LONDON CITY SCHOOL DISTRICT

MADISON COUNTY, OHIO

SINGLE AUDIT

For the Year Ended June 30, 2022

Charles E. Harris
& Associates, Inc.
CPAs and Government Consultants

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Education
London City School District
380 Elm Street
London, Ohio 43140

We have reviewed the *Independent Auditor's Report* of the London City School District, Madison County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The London City School District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2023

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MADISON COUNTY
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MADISON COUNTY
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Charles E. Harris & Associates, Inc.
Certified Public Accountants

5510 Pearl Road Ste 102
Parma, OH 44129-2550
Phone - (216) 575-1630
Fax - (216) 436-2411

INDEPENDENT AUDITOR'S REPORT

London City School District
Madison County
380 Elm St., 2nd Floor
London, Ohio 43140

To the Board of Education:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the London City School District, Madison County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the London City School District, Madison County, Ohio as of June 30, 2022, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and ensuing emergency measures will impact subsequent periods of the District. As discussed in Note 3 to the financial statements, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. We did not modify our opinion regarding these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities/assets and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
January 25, 2023

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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, 2022. 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 2022 are as follows:

- Net position of governmental activities increased $3.9 million from the previous fiscal year.
- Capital assets decreased $2.1 million during the fiscal year.

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 fund for the District is the General 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 2022?"

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.

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.

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 2022 and fiscal year 2021.

Table 1
Net Position

	Governmental Activities		
		Restated	
	2022	2021	Change
Assets			
Current & Other Assets	$ 29,500,374	$ 26,328,942	$ 3,171,432
Net Pension/OPEB Asset	1,660,464	1,385,822	274,642
Capital Assets	37,311,240	39,413,095	(2,101,855)
Total Assets	68,472,078	67,127,859	1,344,219
Deferred Outflows of Resources			
Pension & OPEB	5,544,049	4,651,250	892,799
Total Deferred Outflows of Resources	5,544,049	4,651,250	892,799
Liabilities			
Current & Other Liabilities	3,407,309	2,982,248	425,061
Long-Term Liabilities:			
Due Within One Year	1,045,059	1,096,652	(51,593)
Due In More Than One Year:			
Pension & OPEB	14,015,334	25,250,907	(11,235,573)
Other Amounts	7,104,168	8,208,814	(1,104,646)
Total Liabilities	25,571,870	37,538,621	(11,966,751)
Deferred Inflows of Resources			
Property Taxes	5,341,740	4,822,422	519,318
Deferred Charges on Refunding	266,537	302,075	(35,538)
Other	750,598	766,181	(15,583)
Pension & OPEB	13,769,040	3,931,130	9,837,910
Total Deferred Inflows of Resources	20,127,915	9,821,808	10,306,107
Net Position			
Net Investment in Capital Assets	29,965,615	31,020,193	(1,054,578)
Restricted	3,495,569	2,890,457	605,112
Unrestricted	(5,144,842)	(9,491,970)	4,347,128
Total Net Position	$ 28,316,342	$ 24,418,680	$ 3,897,662

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2022 and is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (NOL) to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset (NOA).

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

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

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.

2. Minus plan assets available to pay these benefits.

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded asset/liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles, and textbooks and software. These capital assets are used to provide services to students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is a deficit balance.

Current and other assets increased primarily due to increases in equity in pooled cash and investments, intergovernmental receivable and property taxes receivable. Equity in pooled cash and investments increased mostly due to COVID relief grant funding. Intergovernmental receivables increased primarily due to the timing of federal reimbursements as compared to expenditures. Property taxes receivable increased mostly due to increased expected collections and delinquencies.

Current and other liabilities increased as a result of slight increases across several liabilities creating a significant overall increase. Individually, an increase in accrued wages and benefits made up the majority of this overall increase. Payroll and benefits expenses at the District increased during the year. Long term liabilities, other amounts, decreased as a result of scheduled principal payments.

Deferred inflows of resources for property taxes increased significantly due to an increase in estimated property tax receipts paired with a decrease in the amount of property tax available for advance at year end.

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

Table 2 shows the changes in net position for fiscal years 2022 and 2021.

Table 2
Changes in Net Position

	Governmental Activities		
	2022	2021	Change
Revenues			
Program Revenues			
Charges for Services	$ 570,823	$ 1,162,852	$ (592,029)
Operating Grants	3,477,526	4,596,174	(1,118,648)
Capital Grants	-	23,200	(23,200)
Total Program Revenues	4,048,349	5,782,226	(1,733,877)
General Revenues			
Property Taxes	9,230,435	8,867,016	363,419
Income Taxes	4,899,321	4,321,667	577,654
Grants & Entitlements	10,379,362	8,683,334	1,696,028
Payments in Lieu of Taxes	55,116	82,674	(27,558)
Miscellaneous	29,747	717,565	(687,818)
Total General Revenues	24,593,981	22,672,256	1,921,725
Total Revenues	28,642,330	28,454,482	187,848
Program Expenses			
Instruction:			
Regular	10,081,136	11,919,002	(1,837,866)
Special	3,871,829	4,431,241	(559,412)
Vocational	108,980	121,674	(12,694)
Other	56,220	5,579	50,641
Support Services:			
Pupils	1,384,085	1,571,024	(186,939)
Instructional Staff	460,229	615,088	(154,859)
Board of Education	142,957	112,404	30,553
Administration	1,689,756	1,720,616	(30,860)
Fiscal	666,826	711,342	(44,516)
Business	223,316	235,979	(12,663)
Operation and Maintenance of Plant	2,345,734	2,240,250	105,484
Pupil Transportation	1,118,339	991,715	126,624
Central	196,460	213,062	(16,602)
Non-Instructional Services:			
Food Service Operations	1,006,597	636,170	370,427
Community Services	95,992	159,283	(63,291)
Extracurricular Activities	1,161,064	797,513	363,551
Debt Service:			
Interest and Fiscal Charges	135,148	162,113	(26,965)
Total Expenses	24,744,668	26,644,055	(1,899,387)
Change in Net Position	3,897,662	1,810,427	2,087,235
Net Position Beginning of Year	24,418,680	22,608,253	1,810,427
Net Position End of Year	$ 28,316,342	$ 24,418,680	$ 3,897,662

The changes in charges for services, operating grants, and grants and entitlements, as well as special instruction, are primarily due to the change in the State of Ohio's funding formula. Income tax increased mainly due to larger collections than the previous fiscal year. Miscellaneous revenue decreased mostly due to a large refund of expenditures in the previous fiscal year paired with a significant decrease in investment income in the current year.

