

LONDON CITY SCHOOL DISTRICT

MADISON COUNTY, OHIO

SINGLE AUDIT

For the Year Ended June 30, 2023





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

Board of Education
London City School District
380 Elm St, 2nd Fl
London, OH 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, 2022 through June 30, 2023. 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 06, 2024

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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, 2023, 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, 2023, 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.

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 December 18, 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, Inc.
December 18, 2023

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London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

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, 2023. 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 2023 are as follows:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$31.2 million.
- The District's total net position increased by \$2.9 million from the prior fiscal year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$19.6 million, an increase of \$2.2 million in comparison with the prior 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 2023?"

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

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

London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

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.

London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for fiscal year 2023 and fiscal year 2022.

Table 1
Net Position

	Governmental Activities		
	2023	2022	Change
Assets			
Current & Other Assets	\$ 32,313,633	\$ 29,500,374	\$ 2,813,259
Net OPEB Asset	2,021,961	1,660,464	361,497
Capital Assets	36,422,592	37,311,240	(888,648)
<i>Total Assets</i>	<u>70,758,186</u>	<u>68,472,078</u>	<u>2,286,108</u>
Deferred Outflows of Resources			
Pension & OPEB	5,502,431	5,544,049	(41,618)
<i>Total Deferred Outflows of Resources</i>	<u>5,502,431</u>	<u>5,544,049</u>	<u>(41,618)</u>
Liabilities			
Current & Other Liabilities	3,548,590	3,407,309	141,281
Long-Term Liabilities:			
Due Within One Year	892,580	1,045,059	(152,479)
Due In More Than One Year:			
Pension & OPEB	22,268,447	14,015,334	8,253,113
Other Amounts	6,394,809	7,104,168	(709,359)
<i>Total Liabilities</i>	<u>33,104,426</u>	<u>25,571,870</u>	<u>7,532,556</u>
Deferred Inflows of Resources			
Property Taxes	5,666,024	5,341,740	324,284
Deferred Charges on Refunding	230,999	266,537	(35,538)
Leases	735,015	750,598	(15,583)
Pension & OPEB	5,340,437	13,769,040	(8,428,603)
<i>Total Deferred Inflows of Resources</i>	<u>11,972,475</u>	<u>20,127,915</u>	<u>(8,155,440)</u>
Net Position			
Net Investment in Capital Assets	30,114,749	29,965,615	149,134
Restricted	4,000,691	3,495,569	505,122
Unrestricted	(2,931,724)	(5,144,842)	2,213,118
<i>Total Net Position</i>	<u>\$ 31,183,716</u>	<u>\$ 28,316,342</u>	<u>\$ 2,867,374</u>

London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

Current and other assets increased primarily due to an increase in equity in pooled cash and investments. Equity in pooled cash and investments increased primarily due to the timing of federal and state reimbursements as compared to expenditures.

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.

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London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

Table 2 shows the changes in net position for fiscal years 2023 and 2022.

Table 2
Changes in Net Position

	Governmental Activities		
	2023	2022	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 967,994	\$ 570,823	\$ 397,171
Operating Grants	3,128,226	3,477,526	(349,300)
Capital Grants	135,000	-	135,000
<i>Total Program Revenues</i>	<u>4,231,220</u>	<u>4,048,349</u>	<u>182,871</u>
General Revenues			
Property Taxes	9,227,071	9,230,435	(3,364)
Income Taxes	4,843,721	4,899,321	(55,600)
Grants & Entitlements	10,449,109	10,379,362	69,747
Payments in Lieu of Taxes	52,936	55,116	(2,180)
Miscellaneous	444,913	29,747	415,166
<i>Total General Revenues</i>	<u>25,017,750</u>	<u>24,593,981</u>	<u>423,769</u>
<i>Total Revenues</i>	<u>29,248,970</u>	<u>28,642,330</u>	<u>606,640</u>
Program Expenses			
Instruction:			
Regular	10,903,911	10,081,136	822,775
Special	4,713,634	3,871,829	841,805
Vocational	128,952	108,980	19,972
Other	16,856	56,220	(39,364)
Support Services:			
Pupils	1,742,677	1,384,085	358,592
Instructional Staff	558,066	460,229	97,837
Board of Education	73,448	142,957	(69,509)
Administration	1,901,994	1,689,756	212,238
Fiscal	714,395	666,826	47,569
Business	233,608	223,316	10,292
Operation and Maintenance of Plant	2,074,229	2,345,734	(271,505)
Pupil Transportation	892,908	1,118,339	(225,431)
Central	220,588	196,460	24,128
Non-Instructional Services:			
Food Service Operations	1,046,878	1,006,597	40,281
Community Services	145,688	95,992	49,696
Extracurricular Activities	922,026	1,161,064	(239,038)
Debt Service:			
Interest and Fiscal Charges	91,738	135,148	(43,410)
<i>Total Expenses</i>	<u>26,381,596</u>	<u>24,744,668</u>	<u>1,636,928</u>
<i>Change in Net Position</i>	2,867,374	3,897,662	(1,030,288)
<i>Net Position Beginning of Year</i>	<u>28,316,342</u>	<u>24,418,680</u>	<u>3,897,662</u>
<i>Net Position End of Year</i>	<u>\$ 31,183,716</u>	<u>\$ 28,316,342</u>	<u>\$ 2,867,374</u>

London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

Charges for services increased in comparison with the prior fiscal year. This increase is mainly due to an increase in food services provided to students during the fiscal year.

Operating grants decreased in comparison with the prior fiscal year. This decrease is mainly due to a decrease in federal grant revenue received for the food service program.

Changes in program expenses are associated with 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.

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.

The general fund is the chief operating fund of the District. The general fund's net change in fund balance for fiscal year 2023 was an increase of \$1,936,430 from \$13,676,754. This increase is mainly due to the District receiving COVID-19 relief funding during the year and using the funding 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.

The District's final estimated revenues and other financing sources were greater than the original estimated amounts. This increase is the result of an increase in both expected property and income tax receipts. The District's actual revenues and other financing sources were less than its final estimated resources and other financing sources due to lower than expected property tax receipts were received.

The District's final appropriations and other financing uses exceeded its original amounts. This increase is mainly due to an increase in extracurricular expenses for students. The variances between final estimated appropriations and other financing uses and actual expenditures and other financing uses were insignificant.

