Obligation Refunding Bonds Series 2006. The serial bonds will mature on December 1, 2015 through December 1, 2026. This refunding resulted in cash flow savings and an economic gain of \$710,737.

*London Refunding Series Bonds 2015B* – On September 3, 2015, the District issued \$2,530,000 in General Obligation Bonds to refund the remaining portion of the outstanding General Obligation Refunding Bonds Series 2015. The serial bonds will mature on December 1, 2027 through December 1, 2029. This refunding also resulted in cash flow savings and an economic gain of \$323,869.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 945,466	\$ 215,166	\$ 1,160,632
2023	935,972	188,161	1,124,133
2024	771,483	163,403	934,886
2025	786,999	141,191	928,190
2026	807,521	118,450	925,971
2027-2030	3,470,599	221,081	3,691,680
Total	<u>\$ 7,718,040</u>	<u>\$ 1,047,452</u>	<u>\$ 8,765,492</u>

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2021, are a voted debt limit of \$27,922,948 and an unvoted debt limit of \$398,929. Neither limit was exceeded as of June 30, 2021.

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 16 – INTERFUND ACTIVITY**

Interfund balances at fiscal year-end consist of the following interfund receivable and payable:

<u>Payable</u>	<u>Receivable</u> <u>General Fund</u>
Other Governmental Funds:	
ESSER	\$ 5,159
IDEA Special Education	52,804
Title I Disadvantage Children/Target Assistance	30,553
Title II-A Improving Teacher Quality	8,105
Total Interfund Payables	<u>\$ 96,621</u>

The amounts due to the General Fund are the result of the District moving unrestricted monies to support grant funds. The General Fund will be reimbursed when funds become available in the non-major special revenue funds.

Interfund transfers for fiscal year 2021 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u> <u>General Fund</u>
Debt Service Fund	\$ 81,546
Other Governmental Funds:	
Permanent Improvement	615,000
District Managed Student Activities	144,600
Totals	<u>\$ 841,146</u>

Transfers were made from the General Fund to move unrestricted balances to support programs and projects accounted for in other funds.

**NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, INSURANCE PURCHASING POOLS, AND RELATED ORGANIZATION**

**Jointly Governed Organizations**

*META Solutions*

The District participates in the Metropolitan Educational Technology Association (META). META is composed of over 200 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 37 counties in Central Ohio. META helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of META is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year, the participating school districts pay a membership fee to META to cover the costs of administering the programs. Financial information may be obtained from META at 2100 Citygate Dr., Columbus, OH 43219.

## LONDON CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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### *Tolles Career and Technical Center*

The Tolles Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Tolles Career and Technical Center, Treasurer, 7877 U.S. Route 42 South, Plain City, Ohio 43064.

### *London Schools Foundation*

The London Schools Foundation is a non-profit organization whose purpose is to raise funds for scholarships for the graduates of the District. The London Schools Foundation operates under the direction of a ten-member board consisting of representatives from area businesses, which are self-appointed, and two from the District's Board of Education. The Superintendent of the District serves as an ex-officio member. To obtain financial information, contact Jim Hunt, Treasurer, 72 Flax Dr, London, Ohio 43140.

### **Insurance Purchasing Pools**

#### *Ohio SchoolComp Workers' Compensation Group Rating Plan*

The District participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the GRP. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

#### *Jefferson Health Plan*

The District is a participant with several other districts in an insurance purchasing pool operated through the Jefferson Health Plan. The Jefferson Health Plan was formed for the purpose of providing a cooperative program to administer medical benefits to employees and dependents of participating entities. The Jefferson Health plan is governed by a Board of Directors consisting of the superintendents of the member districts. The degree of control exercised by any participating district is limited to its representation on the Board.

### **Public Entity Shared Risk Pool**

#### *Schools of Ohio Risk Sharing Authority*

The District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 62 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The District pays an annual property, fleet, and liability insurance premium to SORSA, which totaled \$95,082 for fiscal year 2021. Reinsurance is purchased to cover claims exceeding the coverage amount and for all claims related to equipment breakdown coverage. In the event that the District would withdraw from SORSA, the District would be required to give advance written notice prior to the end of their three-year contract. There is no penalty for early withdrawal and the District would not be held responsible for any outstanding claims.

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**Related Organization**

*London Public Library*

The London Public Library, a related organization of the District, is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the London Public Library, Rebecca Stickel, Fiscal Officer, 20 E. First Street, London, Ohio 43410.