Food services program expenses increased due to costs associated with hiring a food service management company. Extracurricular activities increased mostly due to increased spending for non-capitalized improvements to athletic facilities.

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

The dependence upon general revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for the District students.

Governmental 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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board.

	Fund Balance 6/30/2022	Fund Balance 6/30/2021	Increase (Decrease)
General	$ 13,676,754	$ 12,088,142	$ 1,588,612
Other Governmental	3,645,509	3,173,222	472,287
Total	$ 17,322,263	$ 15,261,364	$ 2,060,899

The general fund is the chief operating fund of the District. The general fund's net change in fund balance for fiscal year 2022 was an increase of $1,588,612. Similar to the fund balance increase in prior year, the District received COVID-19 relief funding during the year and was able to use it to pay for expenses traditionally paid for from the general fund.

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

The decrease in capital assets was attributable to depreciation exceeding asset additions. See Note 11 for more information.

Debt

During the fiscal year there was no significant activity other than principal payments on maturing bonds and notes. See Note 15 for additional information.

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, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	$ 14,110,402
Cash with Fiscal Agent	2,197,098
Accounts Receivable	2,651
Accrued Interest Receivable	7,862
Intergovernmental Receivable	549,681
Property Taxes Receivable	9,576,200
Income Taxes Receivable	2,146,341
Payments in Lieu of Taxes Receivable	143,958
Leases Receivable	766,181
Net OPEB Asset	1,660,464
Capital Assets, Not Being Depreciated/Amortized	524,550
Capital Assets, Being Depreciated/Amortized, Net	36,786,690
Total Assets	68,472,078
Deferred Outflows of Resources	
Pension	5,044,643
OPEB	499,406
Total Deferred Outflows of Resources	5,544,049
Liabilities	
Accounts Payable	192,337
Accrued Wages and Benefits	2,015,332
Intergovernmental Payable	364,820
Accrued Interest Payable	17,797
Claims Payable	468,035
Matured Compensated Absences Payable	56,902
Unearned Revenue	292,086
Long-Term Liabilities:	
Due Within One Year	1,045,059
Due In More Than One Year:	
Net Pension Liability	12,650,453
Net OPEB Liability	1,364,881
Other Amounts Due in More Than One Year	7,104,168
Total Liabilities	25,571,870
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	5,341,740
Deferred Charges on Refunding	266,537
Leases	750,598
Pension	10,921,381
OPEB	2,847,659
Total Deferred Inflows of Resources	20,127,915
Net Position	
Net Investment in Capital Assets	29,965,615
Restricted for:	
Capital Outlay	212,950
Debt Service	1,961,592
Food Service	268,937
Classroom Facilities Maintenance	154,669
Student Activities	145,514
State and Federal Grants	353,468
Other Purposes	398,439
Unrestricted	(5,144,842)
Total Net Position	$ 28,316,342

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, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	$ 10,081,136	$ 189,165	$ 509,859	$ (9,382,112)
Special	3,871,829	-	933,817	(2,938,012)
Vocational	108,980	-	-	(108,980)
Other	56,220	-	75,514	19,294
Support Services:				
Pupils	1,384,085	-	1,348	(1,382,737)
Instructional Staff	460,229	-	21,617	(438,612)
Board of Education	142,957	-	-	(142,957)
Administration	1,689,756	-	127,531	(1,562,225)
Fiscal	666,826	-	-	(666,826)
Business	223,316	-	36,672	(186,644)
Operation and Maintenance of Plant	2,345,734	28,908	234,418	(2,082,409)
Pupil Transportation	1,118,339	174,803	18,754	(924,782)
Central	196,460	-	-	(196,460)
Non-Instructional Services:				
Food Service Operations	1,006,597	41,322	1,332,936	367,661
Community Services	95,992	-	122,447	26,455
Extracurricular Activities	1,161,064	136,625	62,614	(961,825)
Debt Service:				
Interest and Fiscal Charges	135,148	-	-	(135,148)
Total	$ 24,744,668	$ 570,823	$ 3,477,526	(20,696,319)

General Revenues	
Property Taxes Levied for:	
General Purposes	7,857,585
Debt Service	1,078,610
Classroom Facilities Maintenance	294,240
Income Taxes	4,899,321
Grants and Entitlements not Restricted to Specific Programs	10,379,362
Payments in Lieu of Taxes	55,116
Investment Earnings	(81,255)
Miscellaneous	111,002
Total General Revenues	24,593,981
Change in Net Position	3,897,662
Net Position Beginning of Year	24,418,680
Net Position End of Year	$ 28,316,342

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Balance Sheet
Governmental Funds
June 30, 2022