Capital Assets

At fiscal year-end, the District's capital assets decreased in comparison with the prior fiscal year. This decrease represents the amount in which current year depreciation/amortization exceeded current year additions. See note 12 to the basic financial statements for additional information on capital assets.

London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

Debt

At fiscal year-end, the District's notes, bonds, and leases decreased in comparison with the prior fiscal year. This decrease represents current principle payments and amortization. See note 16 to the basic financial statements for additional information on debt.

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.

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London City School District
Madison County, Ohio
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 16,568,682
Cash with Fiscal Agent	2,315,862
Accounts Receivable	65,960
Accrued Interest Receivable	15,461
Intergovernmental Receivable	641,023
Property Taxes Receivable	9,813,578
Income Taxes Receivable	1,980,996
Payments in Lieu of Taxes Receivable	145,890
Leases Receivable	766,181
Net OPEB Asset	2,021,961
Capital Assets, Not Being Depreciated/Amortized	524,550
Capital Assets, Being Depreciated/Amortized, Net	35,898,042
<i>Total Assets</i>	<i>70,758,186</i>
Deferred Outflows of Resources	
Pension	5,068,288
OPEB	434,143
<i>Total Deferred Outflows of Resources</i>	<i>5,502,431</i>
Liabilities	
Accounts Payable	40,708
Accrued Wages and Benefits	2,086,315
Intergovernmental Payable	366,941
Claims Payable	402,716
Matured Compensated Absences Payable	53,467
Unearned Revenue	598,443
Long-Term Liabilities:	
Due Within One Year	892,580
Due In More Than One Year:	
Net Pension Liability	21,238,945
Net OPEB Liability	1,029,502
Other Amounts Due in More Than One Year	6,394,809
<i>Total Liabilities</i>	<i>33,104,426</i>
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	5,666,024
Deferred Charges on Refunding	230,999
Leases	735,015
Pension	2,383,168
OPEB	2,957,269
<i>Total Deferred Inflows of Resources</i>	<i>11,972,475</i>
Net Position	
Net Investment in Capital Assets	30,114,749
Restricted for:	
Capital Outlay	213,015
Debt Service	2,207,826
Food Service	242,338
Classroom Facilities Maintenance	177,768
Student Activities	146,112
State and Federal Grants	32,727
Other Purposes	980,905
Unrestricted	(2,931,724)
<i>Total Net Position</i>	<i>\$ 31,183,716</i>

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, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	
Governmental Activities					
Instruction:					
Regular	\$ 10,903,911	\$ 286,005	\$ 269,100	\$ -	\$ (10,348,806)
Special	4,713,634	-	1,176,147	-	(3,537,487)
Vocational	128,952	-	-	-	(128,952)
Other	16,856	-	16,072	-	(784)
Support Services:					
Pupils	1,742,677	-	-	-	(1,742,677)
Instructional Staff	558,066	-	123,850	-	(434,216)
Board of Education	73,448	-	-	-	(73,448)
Administration	1,901,994	-	125,409	-	(1,776,585)
Fiscal	714,395	-	-	-	(714,395)
Business	233,608	-	-	-	(233,608)
Operation and Maintenance of Plant	2,074,229	35,560	524,910	-	(1,513,759)
Pupil Transportation	892,908	53,630	5,156	135,000	(699,122)
Central	220,588	-	-	-	(220,588)
Non-Instructional Services:					
Food Service Operations	1,046,878	318,074	710,992	-	(17,812)
Community Services	145,688	-	114,263	-	(31,425)
Extracurricular Activities	922,026	274,725	62,327	-	(584,974)
Debt Service:					
Interest and Fiscal Charges	91,738	-	-	-	(91,738)
Total	\$ 26,381,596	\$ 967,994	\$ 3,128,226	\$ 135,000	(22,150,376)

General Revenues

Property Taxes Levied for:	
General Purposes	7,986,559
Debt Service	1,093,392
Classroom Facilities Maintenance	147,120
Income Taxes	4,843,721
Grants and Entitlements not Restricted to Specific Programs	10,449,109
Payments in Lieu of Taxes	52,936
Investment Earnings	326,712
Miscellaneous	118,201
Total General Revenues	25,017,750
Change in Net Position	2,867,374
Net Position Beginning of Year	28,316,342
Net Position End of Year	\$ 31,183,716

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Balance Sheet
Governmental Funds
June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Investments	\$ 12,447,115	\$ 3,912,812	\$ 16,359,927
Accounts Receivable	65,960	-	65,960
Accrued Interest Receivable	-	15,461	15,461
Interfund Receivable	306,381	-	306,381
Intergovernmental Receivable	143,273	497,750	641,023
Property Taxes Receivable	8,663,326	1,150,252	9,813,578
Income Taxes Receivable	1,980,996	-	1,980,996
Payments in Lieu of Taxes Receivable	145,890	-	145,890
Lease Receivable	-	766,181	766,181
<i>Total Assets</i>	<u>\$ 23,752,941</u>	<u>\$ 6,342,456</u>	<u>\$ 30,095,397</u>
Liabilities			
Accounts Payable	\$ 25,630	\$ 15,078	\$ 40,708
Accrued Wages and Benefits	1,911,313	175,002	2,086,315
Intergovernmental Payable	335,943	30,998	366,941
Interfund Payable	-	306,381	306,381
Matured Compensated Absences Payable	46,172	7,295	53,467
Unearned Revenue	-	326,424	326,424
<i>Total Liabilities</i>	<u>2,319,058</u>	<u>861,178</u>	<u>3,180,236</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	5,020,968	645,056	5,666,024
Unavailable Revenue	799,731	156,740	956,471
Leases	-	735,015	735,015
<i>Total Deferred Inflows of Resources</i>	<u>5,820,699</u>	<u>1,536,811</u>	<u>7,357,510</u>
Fund Balances			
Restricted	548,039	3,010,617	3,558,656
Committed	255,740	-	255,740
Assigned	2,133,113	1,064,004	3,197,117
Unassigned	12,676,292	(130,154)	12,546,138
<i>Total Fund Balance</i>	<u>15,613,184</u>	<u>3,944,467</u>	<u>19,557,651</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 23,752,941</u>	<u>\$ 6,342,456</u>	<u>\$ 30,095,397</u>