**NOTE 18 – SET-ASIDES**

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

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

Set-aside Balance as of June 30, 2020	\$0
Current Fiscal Year Set-aside Requirement	384,609
Qualifying Disbursements	<u>(384,609)</u>
Set-aside Balance as of June 30, 2021	<u>\$0</u>
Carried Forward to Fiscal Year 2022	<u><u>\$0</u></u>

During fiscal year 2002, the District issued \$29,910,000 in capital-related debt based on a building project undertaken by the District. These proceeds may be used as an offset to the capital acquisition set-aside requirement for future years. At fiscal year-end, the District still has \$27,978,925 in capital-related debt offsets that may be used to reduce the set-aside requirement for future years.

**NOTE 19 – CONTINGENCIES**

**Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2021, if applicable, cannot be determined at this time.

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**Litigation**

The District is not party to any legal proceedings.

**State Funding**

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the report date, ODE adjustments have been finalized for fiscal year end 2021. ODE posted adjustments of \$11,440. The impact of this adjustment is immaterial to the District.

**NOTE 20 – COMMITMENTS**

The District encumbers funds with purchase orders to assign funds for those purchases of goods and services. Encumbrances as of fiscal year end were as follows:

	<u>Encumbrances</u>
General Fund	\$ 53,589
Other Governmental Funds	453,705
Total	<u>\$ 507,294</u>

**NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT**

***Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2021, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the District’s financial statements (see below).

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the District.

**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the District.

***Restatement of Net Position/Fund Balances***

In addition to the implementation of GASB Statement No. 84, the District also reclassified its activity related to the health insurance purchased by Jefferson Health Plan from the General Fund to the Internal Service Fund. The implementation of GASB Statement No. 84 and the reclassification had the following effect on fund balance as reported June 30, 2020:

	General	Other Governmental Funds
	<u>          </u>	<u>          </u>
Fund Balance (Deficit), June 30, 2020	\$ 11,529,584	\$ 739,114
GASB Statement No. 84	-	80,078
Cash with Fiscal Agent	(1,766,396)	-
Claims Payable	299,847	-
Restated Fund Balance (Deficit), June 30, 2020	<u>\$ 10,063,035</u>	<u>\$ 819,192</u>

The implementation of GASB Statement No. 84 and the reclassification had the following effect on net position as reported June 30, 2020:

	Governmental Activities
	<u>          </u>
Net Position, June 30, 2020	\$ 22,528,175
GASB Statement No. 84	80,078
Restated Net Position, June 30, 2020	<u>\$ 22,608,253</u>

  

	Internal Service
	<u>          </u>
Net Position, June 30, 2020	\$ 12,200
Cash with Fiscal Agent	1,766,396
Claims Payable	(299,847)
Restated Net Position, June 30, 2020	<u>\$ 1,478,749</u>



**LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

The implementation of GASB Statement No. 84 had the following effect on fiduciary net position as reported June 30, 2020:

	Fiduciary Funds	
	Private Purpose	
	Trust	Agency
Net Position, June 30, 2020	\$ 1,825	\$ -
GASB Statement No. 84	(1,825)	-
Adjustments:		
Assets	-	78,253
Liabilities	-	(78,253)
Restated Net Position, June 30, 2020	\$ -	\$ -

**NOTE 22 – FUND BALANCE**

Fund balance can be classified as nonspendable, restricted, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Debt Service	Other Governmental Funds	Total
Nonspendable for:				
Prepays	\$ 6,899	\$ -	\$ -	\$ 6,899
Restricted for:				
Debt Service	-	1,659,479	-	1,659,479
Capital Outlay	-	-	212,907	212,907
Facilities Maintenance	-	-	2,501	2,501
Student Wellness	-	-	756,145	756,145
Other Purposes	-	-	216,806	216,806
Total Restricted	-	1,659,479	1,188,359	2,847,838
Committed for:				
Severance	158,548	-	-	158,548
Assigned for:				
Capital Outlay	-	-	410,769	410,769
Other Purposes	48,552	-	-	48,552
Encumbrances:				
Support Services	1,846	-	-	1,846
Total Assigned	50,398	-	410,769	461,167
Unassigned	11,872,297	-	(85,385)	11,786,912
<i>Total Fund Balance</i>	<i>\$ 12,088,142</i>	<i>\$ 1,659,479</i>	<i>\$ 1,513,743</i>	<i>\$ 15,261,364</i>

## **LONDON CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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### **NOTE 23 – COVID-19**

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

The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plans in which the District participates may fluctuate in value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

### **NOTE 24 – SUBSEQUENT EVENT**

For fiscal year 2022, school district foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$447,674 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each school district. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LONDON CITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

**LAST EIGHT FISCAL YEARS (1)**

	<u>2021</u>	<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	0.06954820%	0.0738826%	0.0715488%	0.0776576%	0.077874%	0.074219%	0.074911%	0.074911%
District's Proportionate Share of the Net Pension Liability	\$ 4,600,064	\$ 4,420,526	\$ 4,097,732	\$ 4,639,870	\$ 5,699,644	\$ 4,234,980	\$ 3,791,203	\$ 4,454,717
District's Covered Payroll	\$ 2,445,786	\$ 2,553,050	\$ 2,389,677	\$ 2,528,629	\$ 2,433,693	\$ 2,639,294	\$ 2,209,469	\$ 2,063,653
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.08%	173.15%	171.48%	183.49%	234.20%	160.46%	171.59%	215.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

Amounts presented for each fiscal year were determined as of the District's measurement date, which is the prior fiscal year-end.