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Investments	$ 10,621,340	$ 3,323,260	$ 13,944,600
Accounts Receivable	1,882	769	2,651
Accrued Interest Receivable	-	7,862	7,862
Interfund Receivable	118,217	-	118,217
Intergovernmental Receivable	162,858	386,823	549,681
Property Taxes Receivable	8,442,675	1,133,525	9,576,200
Income Taxes Receivable	2,146,341	-	2,146,341
Payments in Lieu of Taxes Receivable	143,958	-	143,958
Lease Receivable	-	766,181	766,181
Total Assets	$ 21,637,271	$ 5,618,420	$ 27,255,691
Liabilities			
Accounts Payable	$ 150,024	$ 42,313	$ 192,337
Accrued Wages and Benefits	1,807,015	208,317	2,015,332
Intergovernmental Payable	323,868	40,952	364,820
Interfund Payable	-	118,217	118,217
Matured Compensated Absences Payable	47,392	9,510	56,902
Unearned Revenue	-	30,685	30,685
Total Liabilities	2,328,299	449,994	2,778,293
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	4,722,954	618,786	5,341,740
Unavailable Revenue	909,264	153,533	1,062,797
Leases	-	750,598	750,598
Total Deferred Inflows of Resources	5,632,218	1,522,917	7,155,135
Fund Balances			
Restricted	348,539	3,096,762	3,445,301
Committed	237,641	-	237,641
Assigned	75,247	660,376	735,623
Unassigned	13,015,327	(111,629)	12,903,698
Total Fund Balance	13,676,754	3,645,509	17,322,263
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 21,637,271	$ 5,618,420	$ 27,255,691

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, 2022

Total Governmental Fund Balances		$ 17,322,263
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,311,240
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	$ 95,008	
Delinquent Property Taxes	545,411	
Income Tax	339,704	
Payments in Lieu of Taxes	82,674	1,062,797
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.		1,633,464
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(17,797)
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	1,660,464	
Deferred Outflows - Pension	5,044,643	
Deferred Outflows - OPEB	499,406	
Net Pension Liability	(12,650,453)	
Net OPEB Liability	(1,364,881)	
Deferred Inflows - Pension	(10,921,381)	
Deferred Inflows - OPEB	(2,847,659)	(20,579,861)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(6,380,000)	
Notes Payable	(392,574)	
Deferred Amount on Refunding	(266,537)	
Unamortized Bond Premium	(219,574)	
Leases	(86,940)	
Compensated Absences	(1,070,139)	(8,415,764)
Net Position of Governmental Activities		$ 28,316,342

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, 2022

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	$ 7,636,827	$ 1,351,864	$ 8,988,691
Income Taxes	4,872,464	-	4,872,464
Intergovernmental	10,130,763	3,601,783	13,732,546
Investment Income	(89,767)	25,304	(64,463)
Tuition and Fees	158,838	-	158,838
Extracurricular Activities	42,302	293,398	335,700
Charges for Services	200	43,796	43,996
Rent	30,127	2,162	32,289
Contributions and Donations	20,509	73,929	94,438
Lease Revenue	-	15,583	15,583
Miscellaneous	21,608	73,811	95,419
Total Revenues	22,823,871	5,481,630	28,305,501
Expenditures			
Current:			
Instruction:			
Regular	8,810,242	514,819	9,325,061
Special	3,339,154	971,695	4,310,849
Vocational	126,663	-	126,663
Other	-	75,514	75,514
Support Services:			
Pupils	1,133,236	437,239	1,570,475
Instructional Staff	417,146	21,623	438,769
Board of Education	142,957	-	142,957
Administration	1,800,541	127,531	1,928,072
Fiscal	725,537	23,749	749,286
Business	183,726	39,590	223,316
Operation and Maintenance of Plant	1,874,793	543,504	2,418,297
Pupil Transportation	1,107,247	60,121	1,167,368
Central	241,871	-	241,871
Operation of Non-Instructional/Shared Services:			
Food Service Operations	626	1,066,986	1,067,612
Community Services	-	98,998	98,998
Extracurricular Activities	459,589	718,817	1,178,406
Capital Outlay	-	3,577	3,577
Debt Service			
Principal Retirement	23,184	945,466	968,650
Interest and Fiscal Charges	-	216,180	216,180
Total Expenditures	20,386,512	5,865,409	26,251,921
Excess of Revenues Over (Under) Expenditures	2,437,359	(383,779)	2,053,580
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	7,319	-	7,319
Transfers In	-	856,066	856,066
Transfers Out	(856,066)	-	(856,066)
Total Other Financing Sources (Uses)	(848,747)	856,066	7,319
Net Change in Fund Balances	1,588,612	472,287	2,060,899
Fund Balances Beginning of Year	12,088,142	3,173,222	15,261,364
Fund Balances End of Year	$ 13,676,754	$ 3,645,509	$ 17,322,263

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, 2022

Net Change in Fund Balances - Total Governmental Funds		$ 2,060,899
Amounts reported for governmental activities in the statement of activities are different because:		
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/amortization expense.		
Capital Asset Additions	$ 86,722	
Current Year Depreciation/Amortization	(2,162,681)	(2,075,959)
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.		(25,896)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	29,871	
Property Taxes	241,744	
Income Tax	26,857	
Payment in Lieu of Taxes	55,116	
Other	(16,759)	336,829
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	945,466	
Capital Lease	23,184	968,650
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.		43,089
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	2,405	
Amortization of Refunding Loss	35,538	37,943
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	1,860,894	
OPEB	47,776	1,908,670
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	472,480	
OPEB	183,954	656,434
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.		(140,541)
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		127,544
Change in Net Position of Governmental Activities		$ 3,897,662