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		\$ 19,557,651
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		36,422,592
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 111,488	
Accounts Receivable	65,960	
Delinquent Property Taxes	357,953	
Income Tax	339,704	
Payments in Lieu of Taxes	81,366	956,471
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.		1,849,882
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	2,021,961	
Deferred Outflows - Pension	5,068,288	
Deferred Outflows - OPEB	434,143	
Net Pension Liability	(21,238,945)	
Net OPEB Liability	(1,029,502)	
Deferred Inflows - Pension	(2,383,168)	
Deferred Inflows - OPEB	(2,957,269)	(20,084,492)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(5,520,000)	
Notes Payable	(316,602)	
Deferred Amount on Refunding	(230,999)	
Unamortized Bond Premium	(176,486)	
Leases	(63,756)	
Compensated Absences	(1,210,545)	(7,518,388)
<i>Net Position of Governmental Activities</i>		\$ 31,183,716

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, 2023

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	\$ 8,160,744	\$ 1,253,785	\$ 9,414,529
Income Taxes	4,843,721	-	4,843,721
Intergovernmental	10,172,516	3,281,000	13,453,516
Investment Income	301,161	25,601	326,762
Tuition and Fees	186,725	-	186,725
Extracurricular Activities	36,561	286,471	323,032
Charges for Services	-	333,842	333,842
Rent	33,320	25,114	58,434
Contributions and Donations	47,434	194,856	242,290
Payments in Lieu of Taxes	54,244	-	54,244
Lease Revenue	-	15,583	15,583
Miscellaneous	102,229	389	102,618
<i>Total Revenues</i>	<u>23,938,655</u>	<u>5,416,641</u>	<u>29,355,296</u>
Expenditures			
Current:			
Instruction:			
Regular	8,987,923	258,693	9,246,616
Special	3,689,667	1,140,736	4,830,403
Vocational	129,721	-	129,721
Other	-	16,856	16,856
Support Services:			
Pupils	1,462,746	320,281	1,783,027
Instructional Staff	407,901	128,972	536,873
Board of Education	73,448	-	73,448
Administration	1,824,781	131,528	1,956,309
Fiscal	708,882	24,502	733,384
Business	233,608	-	233,608
Operation and Maintenance of Plant	1,741,465	741,549	2,483,014
Pupil Transportation	1,289,671	207,319	1,496,990
Central	231,089	-	231,089
Operation of Non-Instructional/Shared Services:			
Food Service Operations	-	1,049,389	1,049,389
Community Services	-	147,027	147,027
Extracurricular Activities	534,818	466,274	1,001,092
Capital Outlay	8,800	14,945	23,745
Debt Service			
Principal Retirement	23,184	935,972	959,156
Interest and Fiscal Charges	-	188,161	188,161
<i>Total Expenditures</i>	<u>21,347,704</u>	<u>5,772,204</u>	<u>27,119,908</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,590,951</u>	<u>(355,563)</u>	<u>2,235,388</u>
Transfers In	-	654,521	654,521
Transfers Out	(654,521)	-	(654,521)
<i>Net Change in Fund Balances</i>	1,936,430	298,958	2,235,388
<i>Fund Balances Beginning of Year</i>	<u>13,676,754</u>	<u>3,645,509</u>	<u>17,322,263</u>
<i>Fund Balances End of Year</i>	<u>\$ 15,613,184</u>	<u>\$ 3,944,467</u>	<u>\$ 19,557,651</u>

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023*

Net Change in Fund Balances - Total Governmental Funds		\$ 2,235,388
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital Asset Additions	\$ 1,324,478	
Current Year Depreciation/Amortization	<u>(2,213,126)</u>	(888,648)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	16,480	
Property Taxes	(187,458)	
Payment in Lieu of Taxes	(1,308)	
Accounts	<u>65,960</u>	(106,326)
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	935,972	
Capital Lease	<u>23,184</u>	959,156
Amortization of bond premium on bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities.		
		43,088
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	17,797	
Amortization of Refunding Loss	<u>35,538</u>	53,335
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	1,882,479	
OPEB	<u>50,236</u>	1,932,715
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	(1,909,113)	
OPEB	<u>471,767</u>	(1,437,346)
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.		
		216,418
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(140,406)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ 2,867,374</u></u>

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, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 8,025,363	\$ 9,401,822	\$ 8,207,802	\$ (1,194,020)
Income Taxes	4,695,711	5,009,722	5,009,066	(656)
Intergovernmental	10,141,022	10,142,754	10,196,897	54,143
Investment Income	120,031	220,000	374,084	154,084
Tuition and Fees	163,015	192,000	186,725	(5,275)
Charges for Services	200	200	-	(200)
Rent	31,003	33,800	33,320	(480)
Contributions and Donations	5,003	47,800	42,000	(5,800)
Payments in Lieu of Taxes	31,108	57,542	54,244	(3,298)
Miscellaneous	16,408	103,400	96,987	(6,413)
<i>Total Revenues</i>	<u>23,228,864</u>	<u>25,209,040</u>	<u>24,201,125</u>	<u>(1,007,915)</u>
Expenditures				
Current:				
Instruction:				
Regular	8,800,826	9,038,963	9,032,534	6,429
Special	3,752,945	3,704,736	3,659,100	45,636
Vocational	121,690	145,217	128,839	16,378
Support Services:				
Pupils	1,297,569	1,412,426	1,389,950	22,476
Instructional Staff	443,839	552,785	429,517	123,268
Board of Education	177,403	78,632	78,437	195
Administration	1,830,509	1,839,210	1,814,186	25,024
Fiscal	715,129	733,786	728,784	5,002
Business	225,967	202,646	236,379	(33,733)
Operation and Maintenance of Plant	1,937,640	1,855,748	1,791,912	63,836
Pupil Transportation	1,301,597	1,297,662	1,291,578	6,084
Central	221,374	223,856	221,810	2,046
Operation of Non-Instructional/Shared Services:				
Food Service Operations	645	445	-	445
Extracurricular Activities	421,094	2,176,853	2,161,606	15,247
Capital Outlay	-	369,626	368,425	1
Debt Service				
Principal Retirement	23,184	23,184	23,184	
<i>Total Expenditures</i>	<u>21,271,411</u>	<u>23,655,775</u>	<u>23,356,241</u>	<u>298,334</u>
<i>Excess of Receipts Over (Under) Expenditures</i>	<u>1,957,453</u>	<u>1,553,265</u>	<u>844,884</u>	<u>(708,381)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	7,000	-	(7,000)
Insurance Recoveries	2,000	2,000	-	(2,000)
Advances Out	(438,309)	-	-	-
Transfers Out	(883,533)	(878,000)	(876,641)	1,359
<i>Total Other Financing Sources (Uses)</i>	<u>(1,314,842)</u>	<u>(869,000)</u>	<u>(876,641)</u>	<u>(7,641)</u>
<i>Net Change in Fund Balance</i>	642,611	684,265	(31,757)	(716,022)
<i>Fund Balance Beginning of Year</i>	10,315,997	10,315,997	10,315,997	-
Prior Year Encumbrances Appropriated	173,253	173,253	173,253	-
<i>Fund Balance End of Year</i>	<u>\$ 11,131,861</u>	<u>\$ 11,173,515</u>	<u>\$ 10,457,493</u>	<u>\$ (716,022)</u>