See accompanying notes to the required supplementary information.

**LONDON CITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

**LAST EIGHT FISCAL YEARS (1)**

	<u>2021</u>	<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	0.07885223%	0.08305448%	0.08517599%	0.08483625%	0.084499%	0.082286%	0.080568%	0.080568%
District's Proportionate Share of the Net Pension Liability	\$ 19,079,434	\$ 18,366,999	\$ 18,728,288	\$ 20,153,033	\$ 28,284,486	\$ 22,741,524	\$ 19,597,043	\$ 23,343,869
District's Covered Payroll	\$ 9,512,300	\$ 9,544,118	\$ 9,446,374	\$ 9,564,757	\$ 9,110,500	\$ 9,007,379	\$ 8,474,197	\$ 8,625,318
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.58%	192.44%	198.26%	210.70%	310.46%	252.48%	231.26%	270.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

Amounts presented for each fiscal year were determined as of the District's measurement date, which is the prior fiscal year-end.

See accompanying notes to the required supplementary information.

**LONDON CITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 333,170	\$ 342,410	\$ 344,662	\$ 322,607
Contributions in Relation to the Contractually Required Contribution	333,170	\$ 342,410	\$ 344,662	\$ 322,607
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,379,786	\$ 2,445,786	\$ 2,553,050	\$ 2,389,677
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%

See accompanying notes to the required supplementary information.

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
\$ 354,008	\$ 340,717	\$ 347,859	\$ 330,326	\$ 285,610	\$ 292,277
\$ 354,008	\$ 340,717	\$ 347,859	\$ 330,326	\$ 285,610	\$ 292,277
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,528,629	\$ 2,433,693	\$ 2,639,294	\$ 2,383,304	\$ 2,063,653	\$ 2,173,066
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**LONDON CITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 1,365,948	\$ 1,331,722	\$ 1,336,176	\$ 1,322,492
Contributions in Relation to the Contractually Required Contribution	\$ 1,365,948	\$ 1,331,722	\$ 1,336,176	\$ 1,322,492
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 9,756,771	\$ 9,512,300	\$ 9,544,118	\$ 9,446,374
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.



<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
\$ 1,339,066	\$ 1,275,470	\$ 1,261,033	\$ 1,188,414	\$ 1,121,291	\$ 1,164,436
\$ 1,339,066	\$ 1,275,470	\$ 1,261,033	\$ 1,188,414	\$ 1,121,291	\$ 1,164,436
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,564,757	\$ 9,110,500	\$ 9,007,379	\$ 9,141,646	\$ 8,625,318	\$ 8,957,203
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**LONDON CITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

**LAST FIVE FISCAL YEARS (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's Proportion of the Net OPEB Liability	0.0723040%	0.7565300%	0.0727496%	0.0787174%	0.0786227%
District's Proportionate Share of the Net OPEB Liability	\$ 1,571,409	\$ 1,902,501	\$ 2,018,270	\$ 2,112,568	\$ 2,241,039
District's Covered Payroll	\$ 2,445,786	\$ 2,553,050	\$ 2,389,677	\$ 2,528,629	\$ 2,433,693
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	64.25%	74.52%	84.46%	83.55%	92.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

Amounts presented for each fiscal year were determined as of the District's measurement date, which is the prior fiscal year-end.

See accompanying notes to the required supplementary information.

**LONDON CITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB ASSET/LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

**LAST FIVE FISCAL YEARS (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's Proportion of the Net OPEB Asset/Liability	0.07885200%	0.08305400%	0.08517599%	0.08483625%	0.08449937%
District's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (1,385,822)	\$ (1,375,574)	\$ (1,368,691)	\$ 3,309,998	\$ 4,519,048
District's Covered Payroll	\$ 9,512,300	\$ 9,544,118	\$ 9,446,374	\$ 9,564,757	\$ 9,110,500
District's Proportionate Share of the Net OPEB Asset/Liability as a Percentage of its Covered Payroll	-14.57%	-14.41%	-14.49%	34.61%	49.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset/Liability	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

Amounts presented for each fiscal year were determined as of the District's measurement date, which is the prior fiscal year-end.

See accompanying notes to the required supplementary information.