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property and Other Local Taxes	$ 8,024,299	$ 8,112,138	$ 8,112,138	$ -
Income Taxes	4,302,991	4,648,809	4,648,809	-
Intergovernmental	10,008,374	9,977,194	9,977,194	-
Investment Income	155,455	102,727	117,795	15,068
Tuition and Fees	899,107	158,942	158,942	-
Charges for Services	4,506	200	200	-
Rent	19,384	30,127	30,127	-
Contributions and Donations	793	10,000	10,000	-
Payments in Lieu of Taxes	18,301	55,116	55,116	-
Miscellaneous	4,946	11,801	11,801	-
Total Revenues	23,438,156	23,107,054	23,122,122	15,068
Expenditures				
Current:				
Instruction:				
Regular	9,832,824	8,802,485	8,699,034	103,451
Special	3,604,116	3,396,647	3,356,728	39,919
Vocational	132,420	127,630	126,130	1,500
Support Services:				
Pupils	1,210,095	1,166,325	1,152,618	13,707
Instructional Staff	434,858	419,129	414,203	4,926
Board of Education	150,086	144,657	142,957	1,700
Administration	1,838,626	1,772,122	1,751,295	20,827
Fiscal	719,878	693,840	686,264	7,576
Business	258,304	248,961	206,910	42,051
Operation and Maintenance of Plant	1,948,888	1,878,396	1,856,320	22,076
Pupil Transportation	1,186,661	1,143,739	1,120,460	23,279
Central	226,051	217,875	215,314	2,561
Operation of Non-Instructional/Shared Services:				
Food Service Operations	657	633	626	7
Extracurricular Activities	429,218	413,693	408,831	4,862
Total Expenditures	21,972,682	20,426,132	20,137,690	288,442
Excess of Receipts Over (Under) Expenditures	1,465,474	2,680,922	2,984,432	303,510
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	10,215	7,319	7,319	-
Refund of Prior Year Expenditures	85,207	7,062	7,062	-
Refund of Prior Year Receipts	(200)	-	-	-
Transfers In	80,871	-	-	-
Transfers Out	(658,666)	(1,425,416)	(1,275,306)	150,110
Total Other Financing Sources (Uses)	(482,573)	(1,411,035)	(1,260,925)	150,110
Net Change in Fund Balance	982,901	1,269,887	1,723,507	453,620
Fund Balance Beginning of Year	8,538,901	8,538,901	8,538,901	-
Prior Year Encumbrances Appropriated	53,589	53,589	53,589	-
Fund Balance End of Year	$ 9,575,391	$ 9,862,377	$ 10,315,997	$ 453,620

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Statement of Fund Net Position
Proprietary Funds
June 30, 2022

		Governmental Activities
		Internal Service Funds
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$	165,802
Cash with Fiscal Agent		2,197,098
Total Current Assets		2,362,900
Liabilities		
Current Liabilities:		
Unearned Revenue		261,401
Claims Payable		468,035
Total Current Liabilities		729,436
Net Position		
Unrestricted		1,633,464
Total Net Position	$	1,633,464

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, 2022

	Governmental Activities
	Internal Service Funds
Operating Revenues	
Charges for Services	$ 3,218,846
Other	238,234
Total Operating Revenues	3,457,080
Operating Expenses	
Purchased Services	663,526
Claims	2,945,778
Total Operating Expenses	3,609,304
Operating Income (Loss)	(152,224)
Non-Operating Revenues (Expenses)	
Interest	11,683
Total Non-Operating Revenues (Expenses)	11,683
Change in Net Position	(140,541)
Net Position Beginning of Year	1,774,005
Net Position End of Year	$ 1,633,464

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, 2022

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from Charges for Services	$ 3,200,046
Cash Received from Other Operating Receipts	238,234
Cash Payments for Purchased Services	(663,526)
Cash Payments for Claims	(2,628,186)
Net Cash Provided by Operating Activities	146,568
Cash Flows from Investing Activities	
Interest	11,683
Net Cash Provided by Investing Activities	11,683
Net Increase in Cash and Cash Equivalents	158,251
Cash and Cash Equivalents at Beginning of Year	2,204,649
Cash and Cash Equivalents at End of Year	$ 2,362,900
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating Income (Loss)	$ (152,224)
Adjustments:	
(Increase) Decrease in Assets:	
Prepaid Items	265,406
Increase (Decrease) in Liabilities:	
Claims Payable	52,186
Unearned Revenue	(18,800)
Net Cash Provided by Operating Activities	$ 146,568

See accompanying notes to the basic financial statements.

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.

The District participates in the following jointly governed organizations:

META Solutions

The District participates in the Metropolitan Educational Technology Association (META). META is composed 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.

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 and Treasurer of the District serve as ex-officio members. To obtain financial information, contact Susan Thompson, Treasurer, 500 Elm St., London, Ohio 43140.

The District participates in the following 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.

The District participates in the following 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.

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.

The District has the following 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 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.

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:

> 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.

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.

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 assets 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 assets 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.

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, 2022, but which were levied to finance fiscal year 2023 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 2022 amounted to $(89,767), which includes approximately $(28,117) 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.

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.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
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

The District is reporting intangible right to use assets related to leased equipment. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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.

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.

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.

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: IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2022, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, certain provisions of GASB Statement No. 93, Replacement of Interbank Offered Rates, certain provisions of GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, and certain provisions in GASB Statement No. 99, Omnibus 2022.

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

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraphs 11b, 13 and 14 of GASB Statement No. 93 did not have an effect on the financial statements of the District.

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

GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and will improve consistency of authoritative literature. The implementation of certain provisions of GASB Statement No. 99 did not have an effect on the financial statements of the District.

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).

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.

GAAP Basis	$ 1,588,612
Net Adjustment for Revenue Accruals	361,680
Net Adjustment for Expenditure Accruals	28,241
Funds Budgeted Elsewhere	(81,773)
Adjustment for Encumbrances	(173,253)
Budget Basis	$ 1,723,507

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.

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.

<u>Cash with Fiscal Agent:</u> 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. This amount is not included in the "deposits" or "investments" reported below.

<u>Deposits:</u> 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, 2022, $7,026,356 of the District's bank balance was uninsured but 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.

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Investments: At June 30, 2022, the District had the following investments and maturities:

Investment Type	S&P Global Rating	Measurement Amount	Percent of Total	Investment Maturities Within 1 Year	2 to 3 Years	4 to 5 Years
Net Asset Value (NAV):						
First American Government Obligations Fund	AAAm	$ 27,350	0.39%	$ 27,350	$ -	$ -
Fair Value:						
Federal Home Loan Mortgage	AA+	365,923	5.24%	-	365,923	-
Federal Home Loan Bank	AAA	296,043	4.24%	-	296,043	-
Federal National Mortgage Association	AA+	274,607	3.93%	-	-	274,607
Commercial Paper	A-1	2,080,828	29.78%	2,080,828	-	-
US Treasury Note	AA+	324,418	4.64%	-	324,418	-
Negotiable Certificates of Deposit	N/A	3,617,548	51.78%	1,240,317	1,882,966	494,265
Total		$ 6,986,717	100.00%	$ 3,348,495	$ 2,869,350	$ 768,872

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).