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Statement of Fund Net Position
Proprietary Funds
June 30, 2023

	Governmental Activities
	Internal Service Funds
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 208,755
Cash with Fiscal Agent	2,315,862
<i>Total Current Assets</i>	2,524,617
 <i>Current Liabilities:</i>	
Unearned Revenue	272,019
Claims Payable	402,716
<i>Total Current Liabilities</i>	674,735
 Net Position	
Unrestricted	1,849,882
Total Net Position	\$ 1,849,882

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, 2023

	Governmental Activities
	Internal Service Funds
Operating Revenues	
Charges for Services	\$ 3,249,827
Other	233,612
	<u>3,483,439</u>
<i>Total Operating Revenues</i>	
Operating Expenses	
Purchased Services	737,332
Claims	2,565,063
	<u>3,302,395</u>
<i>Total Operating Expenses</i>	
<i>Operating Income</i>	<u>181,044</u>
Non-Operating Revenues	
Interest	35,374
	<u>35,374</u>
<i>Total Non-Operating Revenues</i>	
<i>Change in Net Position</i>	216,418
<i>Net Position Beginning of Year</i>	<u>1,633,464</u>
<i>Net Position End of Year</i>	<u>\$ 1,849,882</u>

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, 2023

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from Charges for Services	\$ 3,260,445
Cash Received from Other Operating Receipts	233,612
Cash Payments for Purchased Services	(737,332)
Cash Payments for Claims	(2,630,382)
<i>Net Cash Provided by Operating Activities</i>	126,343
Cash Flows from Investing Activities	
Interest	35,374
<i>Net Cash Provided by Investing Activities</i>	35,374
<i>Net Increase in Cash and Cash Equivalents</i>	161,717
<i>Cash and Cash Equivalents at Beginning of Year</i>	2,362,900
<i>Cash and Cash Equivalents at End of Year</i>	\$ 2,524,617
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 181,044
Adjustments:	
Increase (Decrease) in Liabilities:	
Claims Payable	(65,319)
Unearned Revenue	10,618
<i>Net Cash Provided by Operating Activities</i>	\$ 126,343

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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. 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 of over 200 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 37 counties in Central Ohio.

META helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of META is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year, the participating school districts pay a membership fee to META to cover the costs of administering the programs. Financial information may be obtained from META at 2100 Citygate Dr., Columbus, OH 43219.

London City School District
Madison County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

London City School District
Madison County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

London City School District
Madison County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

London City School District
Madison County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

London City School District
Madison County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 13 and 14.

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, 2023, but which were levied to finance fiscal year 2024 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 13 and 14).

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.

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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 2023 amounted to \$301,161, which includes approximately \$70,573 assigned from other District funds.

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

During the fiscal year, the District had funds invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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.

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

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

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.

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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. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

The 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.

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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.

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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, 2023, the District has implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the District.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the District.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the District.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the District.

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GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, 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	\$ 1,936,430
Net Adjustment for Revenue Accruals	384,722
Net Adjustment for Expenditure Accruals	(236,157)
Funds Budgeted Elsewhere	948
Adjustment for Encumbrances	(2,117,700)
Budget Basis	\$ (31,757)

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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;

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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.

Cash with Fiscal Agent: The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit since it is held in a pool made up of numerous participants. This amount is not included in the "deposits" or "investments" reported below.

Deposits: Custodial credit risk is the risk 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, 2023, \$1,531,236 of the District's bank balance was uninsured but collateralized leaving \$72,205 uninsured and uncollateralized.

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, 2023, 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
Net Asset Value (NAV):					
STAR Ohio	AAAm	\$ 5,614,754	36.78%	\$ 5,614,754	\$ -
First American Government Obligations Fund	AAAm	450,688	2.95%	450,688	-
Fair Value:					
Federal Home Loan Mortgage	AA+	371,784	2.44%	371,784	-
Federal Home Loan Bank	AA+	546,450	3.58%	546,450	-
Federal National Mortgage Association	AA+	271,991	1.78%	-	271,991
Commercial Paper	A-1	2,405,829	15.76%	2,405,829	-
US Treasury Note	AA+	316,457	2.07%	-	316,457
Negotiable Certificates of Deposit	N/A	5,286,629	34.64%	1,004,185	4,282,444
Total		<u>\$ 15,264,582</u>	<u>100.00%</u>	<u>\$10,393,690</u>	<u>\$ 4,870,892</u>

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

The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2023, is 39 days.

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 were unrated. The District's policy does not address credit risk.

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

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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 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022 and are collected in 2023 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The 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, 2023, are available to finance fiscal year 2023 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, 2023, 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 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 383,422,770	94.76%	\$ 388,814,450	94.46%
Public Utility Personal Property	21,220,500	5.24%	22,794,470	5.54%
	\$ 404,643,270	100.00%	\$ 411,608,920	100.00%
Full Tax Rate per \$1,000 of assessed value	\$ 40.30		\$ 40.30	

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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 \$123,697 during the fiscal year. Compensation payments received from the City during the fiscal year totaled \$118,767. The amount receivable from other governments totaled \$145,890 at fiscal year-end.