**LONDON CITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution (1)	\$ 46,264	\$ 47,085	\$ 58,647	\$ 81,112
Contributions in Relation to the Contractually Required Contribution	\$ 46,264	\$ 47,085	\$ 11,657	\$ 81,112
Contribution Deficiency (Excess)	\$ -	\$ -	\$ 46,990	\$ -
Covered Payroll	\$ 2,379,786	\$ 2,445,786	\$ 2,553,050	\$ 2,389,677
Contributions as a Percentage of Covered Payroll (1)	1.94%	1.93%	2.30%	3.39%

(1) Includes Surcharge

See accompanying notes to the required supplementary information.

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
\$ 42,500	\$ 38,357	\$ 56,615	\$ 57,325	\$ 40,044	\$ 44,986
\$ 42,500	\$ 38,357	\$ 56,615	\$ 57,325	\$ 40,044	\$ 44,986
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,528,629	\$ 2,433,693	\$ 2,639,294	\$ 2,383,304	\$ 2,063,653	\$ 2,173,066
1.68%	1.58%	2.15%	2.41%	1.94%	2.07%

**LONDON CITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 9,756,771	\$ 9,512,300	\$ 9,544,118	\$ 9,446,374
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 84,742	\$ 86,253	\$ 89,572
\$ -	\$ -	\$ -	\$ 84,742	\$ 86,253	\$ 89,572
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,564,757	\$ 9,110,500	\$ 9,007,379	\$ 9,141,646	\$ 8,625,318	\$ 8,957,203
0.00%	0.00%	0.00%	0.93%	1.00%	1.00%

**LONDON CITY SCHOOL DISTRICT  
MADISON COUNTY**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 1 – NET PENSION LIABILITY**

***Changes in Assumptions - SERS***

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

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

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

***Changes in Assumptions – STRS***

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

***Changes in Benefit Terms - SERS***

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

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

***Changes in Benefit Terms - STRS***

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



**LONDON CITY SCHOOL DISTRICT  
MADISON COUNTY**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 – NET OPEB LIABILITY (ASSET)**

***Changes in Assumptions – SERS***

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

Municipal Bond Index Rate:

Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

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

Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare

Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

***Changes in Assumptions – STRS***

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

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

**LONDON CITY SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

***Changes in Benefit Terms - SERS***

There have been no changes to the benefit provisions.

***Changes in Benefit Terms – STRS***

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

**LONDON CITY SCHOOL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$142,945
COVID-19 School Breakfast Program	10.553	N/A	14,251
National School Lunch Program	10.555	N/A	375,148
COVID-19 School Lunch Program	10.555	N/A	35,529
National School Lunch Program Non-Cash Assistance	10.555	N/A	41,037
Total Child Nutrition Cluster			<u>608,910</u>
Total U.S. Department of Agriculture			<u><b>608,910</b></u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund	21.019	N/A	163,367
<i>Passed Through Madison County</i>			
COVID-19 Coronavirus Relief Fund	21.019	N/A	72,012
<i>Passed Through Deercreek Township</i>			
COVID-19 Coronavirus Relief Fund	21.019	N/A	15,712
Total U.S. Department of Treasury			<u><b>251,091</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	N/A	393,061
Special Education Cluster			
Special Education - Grants to States	84.027	N/A	681,542
Special Education - Preschool Grants	84.173	N/A	24,137
Total Special Education Cluster			<u>705,679</u>
Supporting Effective Instruction State Grants	84.367	N/A	62,772
Student Support and Academic Enrichment Program	84.424	N/A	16,198
COVID-19 Education Stabilization Fund	84.425D	N/A	510,143
Total U.S. Department of Education			<u><b>1,687,853</b></u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Job and Family Services</i>			
Child Care and Development Fund Cluster			
Child Care and Development Block Grant	93.575	N/A	7,760
Total Child Care and Development Fund Cluster			<u>7,760</u>
Total U.S. Department of Health and Human Services			<u><b>7,760</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$2,555,614</b></u>

The accompanying notes are an integral part of this schedule.

**LONDON CITY SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



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

London City School District  
Madison County  
380 Elm Street, 2<sup>nd</sup> Floor  
London, Ohio 43140

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the London City School District, Madison County, (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 14, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District. We also noted during 2021 the School District's financial statements have been restated to reclassify activity related to the purchase of health insurance and due to the adoption of new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

### ***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 14, 2022

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

London City School District  
Madison County  
380 Elm Street, 2<sup>nd</sup> Floor  
London, Ohio 43140

To the Board of Education:

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

We have audited London City School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect London City School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal programs.

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

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

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

**Opinion on Each Major Federal Program**

In our opinion, London City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 14, 2022



**LONDON CITY SCHOOL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021**

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

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

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# OHIO AUDITOR OF STATE KEITH FABER



**LONDON CITY SCHOOL DISTRICT**

**MADISON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/31/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)