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: The District's investments in negotiable certificates of deposit was 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 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 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 property located in the District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021 and are collected in 2022 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Madison County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$ 378,561,650	94.89%	$ 383,422,770	94.76%
Public Utility Personal Property	20,367,810	5.11%	21,220,500	5.24%
	$ 398,929,460	100.00%	$ 404,643,270	100.00%
Full Tax Rate per $1,000 of assessed value	$ 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 $124,214 during the fiscal year. Compensation payments received from the City during the fiscal year totaled $364,156. The amount receivable from other governments totaled $143,958 at fiscal year-end.

NOTE 9 – RECEIVABLES

Receivables at June 30, 2022, consisted of property taxes, payments in lieu of taxes, income taxes, intergovernmental grants and reimbursements, accounts, leases, 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.

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 the fiscal year, 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.

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Workers' Compensation

For the fiscal year, 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 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:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2021	$ 15,767	$ 141,110	$ (146,768)	$ 10,109
2022	10,109	121,927	(119,145)	12,891

Employee Group Medical Insurance

The District provides medical insurance to employees through the Jefferson Health Plan (the Plan). A claims liability 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:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2021	$ 299,847	$ 2,293,803	$ (2,187,910)	$ 405,740
2022	405,740	2,558,445	(2,509,041)	455,144

NOTE 11 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2022, was as follows:

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Governmental Activities				
Capital Assets, Not Being Depreciated/Amortized				
Land	$ 524,550	$ -	$ -	$ 524,550
Capital Assets, Being Depreciated/Amortized				
Land Improvements	5,064,991	-	-	5,064,991
Buildings and Improvements	64,315,943	-	-	64,315,943
Furniture, Fixtures and Equipment	2,476,998	78,289	(25,896)	2,529,391
Lease - Furniture, Fixtures and Equipment	115,920	-	-	115,920
Vehicles	1,633,562	8,433	-	1,641,995
Textbooks and Software	666,735	-	-	666,735
Total Capital Assets, Being Depreciated/Amortized	74,274,149	86,722	(25,896)	74,334,975
Accumulated Depreciation/Amortization				
Land Improvements	(3,895,291)	(128,014)	-	(4,023,305)
Buildings and Improvements	(28,308,321)	(1,738,325)	-	(30,046,646)
Furniture, Fixtures and Equipment	(1,516,082)	(178,470)	-	(1,694,552)
Lease - Furniture, Fixtures and Equipment	(11,592)	(23,184)	-	(34,776)
Vehicles	(987,583)	(94,688)	-	(1,082,271)
Textbooks and Software	(666,735)	-	-	(666,735)
Total Accumulated Depreciation/Amortization	(35,385,604)	(2,162,681)	-	(37,548,285)
Total Capital Assets Being Depreciated/Amortized, Net	38,888,545	(2,075,959)	(25,896)	36,786,690
Governmental Activities, Capital Assets, Net	$ 39,413,095	$ (2,075,959)	$ (25,896)	$ 37,311,240

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 1,892,941
Support Services:	
Pupils	195
Instructional Staff	32,069
Administration	1,545
Operation and Maintenance of Plant	93,894
Pupil Transportation	95,925
Operation of Non-instructional Services:	
Food Service Operations	18,573
Other	1,494
Extracurricular Activities	26,045
Total Depreciation/Amortization Expense	$ 2,162,681

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.

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

Age and service requirements for retirement are as follows:

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

* Members with 25 years of service credit as of August 1, 2017, may 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. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPIW, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. SERS approved a 0.5 percent COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2022.

The District's contractually required contribution to SERS was $400,587 for fiscal year 2022. Of this amount, $53,217 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.

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

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

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

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

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. 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 2022 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $1,460,307 for fiscal year 2022. Of this amount, $244,956 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06995370%	0.07875367%	
Prior Measurement Date	0.06954820%	0.07885223%	
Change in Proportionate Share	0.00040550%	-0.00009856%	
Proportionate Share of the Net Pension Liability	$ 2,581,089	$ 10,069,364	$ 12,650,453
Pension Expense	$ (128,714)	$ (343,766)	$ (472,480)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 249	$ 311,095	$ 311,344
Changes of Assumptions	54,350	2,793,422	2,847,772
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	11,981	12,652	24,633
School District Contributions Subsequent to the Measurement Date	400,587	1,460,307	1,860,894
Total Deferred Outflows of Resources	$ 467,167	$ 4,577,476	$ 5,044,643
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 66,938	$ 63,115	$ 130,053
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,329,336	8,677,868	10,007,204
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	58,268	725,856	784,124
Total Deferred Inflows of Resources	$ 1,454,542	$ 9,466,839	$ 10,921,381

$1,860,894 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (378,044)	$ (1,677,774)	$ (2,055,818)
2024	(285,825)	(1,465,782)	(1,751,607)
2025	(316,066)	(1,480,274)	(1,796,340)
2026	(408,027)	(1,725,840)	(2,133,867)
Total	$ (1,387,962)	$ (6,349,670)	$ (7,737,632)

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2132.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

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

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

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

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

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

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

Discount Rate Total pension liability was calculated using the discount rate of 7.00 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 23-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments was 28.18 percent.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 4,294,298	$ 2,581,089	$ 1,136,265

Actuarial Assumptions - STRS

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

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

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

The actuarial assumptions used in the June 30, 2021 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016. An actuarial experience study is done on a quinquennial basis.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Sensitivity of the 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 measured as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 18,856,151	$ 10,069,364	$ 2,644,549