NOTE 9 – RECEIVABLES

Receivables at June 30, 2023, consisted of property taxes, payments in lieu of taxes, income taxes, intergovernmental grants and reimbursements, accounts, leases, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivable amounts are expected to be received within one year with the exception of delinquent property and income taxes. Property and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

NOTE 10 – 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 6/30/2023
Lease Revenue	\$ 15,583
Interest Revenue	25,486
Total	<u>\$ 41,069</u>

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

Fiscal Year	Governmental Activities	
	Principal	Interest
2024	\$ -	\$ 18,424
2025	-	18,977
2026	-	19,546
2027	-	20,132
2028	-	20,736
2029-2033	-	113,394
2034-2038	-	131,455
2039-2043	-	152,393
2044-2048	-	176,665
2049-2053	61,064	143,739
2054-2058	128,892	108,531
2059-2063	191,918	83,320
2064-2068	272,470	46,606
2069-2071	111,837	5,202
Total	<u>\$ 766,181</u>	<u>\$ 1,059,120</u>

NOTE 11 – 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 1).

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 years.

Workers' Compensation

For the fiscal year, the District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 1). 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.

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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:

	<u>Balance Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance End of Year</u>
2022	\$ 10,109	\$ 121,927	\$ (119,145)	\$ 12,891
2023	12,891	138,895	(138,130)	13,656

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:

	<u>Balance Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance End of Year</u>
2022	\$ 405,740	\$ 2,558,445	\$ (2,509,041)	\$ 455,144
2023	455,144	2,426,168	(2,492,252)	389,060

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NOTE 12 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Deletions	Transfers	Balance 6/30/2023
Governmental Activities					
<i>Capital Assets, Not Being Depreciated/Amortized</i>					
Land	\$ 524,550	\$ -	\$ -	\$ -	\$ 524,550
<i>Capital Assets, Being Depreciated/Amortized</i>					
Land Improvements	5,064,991	46,920	-	-	5,111,911
Buildings and Improvements	64,315,943	441,150	-	-	64,757,093
Furniture, Fixtures and Equipment	2,529,391	148,668	-	8,433	2,686,492
Lease - Furniture, Fixtures and Equipment	115,920	-	-	-	115,920
Vehicles	1,641,995	669,886	(590,946)	(8,433)	1,712,502
Textbooks and Software	666,735	17,854	-	-	684,589
<i>Total Capital Assets, Being Depreciated/Amortized</i>	<u>74,334,975</u>	<u>1,324,478</u>	<u>(590,946)</u>	<u>-</u>	<u>75,068,507</u>
<i>Accumulated Depreciation/Amortization</i>					
Land Improvements	(4,023,305)	(128,013)	-	-	(4,151,318)
Buildings and Improvements	(30,046,646)	(1,740,235)	-	-	(31,786,881)
Furniture, Fixtures and Equipment	(1,694,552)	(176,114)	-	(4,324)	(1,874,990)
Lease - Furniture, Fixtures and Equipment	(34,776)	(23,184)	-	-	(57,960)
Vehicles	(1,082,271)	(143,497)	590,946	4,324	(630,498)
Textbooks and Software	(666,735)	(2,083)	-	-	(668,818)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(37,548,285)</u>	<u>(2,213,126)</u>	<u>590,946</u>	<u>-</u>	<u>(39,170,465)</u>
<i>Total Capital Assets Being Depreciated/Amortized, Net</i>	<u>36,786,690</u>	<u>(888,648)</u>	<u>-</u>	<u>-</u>	<u>35,898,042</u>
<i>Governmental Activities, Capital Assets, Net</i>	<u>\$ 37,311,240</u>	<u>\$ (888,648)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,422,592</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,888,749
Support Services:	
Pupils	488
Instructional Staff	27,792
Administration	1,545
Fiscal	583
Operation and Maintenance of Plant	95,463
Pupil Transportation	147,985
Operation of Non-instructional Services:	
Food Service Operations	19,593
Other	1,460
Extracurricular Activities	29,468
Total Depreciation/Amortization Expense	<u>\$ 2,213,126</u>

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NOTE 13 - 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/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

The 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 14 for the required OPEB disclosures.

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on 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 CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District’s contractually required contribution to SERS was \$376,629 for fiscal year 2023. Of this amount, \$50,236 is reported as an intergovernmental payable.

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$1,505,850 for fiscal year 2023. Of this amount, \$257,962 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0717327%	0.07808810%	
Prior Measurement Date	0.0699537%	0.07875367%	
Change in Proportionate Share	<u>0.0017790%</u>	<u>-0.00066557%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 3,879,862	\$ 17,359,083	\$ 21,238,945
Pension Expense	\$ 190,087	\$ 1,719,026	\$ 1,909,113

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.

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At June 30, 2023, 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	\$ 157,138	\$ 222,216	\$ 379,354
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	604,060	604,060
Changes of Assumptions	38,283	2,077,360	2,115,643
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	86,752	-	86,752
District Contributions Subsequent to the Measurement Date	376,629	1,505,850	1,882,479
Total Deferred Outflows of Resources	\$ 658,802	\$ 4,409,486	\$ 5,068,288
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 25,471	\$ 66,405	\$ 91,876
Net Difference between Projected and Actual Earnings on Pension Plan Investments	135,391	-	135,391
Changes of Assumptions	-	1,563,655	1,563,655
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	-	592,246	592,246
Total Deferred Inflows of Resources	\$ 160,862	\$ 2,222,306	\$ 2,383,168

\$1,882,479 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, 2024. 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:			
2024	\$ 62,265	\$ (269,974)	\$ (207,709)
2025	27,457	(283,589)	(256,132)
2026	(193,407)	(525,600)	(719,007)
2027	224,996	1,760,493	1,985,489
Total	\$ 121,311	\$ 681,330	\$ 802,641

Actuarial Assumptions - SERS

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

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

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, 2022 and June 30, 2021, are presented below:

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

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

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

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

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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 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. 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 pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00 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
District's Proportionate Share of the Net Pension Liability	\$ 5,710,972	\$ 3,879,862	\$ 2,337,177

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Salary Increases	
Current Measurement Period	Varies by service from 2.50 percent to 8.50 percent
Prior Measurement Period	Varies by age from 2.50 percent to 12.50 percent
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
Cost-of-Living Adjustments (COLA)	0.00 percent effective July 1, 2017

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For 2022, post-retirement mortality rates for healthy retirees are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, 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.

Actuarial assumptions used in the June 30, 2022 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 26,223,255	\$ 17,359,083	\$ 9,862,738

Changes between the Measurement Date and the Reporting Date The discount rate was adjusted to 7.00 percent for the June 30, 2022 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 14 - DEFINED BENEFIT OPEB PLANS

See Note 13 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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 2023, the District's surcharge obligation was \$50,236, which is reported as an intergovernmental payable. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2023.

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. 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, 2023, STRS did not allocate any employer contributions to post-employment health care.

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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, 2022, 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	0.0733258%	0.07808810%	
Prior Measurement Date	0.0721174%	0.07875367%	
Change in Proportionate Share	0.0012084%	-0.00066557%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 1,029,502	\$ (2,021,961)	
OPEB Expense	\$ (98,168)	\$ (373,599)	\$ (471,767)

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 OPEB 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.

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At June 30, 2023, 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	\$ 8,654	\$ 29,315	\$ 37,969
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	5,349	35,197	40,546
Changes of Assumptions	163,755	86,128	249,883
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	48,379	7,130	55,509
District Contributions Subsequent to the Measurement Date	50,236	-	50,236
Total Deferred Outflows of Resources	\$ 276,373	\$ 157,770	\$ 434,143
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 658,543	\$ 303,660	\$ 962,203
Changes of Assumptions	422,617	1,433,769	1,856,386
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	98,434	40,246	138,680
Total Deferred Inflows of Resources	\$ 1,179,594	\$ 1,777,675	\$ 2,957,269

\$50,236 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2024. 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:			
2024	\$ (234,901)	\$ (472,981)	\$ (707,882)
2025	(216,995)	(468,506)	(685,501)
2026	(187,964)	(229,930)	(417,894)
2027	(122,000)	(91,202)	(213,202)
2028	(75,294)	(118,103)	(193,397)
Thereafter	(116,303)	(239,183)	(355,486)
Total	\$ (953,457)	\$ (1,619,905)	\$ (2,573,362)

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Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, 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
Fiduciary Net Position Depletion	Projected to be 2044
Municipal Bond Index Rate	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate	
Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.125 percent - 4.40 percent
Pre-Medicare	6.750 percent - 4.40 percent
Medical Trend Assumption	7.00 percent - 4.40 percent

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Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

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Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 2.27 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, 2022 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 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

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 (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate (7.00 percent decreasing to 4.40 percent).

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District 's Proportionate Share of the Net OPEB Liability	\$ 1,278,657	\$ 1,029,502	\$ 828,366
		<u>Current Trend Rate</u>	<u>1% Increase</u>
District 's Proportionate Share of the Net OPEB Liability	\$ 793,931	\$ 1,029,502	\$ 1,337,196

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Actuarial Assumptions – STRS

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

	June 30, 2022	June 30, 2021
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, 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.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB asset was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB asset as of June 30, 2022.

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, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District 's Proportionate Share of the Net OPEB (Asset)	\$ (1,869,250)	\$ (2,021,961)	\$ (2,152,771)
	1% Decrease	Current Trend Rate	1% Increase
District 's Proportionate Share of the Net OPEB (Asset)	\$ (2,097,265)	\$ (2,021,961)	\$ (1,926,907)

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NOTE 15 – 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.

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.

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NOTE 16 – LONG-TERM OBLIGATIONS

The changes in the District’s long-term obligations during fiscal year 2023 were as follows:

	Outstanding 6/30/22	Additions	Deductions	Outstanding 6/30/23	Amounts Due Within One Year
<u>Governmental Activities</u>					
<i>Notes and Bonds</i>					
Energy Conservation Notes Series 2013 - 2.70%	\$ 25,000	\$ -	\$ (25,000)	\$ -	\$ -
ARRA State Energy Program Loan - 1.00%	367,574	-	(50,972)	316,602	51,483
London Refunding Series 2015A					
Serial Bonds - 1.25% - 3.00%	3,850,000	-	(860,000)	2,990,000	720,000
Premium on Refunding Series 2015A	155,385	-	(34,530)	120,855	-
London Refunding Series 2015B					
Serial Bonds - 3.25%	2,530,000	-	-	2,530,000	-
Premium on Refunding Series 2015B	64,189	-	(8,558)	55,631	-
Total Notes and Bonds	<u>6,992,148</u>	<u>-</u>	<u>(979,060)</u>	<u>6,013,088</u>	<u>771,483</u>
<i>Net Pension/OPEB Liability</i>					
Pension	12,650,453	8,588,492	-	21,238,945	-
OPEB	1,364,881	-	(335,379)	1,029,502	-
Total Net Pension Liability	<u>14,015,334</u>	<u>8,588,492</u>	<u>(335,379)</u>	<u>22,268,447</u>	<u>-</u>
<i>Other Long-Term Obligations</i>					
Lease Payable	86,940	-	(23,184)	63,756	23,184
Compensated Absences	1,070,139	172,751	(32,345)	1,210,545	97,913
Total Long-Term Obligations	<u>\$ 22,164,561</u>	<u>\$ 8,761,243</u>	<u>\$ (1,369,968)</u>	<u>\$ 29,555,836</u>	<u>\$ 892,580</u>

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

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 carried an interest rate of 2.70% and had 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.

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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 Ending June 30,	Notes and Bonds		Lease Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	868,579	69,687	-	-	868,579	69,687
2029-2030	1,768,973	56,364	-	-	1,768,973	56,364
	<u>\$ 5,836,602</u>	<u>\$644,125</u>	<u>\$63,756</u>	<u>\$ -</u>	<u>\$ 5,900,358</u>	<u>\$644,125</u>

NOTE 17 – INTERFUND ACTIVITY

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

	Interfund Payable	Interfund Receivable
General	\$ -	\$306,381
Other Governmental Funds:		
ESSER	158,893	
IDEA Part B Special Education	106,792	-
Title I-A Improving Basic Programs	32,460	-
Title IV-A Student Support and Academic Enrichment	1,264	-
IDEA Preschool Grant	2,014	-
Title II-A Supporting Effective Instruction	4,958	-
Total	<u>\$306,381</u>	<u>\$306,381</u>

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.

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Interfund transfers for fiscal year 2023 were as follows:

	Transfer Out	Transfer In
General	\$654,521	\$ -
Other Governmental Funds:		
Debt Service	-	54,521
Permanent Improvement	-	425,000
District Managed Student Activities	-	175,000
Total	\$654,521	\$654,521

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

NOTE 18 – SET-ASIDES

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

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

	Set Aside Balance
Balance at 6/30/2022	\$ -
Required Set-Aside	464,571
Prior Year Offset from Bond Proceeds	(464,571)
Balance at 6/30/23	\$ -
Amount Carried Forward as of 6/30/23	\$ -

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 \$27,137,533 in capital-related debt offsets that may be used to reduce the set-aside requirement for future years.