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to health care.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was $47,776, 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 partial premium reimbursements will be continued indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.07211700%	0.07875400%	
Prior Measurement Date	0.07230400%	0.07885200%	
Change in Proportionate Share	-0.00018700%	-0.00009800%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 1,364,881	$ (1,660,464)	
OPEB Expense	$ (58,663)	$ (125,291)	$ (183,954)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 14,548	$ 59,127	$ 73,675
Changes of Assumptions	214,117	106,062	320,179
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	46,576	11,200	57,776
School District Contributions Subsequent to the Measurement Date	47,776	-	47,776
Total Deferred Outflows of Resources	$ 323,017	$ 176,389	$ 499,406
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 679,769	$ 304,227	$ 983,996
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	29,652	460,252	489,904
Changes of Assumptions	186,908	990,587	1,177,495
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	142,934	53,330	196,264
Total Deferred Inflows of Resources	$ 1,039,263	$ 1,808,396	$ 2,847,659

$47,776 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (183,935)	$ (462,853)	$ (646,788)
2024	(184,141)	(451,332)	(635,473)
2025	(166,266)	(446,788)	(613,054)
2026	(137,638)	(206,171)	(343,809)
2027	(72,722)	(66,362)	(139,084)
Thereafter	(19,320)	1,499	(17,821)
Total	$ (764,022)	$ (1,632,007)	$ (2,396,029)

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, 2021, are presented below:

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 1,691,243	$ 1,364,881	$ 1,104,146

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 1,050,841	$ 1,364,881	$ 1,784,325

Actuarial Assumptions – STRS

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

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.00 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	29.98 percent	4.00 percent

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

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

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

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 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2021, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	$ (1,401,175)	$ (1,660,464)	$ (1,877,061)

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	$ (1,868,284)	$ (1,660,464)	$ (1,403,474)

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

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

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.

NOTE 15 – LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2022 were as follows:

	Outstanding 6/30/21	Additions	Deductions	Outstanding 6/30/22	Amounts Due Within One Year
Governmental Activities					
Notes and Bonds					
Energy Conservation Notes Series 2013 - 2.70%	$ 50,000	$ -	$ (25,000)	$ 25,000	$ 25,000
ARRA State Energy Program Loan - 1.00%	418,040	-	(50,466)	367,574	50,972
London Refunding Series 2015A					
Serial Bonds - 1.25% - 3.00%	4,720,000	-	(870,000)	3,850,000	860,000
Premium on Refunding Series 2015A	189,915	-	(34,530)	155,385	-
London Refunding Series 2015B					
Serial Bonds - 3.25%	2,530,000	-	-	2,530,000	-
Premium on Refunding Series 2015B	72,748	-	(8,559)	64,189	-
Total Notes and Bonds	7,980,703	-	(988,555)	6,992,148	935,972
Net Pension/OPEB Liability					
Pension	23,679,498	-	(11,029,045)	12,650,453	-
OPEB	1,571,409	-	(206,528)	1,364,881	-
Total Net Pension Liability	25,250,907	-	(11,235,573)	14,015,334	-
Other Long-Term Obligations					
Lease Payable	110,124	-	(23,184)	86,940	23,184
Compensated Absences	1,214,639	141,588	(286,088)	1,070,139	85,903
Total Long-Term Obligations	$ 34,556,373	$ 141,588	$ (12,533,400)	$ 22,164,561	$ 1,045,059

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.

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.

In March 2021, the District entered an agreement to lease copiers for a term of sixty months. Payments are due monthly with the final payment due in fiscal year 2026.

Principal and interest requirements to retire long-term obligations outstanding at the fiscal year end, are as follows:

Fiscal Year	Notes and Bonds		Lease Payable		Total	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 935,972	$ 188,161	$ 23,184	$ -	$ 959,156	$ 188,161
2024	771,483	163,403	23,184	-	794,667	163,403
2025	786,999	141,191	23,184	-	810,183	141,191
2026	807,521	118,450	17,388	-	824,909	118,450
2027	833,047	95,030	-	-	833,047	95,030
2028-2030	2,637,552	126,051	-	-	2,637,552	126,051
	$ 6,772,574	$ 832,286	$ 86,940	$ -	$ 6,859,514	$ 832,286

NOTE 16 – INTERFUND ACTIVITY

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

	Interfund Payable	Interfund Receivable
General	$ -	$118,217
Other Governmental Funds:		
IDEA Part B Special Education	38,768	-
Title I-A Improving Basic Programs	31,872	-
Title IV-A Student Support and Academic Enrichment	7,523	-
Title II-A Supporting Effective Instruction	6,339	-
Miscellaneous Federal Grants	33,715	-
Total	$118,217	$118,217

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 the funds become available in the grant funds.

Interfund transfers for fiscal year 2022 were as follows:

	Transfer Out	Transfer In
General	$856,066	$ -
Other Governmental Funds:		
Debt Service	-	161,066
Permanent Improvement	-	565,000
District Managed Student Activities	-	130,000
Total	$856,066	$856,066

Transfers were made from the General Fund for debt service payments and to support programs and projects accounted for in other funds.

NOTE 17 – 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
Balance at 6/30/2021	-
Required Set-Aside	376,821
Prior Year Offset from Bond Proceeds	(376,821)
Balance at 6/30/22	-
Amount Carried Forward as of 6/30/22	-

In a prior fiscal year 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 $27,602,104 in capital-related debt offsets that may be used to reduce the set-aside requirement for future years.

NOTE 18 – 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, 2022, if applicable, cannot be determined at this time.

Litigation

The District is not party to any legal proceedings.

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NOTE 19 – FUND BALANCE

Fund balance can be classified as nonspendable, restricted, assigned and/or unassigned based primarily on the extent to which the 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	Other Governmental Funds	Total
Restricted for:			
Capital Outlay	$ -	$ 212,950	$ 212,950
Debt Service	-	1,920,864	1,920,864
Food Service	-	271,696	271,696
Classroom Facilities Maintenance	-	154,669	154,669
Student Wellness	-	320,281	320,281
Other Purposes	-	216,302	216,302
State Grants	348,539	-	348,539
Total Restricted	348,539	3,096,762	3,445,301
Committed for:			
Severance	237,641	-	237,641
Total Committed	237,641	-	237,641
Assigned for:			
Encumbrances:			
Instruction	5,020	-	5,020
Support Services	18,209	-	18,209
Other Purposes	52,018	660,376	712,394
Total Assigned	75,247	660,376	735,623
Unassigned	13,015,327	(111,629)	12,903,698
Total Fund Balance	$ 13,676,754	$ 3,645,509	$ 17,322,263

At June 30, 2022, the following funds had deficit fund balances:

	Deficit
Non-Major Governmental Funds	
IDEA Part B Special Education	$ 33,811
Title I-A Improving Basic Programs	37,662
Title IV-A Student Support and Academic Enrichment	897
Title II-A Supporting Effective Instruction	5,544
Miscellaneous Federal Grants	33,715
Total	$ 111,629

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

NOTE 20 – LEASE RECEIVABLE

The District is reporting leases receivable of $766,181 in the governmental funds. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. The lease commenced in fiscal year 2015 with an initial term of 5 years, and renews automatically for up to ten additional terms of five years each. Payments are made monthly.

Revenue for the lease during the fiscal year is as follows:

	Fiscal Year Ending 6/30/2022
Lease Revenue	$ 15,583
Interest Revenue	25,228
Total	$ 40,811

A summary of future payments to be received is as follows:

	Governmental Activities	
Fiscal Year	Principal	Interest
2023	$ -	$ 17,887
2024	-	18,424
2025	-	18,977
2026	-	19,546
2027	-	20,132
2028-2032	-	110,092
2033-2037	-	127,626
2038-2042	-	147,954
2043-2047	-	171,519
2048-2052	41,551	198,838
2053-2057	118,081	230,507
2058-2062	178,028	267,221
2053-2067	254,772	309,783
2068-2072	173,749	184,682
Total	$ 766,181	$ 1,843,188

NOTE 21 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

London City School District
Madison County, Ohio
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Nine Fiscal Years (1)

	2022	2021	2020	2019
School Employees Retirement System (SERS)				
District's Proportion of the Net Pension Liability	0.06995370%	0.06954820%	0.0738826%	0.0715488%
District's Proportionate Share of the Net Pension Liability	$ 2,581,089	$ 4,600,064	$ 4,420,526	$ 4,097,732
District's Covered Payroll	$ 2,379,786	$ 2,445,786	$ 2,553,050	$ 2,389,677
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	108.46%	188.08%	180.74%	160.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%
State Teachers Retirement System (STRS)				
District's Proportion of the Net Pension Liability	0.07875367%	0.07885223%	0.08305448%	0.08517599%
District's Proportionate Share of the Net Pension Liability	$ 10,069,364	$ 19,079,434	$ 18,366,999	$ 18,728,288
District's Covered Payroll	$ 9,756,771	$ 9,512,300	$ 9,544,118	$ 9,446,374
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	103.20%	200.58%	192.44%	198.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.30%

(1) Information prior to 2014 is not available.

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

2018	2017	2016	2015	2014
0.0776576%	0.077874%	0.074219%	0.074911%	0.074911%
$ 4,639,870	$ 5,699,644	$ 4,234,980	$ 3,791,203	$ 4,454,717
$ 2,528,629	$ 2,433,693	$ 2,639,294	$ 2,209,469	$ 2,063,653
194.16%	225.40%	174.01%	171.59%	215.87%
69.50%	62.98%	69.16%	71.70%	65.52%
0.08483625%	0.08449937%	0.08228629%	0.08056848%	0.08056848%
$ 20,153,033	$ 28,284,486	$ 22,741,524	$ 19,597,043	$ 23,343,869
$ 9,564,757	$ 9,110,500	$ 9,007,379	$ 8,474,197	$ 8,625,318
210.70%	310.46%	252.48%	231.26%	270.64%
75.30%	66.80%	72.10%	74.70%	69.30%

London City School District
Madison County, Ohio
Required Supplementary Information
Schedule of the District's Contributions - Pension
Last Ten Fiscal Years

	2022	2021	2020	2019	2018
School Employees Retirement System (SERS)					
Contractually Required Contribution	$ 400,587	$ 333,170	$ 342,410	$ 344,662	$ 322,607
Contributions in Relation to the Contractually Required Contribution	(400,587)	333,170	342,410	344,662	322,607
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 2,861,336	$ 2,379,786	$ 2,445,786	$ 2,553,050	$ 2,389,677
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%	13.50%
State Teachers Retirement System (STRS)					
Contractually Required Contribution	$ 1,460,307	$ 1,365,948	$ 1,331,722	$ 1,336,176	$ 1,322,492
Contributions in Relation to the Contractually Required Contribution	(1,460,307)	1,365,948	1,331,722	1,336,176	1,322,492
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 10,430,764	$ 9,756,771	$ 9,512,300	$ 9,544,118	$ 9,446,374
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

2017	2016	2015	2014	2013
$ 354,008	$ 340,717	$ 347,859	$ 330,326	$ 285,610
354,008	340,717	347,859	330,326	285,610
$ -	$ -	$ -	$ -	$ -
$ 2,528,629	$ 2,433,693	$ 2,639,294	$ 2,383,304	$ 2,063,653
14.00%	14.00%	13.18%	13.86%	13.84%
$ 1,339,066	$ 1,275,470	$ 1,261,033	$ 1,188,414	$ 1,121,291
1,339,066	1,275,470	1,261,033	1,188,414	1,121,291
$ -	$ -	$ -	$ -	$ -
$ 9,564,757	$ 9,110,500	$ 9,007,379	$ 9,141,646	$ 8,625,318
14.00%	14.00%	14.00%	13.00%	13.00%

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London City School District
Madison County, Ohio
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Asset/Liability
Last Six Fiscal Years (1)

	2022	2021	2020	2019	2018	2017
School Employees Retirement System (SERS)						
District's Proportion of the Net OPEB Liability	0.0721170%	0.0723040%	0.7565300%	0.0727496%	0.0787174%	0.0786227%
District's Proportionate Share of the Net OPEB Liability	$ 1,364,881	$ 1,571,409	$ 1,902,501	$ 2,018,270	$ 2,112,568	$ 2,241,039
District's Covered Payroll	$ 2,379,786	$ 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	57.35%	64.25%	74.52%	84.46%	83.55%	92.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)						
District's Proportion of the Net OPEB Liability/(Asset)	0.0787540%	0.0788520%	0.0830540%	0.0851760%	0.0848363%	0.0844994%
District's Proportionate Share of the Net OPEB Liability/(Asset)	$ (1,660,464)	$ (1,385,822)	$ (1,375,574)	$ (1,368,691)	$ 3,309,998	$ 4,519,048
District's Covered Payroll	$ 9,756,771	$ 9,512,300	$ 9,544,118	$ 9,446,374	$ 9,564,757	$ 9,110,500
District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-17.02%	-14.57%	-14.41%	-14.49%	34.61%	49.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	174.73%	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

London City School District
Madison County, Ohio
Required Supplementary Information
Schedule of the District's Contributions - OPEB
Last Ten Fiscal Years

	2022	2021	2020	2019	2018
School Employees Retirement System (SERS)					
Contractually Required Contribution (1)	$ 47,776	$ 46,264	$ 47,085	$ 46,990	$ 81,112
Contributions in Relation to the Contractually Required Contribution	$ (47,776)	$ 46,264	$ 47,085	$ 46,990	$ 81,112
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 2,861,336	$ 2,379,786	$ 2,445,786	$ 2,553,050	$ 2,389,677
OPEB Contributions as a Percentage of Covered Payroll (1)	1.67%	1.94%	1.93%	2.30%	3.39%
State Teachers Retirement System (STRS)					
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 10,430,764	$ 9,756,771	$ 9,512,300	$ 9,544,118	$ 9,446,374
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

2017		2016		2015		2014		2013	
$	42,500	$	38,357	$	56,615	$	57,325	$	40,044
$	42,500	$	38,357	$	56,615	$	57,325	$	40,044
$	-	$	-	$	-	$	-	$	-
$	2,528,629	$	2,433,693	$	2,639,294	$	2,383,304	$	2,063,653
	1.68%		1.58%		2.15%		2.41%		1.94%
$	-	$	-	$	-	$	84,742	$	86,253
$	-	$	-	$	-	$	84,742	$	86,253
$	-	$	-	$	-	$	-	$	-
$	9,564,757	$	9,110,500	$	9,007,379	$	9,141,646	$	8,625,318
	0.00%		0.00%		0.00%		0.93%		1.00%

NOTE 1 - NET PENSION LIABILITY

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

Changes in Assumptions - SERS

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll growth assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was reduced from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

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 Benefit Terms - SERS

For fiscal year 2021, cost-of-living adjustments was reduced from 2.50 percent to 2.00 percent.

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 Assumptions – STRS

For fiscal year 2022, the long term expected rate of return was reduced from 7.45 percent to 7.00 percent.

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 - STRS

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

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 2022	1.92 percent
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 2022	2.27 percent
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 Trend Assumption

Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
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 Trend Assumption

Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
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 Benefit Terms – SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

In fiscal year 2022 the investment return was lowered from 7.45 percent to 7.00 percent.

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.

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 – STRS

For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicate frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in current year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

LONDON CITY SCHOOL DISTRICT
MADISON COUNTY, OHIO

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	$ 56,159
National School Lunch Program	10.555	883,292
COVID-19 NSLP CNP COVID3 EMERGENCY CST	10.555	31,427
COVID-19 NSLP CN COVID FOOD PRO MANF	10.555	40,156
National School Lunch Program Non-Cash Assistance	10.555	53,326
Total Child Nutrition Cluster		1,064,360
SNAP/PEBT	10.649	614
Total U.S. Department of Agriculture		**1,064,974**
FEDERAL COMMUNICATIONS COMMISSION		
Direct program		
ECF/Erate	32.009	39,590
Total Federal Communications Commission		**39,590**
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education		
Title I Grants to LEA's	84.010	388,089
EOEC Grant	84.010	5,748
Special Education Cluster		
IDEA-B Spec Ed Grants to States	84.027	502,703
IDEA-B Spec Ed Preschool Grants	84.173	29,158
Total Special Education Cluster		**531,861**
Title II-A Supporting Effective Instruction	84.367	87,933
Title IV-A Student Support & Acad. Enrichment	84.424	41,738
ARP ESSER	84.425	388,618
ESSER II	84.425	497,670
Total ESSER		**886,288**
Total U.S. Department of Education		**1,941,657**
Total Expenditures of Federal Awards		**$ 3,046,221**

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
(PREPARED BY MANAGEMENT)
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of London City School District (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

5510 Pearl Road Ste 102
Parma, OH 44129-2550
Charles E. Harris & Associates, Inc. Phone - (216) 575-1630
Certified Public Accountants Fax - (216) 436-2411

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

London City School District
Madison County
380 Elm St. 2nd Flr
London, Ohio 43140

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the London City School District, Madison County, Ohio (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 25, 2023, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
January 25, 2023

Charles E. Harris & Associates, Inc
Certified Public Accountants

5510 Pearl Road Ste 102
Parma, OH 44129-2527
Office phone - (216) 575-1630
Fax - (216) 436-2411

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

London City School District
Madison County
380 Elm St. 2nd Flr
London, Ohio 43140

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
January 25, 2023

LONDON CITY SCHOOL DISTRICT
MADISON COUNTY, OHIO
SCHEDULE OF FINDINGS
2 CFR § 200.515
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Education Stabilization Fund – ALN #84.425
(d)(1)(viii)	**Dollar Threshold: Type A/B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	Yes

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

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 3/28/2023

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