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NOTE 19 – CONTINGENCIES

Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2023, if applicable, cannot be determined at this time.

Litigation

The District is not party to any legal proceedings.

State Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2023 are finalized.

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London City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 20 – 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	\$ -	\$ 213,015	\$ 213,015
Debt Service	-	2,162,574	2,162,574
Food Service	-	251,950	251,950
Other Purposes	-	205,310	205,310
Classroom Facilities Maintenance	-	177,768	177,768
State Grants	548,039	-	548,039
Total Restricted	548,039	3,010,617	3,558,656
Committed for:			
Severance	255,740	-	255,740
Total Committed	255,740	-	255,740
Assigned for:			
Instruction	1,673	-	1,673
Support Services	35,554	-	35,554
Extracurricular	1,699,053	-	1,699,053
Capital Outlay	359,625	-	359,625
Other Purposes	37,208	1,064,004	1,101,212
Total Assigned	2,133,113	1,064,004	3,197,117
Unassigned	12,676,292	(130,154)	12,546,138
Total Fund Balance	\$ 15,613,184	\$ 3,944,467	\$ 19,557,651

At June 30, 2023, the following funds had deficit fund balances:

	Deficit
<i>Non-Major Governmental Funds</i>	
ESSER	61,873
IDEA, Part B	36,916
Title I Non-Competitive Supplemental	24,254
Title I Disadvantaged Children	2,072
Drug Free School	5,039
Total	\$ 130,154

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>School Employees Retirement System (SERS)</i>				
District's Proportion of the Net Pension Liability	0.07173270%	0.06995370%	0.06954820%	0.0738826%
District's Proportionate Share of the Net Pension Liability	\$ 3,879,862	\$ 2,581,089	\$ 4,600,064	\$ 4,420,526
District's Covered Payroll	\$ 2,861,336	\$ 2,379,786	\$ 2,445,786	\$ 2,553,050
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	135.60%	108.46%	188.08%	180.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%
<i>State Teachers Retirement System (STRS)</i>				
District's Proportion of the Net Pension Liability	0.07808810%	0.07875367%	0.07885223%	0.08305448%
District's Proportionate Share of the Net Pension Liability	\$ 17,359,083	\$ 10,069,364	\$ 19,079,434	\$ 18,366,999
District's Covered Payroll	\$ 10,430,764	\$ 9,756,771	\$ 9,512,300	\$ 9,544,118
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	166.42%	103.20%	200.58%	192.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

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

See accompanying notes to the required supplementary information.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0715488%	0.0776576%	0.077874%	0.074219%	0.074911%	0.074911%
\$ 4,097,732	\$ 4,639,870	\$ 5,699,644	\$ 4,234,980	\$ 3,791,203	\$ 4,454,717
\$ 2,389,677	\$ 2,528,629	\$ 2,433,693	\$ 2,639,294	\$ 2,209,469	\$ 2,063,653
160.50%	194.16%	225.40%	174.01%	171.59%	215.87%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
0.08517599%	0.08483625%	0.08449937%	0.08228629%	0.08056848%	0.08056848%
\$ 18,728,288	\$ 20,153,033	\$ 28,284,486	\$ 22,741,524	\$ 19,597,043	\$ 23,343,869
\$ 9,446,374	\$ 9,564,757	\$ 9,110,500	\$ 9,007,379	\$ 8,474,197	\$ 8,625,318
198.26%	210.70%	310.46%	252.48%	231.26%	270.64%
77.30%	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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 376,629	\$ 400,587	\$ 333,170	\$ 342,410
Contributions in Relation to the Contractually Required Contribution	<u>(376,629)</u>	<u>(400,587)</u>	<u>333,170</u>	<u>342,410</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,690,207	\$ 2,861,336	\$ 2,379,786	\$ 2,445,786
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 1,505,850	\$ 1,460,307	\$ 1,365,948	\$ 1,331,722
Contributions in Relation to the Contractually Required Contribution	<u>(1,505,850)</u>	<u>(1,460,307)</u>	<u>1,365,948</u>	<u>1,331,722</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 10,756,071	\$ 10,430,764	\$ 9,756,771	\$ 9,512,300
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 344,662	\$ 322,607	\$ 354,008	\$ 340,717	\$ 347,859	\$ 330,326
<u>344,662</u>	<u>322,607</u>	<u>354,008</u>	<u>340,717</u>	<u>347,859</u>	<u>330,326</u>
<u>\$ -</u>					
\$ 2,553,050	\$ 2,389,677	\$ 2,528,629	\$ 2,433,693	\$ 2,639,294	\$ 2,383,304
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
\$ 1,336,176	\$ 1,322,492	\$ 1,339,066	\$ 1,275,470	\$ 1,261,033	\$ 1,188,414
<u>1,336,176</u>	<u>1,322,492</u>	<u>1,339,066</u>	<u>1,275,470</u>	<u>1,261,033</u>	<u>1,188,414</u>
<u>\$ -</u>					
\$ 9,544,118	\$ 9,446,374	\$ 9,564,757	\$ 9,110,500	\$ 9,007,379	\$ 9,141,646
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>School Employees Retirement System (SERS)</i>				
District's Proportion of the Net OPEB Liability	0.0733258%	0.0721170%	0.0723040%	0.7565300%
District's Proportionate Share of the Net OPEB Liability	\$ 1,029,502	\$ 1,364,881	\$ 1,571,409	\$ 1,902,501
District's Covered Payroll	\$ 2,861,336	\$ 2,379,786	\$ 2,445,786	\$ 2,553,050
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.98%	57.35%	64.25%	74.52%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%
<i>State Teachers Retirement System (STRS)</i>				
District's Proportion of the Net OPEB Liability/(Asset)	0.0780881%	0.0787540%	0.0788520%	0.0830540%
District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (2,021,961)	\$ (1,660,464)	\$ (1,385,822)	\$ (1,375,574)
District's Covered Payroll	\$ 10,430,764	\$ 9,756,771	\$ 9,512,300	\$ 9,544,118
District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-19.38%	-17.02%	-14.57%	-14.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	230.73%	174.73%	182.10%	174.70%

(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.

See accompanying notes to the required supplementary information.

2019	2018	2017
0.0727496%	0.0787174%	0.0786227%
\$ 2,018,270	\$ 2,112,568	\$ 2,241,039
\$ 2,389,677	\$ 2,528,629	\$ 2,433,693
84.46%	83.55%	92.08%
13.57%	12.46%	11.49%
0.0851760%	0.0848363%	0.0844994%
\$ (1,368,691)	\$ 3,309,998	\$ 4,519,048
\$ 9,446,374	\$ 9,564,757	\$ 9,110,500
-14.49%	34.61%	49.60%
176.00%	47.10%	37.30%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 50,236	\$ 47,776	\$ 46,264	\$ 47,085
Contributions in Relation to the Contractually Required Contribution	<u>\$ (50,236)</u>	<u>\$ (47,776)</u>	<u>\$ 46,264</u>	<u>\$ 47,085</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,690,207	\$ 2,861,336	\$ 2,379,786	\$ 2,445,786
OPEB Contributions as a Percentage of Covered Payroll (1)	1.87%	1.67%	1.94%	1.93%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 10,756,071	\$ 10,430,764	\$ 9,756,771	\$ 9,512,300
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 46,990	\$ 81,112	\$ 42,500	\$ 38,357	\$ 56,615	\$ 57,325
<u>\$ 46,990</u>	<u>\$ 81,112</u>	<u>\$ 42,500</u>	<u>\$ 38,357</u>	<u>\$ 56,615</u>	<u>\$ 57,325</u>
<u>\$ -</u>					
\$ 2,553,050	\$ 2,389,677	\$ 2,528,629	\$ 2,433,693	\$ 2,639,294	\$ 2,383,304
2.30%	3.39%	1.68%	1.58%	2.15%	2.41%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,742
<u>\$ -</u>	<u>\$ 84,742</u>				
<u>\$ -</u>					
\$ 9,544,118	\$ 9,446,374	\$ 9,564,757	\$ 9,110,500	\$ 9,007,379	\$ 9,141,646
0.00%	0.00%	0.00%	0.00%	0.00%	0.93%

London City School District
Madison County
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

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 2022, cost-of-living adjustments were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, cost-of-living adjustments were 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.

London City School District
Madison County
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Changes in Assumptions – STRS

For fiscal year 2022, the Retirement Board approved several changes to the actuarial assumptions. The salary increases were where changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent. The healthy and disabled mortality assumptions were updated to the Pub-2010 mortality tables with generational improvement scale MP-2020.

For fiscal year 2021, 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 2023	3.69 percent
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 2023	4.08 percent
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

London City School District
Madison County
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Pre-Medicare Trend Assumption

Fiscal year 2023	6.75 percent initially, decreasing to 4.40 percent
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 2023	7.00 percent initially, decreasing to 4.40 percent
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

For fiscal year 2022, the healthy and disabled mortality assumptions were updated to the RPub-2010 mortality tables with generational improvement scale MP-2020. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For fiscal year 2022, the following changes were made to the actuarial assumptions:

- Projected salary increases from 3.25 to 10.75 percent, including wage inflation to varying by service from 2.50 to 8.50 percent
- Medicare medical health care cost trends from -16.18 percent initial to -68.78 percent initial and 4.00 percent ultimate to 3.94 percent ultimate
- Medicare prescription drug health care cost trends from 29.98 percent initial to -5.47 percent initial and 4.00 percent ultimate to 3.94 percent ultimate

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 percent ultimate rate.

London City School District
Madison County
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

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 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**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (PREPARED BY MANAGEMENT)
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Grant Year	Cash Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ 84,910	\$ -
School Breakfast Program - (Summer Seamless Program)	10.553	N/A	39,869	-
National School Lunch Program	10.555	N/A	368,982	83,541
National School Lunch Program (Summer Seamless Program)	10.555	N/A	<u>228,605</u>	<u>-</u>
<i>Total Child Nutrition Cluster</i>			722,366	83,541
Pandemic EBT Administrative Costs	10.649	N/A	<u>628</u>	<u>-</u>
Total U.S. Department of Agriculture			722,994	83,541
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
<i>Title I</i>				
Title I Grants to Local Education Agencies	84.010	2023	324,180	-
School Improvement Sub A. Title I	84.010	2022	<u>32,603</u>	<u>-</u>
<i>Total Title I</i>			356,783	-
<i>Special Education Cluster</i>				
Special Education Grants to States - IDEA Part B - ARP	84.027	2022	80,426	-
Special Education Grants to States - IDEA Part B	84.027	2023	493,316	-
Special Education Grants to States - IDEA Part B	84.027	2022	91,533	-
Special Education Preschool Grants - (IDEA Preschool) - ARP	84.173X	2023	<u>20,138</u>	<u>-</u>
<i>Total Special Education Cluster</i>			685,413	-
<i>Improving Teacher Quality State Grants</i>				
Improving Teacher Quality State Grants	84.367	2023	67,326	-
Improving Teacher Quality State Grants	84.367	2022	<u>13,628</u>	<u>-</u>
<i>Total Improving Teacher Quality State Grants</i>			80,954	-
<i>Student Support and Academic Enrichment Program</i>				
Student Support and Academic Enrichment Program	84.424	2023	26,364	-
Student Support and Academic Enrichment Program	84.424A	2022	<u>6,777</u>	<u>-</u>
<i>Total Student Support and Academic Enrichment Program</i>			33,141	-
<i>Education Stabilization Fund</i>				
Education Stabilization Fund - Cares Act	84.425D	2022	354,043	-
Education Stabilization Fund - American Rescue Plan	84.425U	2022	<u>614,344</u>	<u>-</u>
<i>Total Education Stabilization Fund</i>			968,387	-
Total U.S. Department of Education			<u>2,124,678</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 2,847,672</u>	<u>\$ 83,541</u>

The accompanying notes are an integral part of this schedule.

**LONDON CITY SCHOOL DISTRICT
MADISON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(PREPARED BY MANAGEMENT)
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023. 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 Title 2 U.S. Code of Federal Regulations Part 200, (*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*), 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.

**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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the 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.

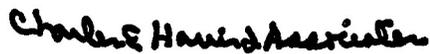
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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, Inc.
December 18, 2023

**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, 2023. 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, 2023.

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.

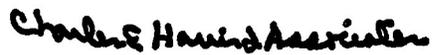
Report on Internal Control Over Compliance

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, Inc.
December 18, 2023

**LONDON CITY SCHOOL DISTRICT
MADISON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

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

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 3/21/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov