



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Louisville City School District  
Stark County  
418 East Main Street  
Louisville, Ohio 44641

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Louisville City School District, Stark County, (the District) as of and for the year ended June 30, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2000 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

November 30, 2000

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**Louisville City School District**  
**Combined Balance Sheet**  
*All Fund Types and Account Groups*  
*June 30, 2000*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,882,441	\$837,791	\$14,065	\$1,281,627
Cash and Cash Equivalents In Segregated Accounts	0	0	0	0
Receivables:				
Taxes	7,145,508	0	57,672	450,348
Accounts	918	0	0	0
Intergovernmental	45,587	103,128	0	0
Due from Other Funds	215	0		0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	45,381	8,643	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	247,833	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<b>Other Debits</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<u><u>\$10,367,883</u></u>	<u><u>\$949,562</u></u>	<u><u>\$71,737</u></u>	<u><u>\$1,731,975</u></u>



Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$322,056	\$0	\$64,985	\$0	\$0	\$5,402,965
0	511,367	0	0	0	511,367
0	0	0	0	0	7,653,528
120	0	0	0	0	1,038
29,011	0	0	0	0	177,726
0	0	0	0	0	215
27,493	0	0	0	0	27,493
4,756	0	0	0	0	58,780
0	0	0	0	0	247,833
99,302	0	0	15,227,070	0	15,326,372
0	0	0	0	14,065	14,065
0	0	0	0	1,491,366	1,491,366
<u>\$482,738</u>	<u>\$511,367</u>	<u>\$64,985</u>	<u>\$15,227,070</u>	<u>\$1,505,431</u>	<u>\$30,912,748</u>

(continued)

**Louisville City School District**  
**Combined Balance Sheet**  
*All Fund Types and Account Groups (continued)*  
June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$24,341	\$45,674	\$0	\$7,778
Contracts Payable	18,464	0	0	180,391
Accrued Wages	1,653,609	98,709	0	0
Compensated Absences Payable	249,271	7,014	0	0
Due to Other Funds	0	215	0	0
Intergovernmental Payable	285,890	23,312	0	0
Deferred Revenue	6,868,018	0	57,672	431,898
Claims Payable	0	0	0	0
Due to Students	0	0	0	0
Energy Conservation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>9,099,593</b>	<b>174,924</b>	<b>57,672</b>	<b>620,067</b>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	467,382	95,008	0	794,565
Reserved for Inventory	45,381	8,643	0	0
Reserved for Debt Service Principal	0	0	14,065	0
Reserved for Unclaimed Monies	4,492	0	0	0
Reserved for Property Taxes	277,490	0	0	18,450
Reserved for Budget Stabilization	224,244	0	0	0
Reserved for Bus Purchases	19,069	0	0	0
Reserved for Textbooks	4,520	0	0	0
Unreserved (Deficit):				
Designated for Budget Stabilization	110,669	0	0	0
Designated for Capital Maintenance	173,283	0	0	0
Designated for Textbooks	147,777	0	0	0
Undesignated	(206,017)	670,987	0	298,893
<b>Total Fund Equity and Other Credits</b>	<b>1,268,290</b>	<b>774,638</b>	<b>14,065</b>	<b>1,111,908</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$10,367,883</b>	<b>\$949,562</b>	<b>\$71,737</b>	<b>\$1,731,975</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$1,535	\$0	\$0	\$0	\$0	\$79,328
0	0	0	0	0	198,855
41,964	0	0	0	0	1,794,282
23,939	0	0	0	775,275	1,055,499
0	0	0	0	0	215
17,852	0	0	0	175,156	502,210
17,041	0	0	0	0	7,374,629
0	148,344	0	0	0	148,344
0	0	64,985	0	0	64,985
0	0	0	0	555,000	555,000
<u>102,331</u>	<u>148,344</u>	<u>64,985</u>	<u>0</u>	<u>1,505,431</u>	<u>11,773,347</u>
0	0	0	15,227,070	0	15,227,070
380,407	363,023	0	0	0	743,430
0	0	0	0	0	1,356,955
0	0	0	0	0	54,024
0	0	0	0	0	14,065
0	0	0	0	0	4,492
0	0	0	0	0	295,940
0	0	0	0	0	224,244
0	0	0	0	0	19,069
0	0	0	0	0	4,520
0	0	0	0	0	110,669
0	0	0	0	0	173,283
0	0	0	0	0	147,777
0	0	0	0	0	763,863
<u>380,407</u>	<u>363,023</u>	<u>0</u>	<u>15,227,070</u>	<u>0</u>	<u>19,139,401</u>
<u>\$482,738</u>	<u>\$511,367</u>	<u>\$64,985</u>	<u>\$15,227,070</u>	<u>\$1,505,431</u>	<u>\$30,912,748</u>

**Louisville City School District**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 2000**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Revenues</b>					
Property and Other Local Taxes	\$6,184,385	\$0	\$0	\$362,591	\$6,546,976
Intergovernmental	9,181,167	2,093,114	0	49,927	11,324,208
Interest	278,555	12,507	0	0	291,062
Tuition and Fees	94,176	0	0	0	94,176
Extracurricular Activities	1,544	324,906	0	0	326,450
Customer Services	48,248	0	0	0	48,248
Contributions and Donations	13,120	12,299	0	0	25,419
Rentals	57,655	0	0	0	57,655
Miscellaneous	11,691	0	0	0	11,691
<i>Total Revenues</i>	<u>15,870,541</u>	<u>2,442,826</u>	<u>0</u>	<u>412,518</u>	<u>18,725,885</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	8,017,983	197,486	0	0	8,215,469
Special	1,609,567	324,753	0	0	1,934,320
Vocational	323,955	0	0	0	323,955
Support Services:					
Pupils	668,397	208,906	0	0	877,303
Instructional Staff	509,540	425,573	0	0	935,113
Board of Education	77,803	0	0	0	77,803
Administration	1,181,069	497,455	0	0	1,678,524
Fiscal	344,179	35,269	0	0	379,448
Business	45,719	0	0	0	45,719
Operation and Maintenance of Plant	1,278,493	32,140	0	0	1,310,633
Pupil Transportation	773,886	0	0	0	773,886
Central	1,214	3,105	0	0	4,319
Operation of Non-Instructional Services	54,220	366,313	0	0	420,533
Extracurricular Activities	348,308	119,752	0	0	468,060
Capital Outlay	214,609	10,808	0	605,512	830,929
<i>Total Expenditures</i>	<u>15,448,942</u>	<u>2,221,560</u>	<u>0</u>	<u>605,512</u>	<u>18,276,014</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>421,599</u>	<u>221,266</u>	<u>0</u>	<u>(192,994)</u>	<u>449,871</u>
<b>Other Financing Sources</b>					
Other Financing Sources	0	0	1,228	0	1,228
Proceeds from Sale of Energy Conservation Bonds	0	0	0	552,563	552,563
Sale of Fixed Assets	1,069	0	0	0	1,069
<i>Total Other Financing Sources</i>	<u>1,069</u>	<u>0</u>	<u>1,228</u>	<u>552,563</u>	<u>554,860</u>
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	422,668	221,266	1,228	359,569	1,004,731
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	858,441	544,729	12,837	752,339	2,168,346
Increase (Decrease) in Reserve for Inventory	(12,819)	8,643	0	0	(4,176)
<i>Fund Balances End of Year</i>	<u>\$1,268,290</u>	<u>\$774,638</u>	<u>\$14,065</u>	<u>\$1,111,908</u>	<u>\$3,168,901</u>

See accompanying notes to the general purpose financial statements

**Louisville City School District**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual**  
**All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Property and Other Local Taxes	\$6,079,349	\$6,224,255	\$144,906
Intergovernmental	8,992,462	9,169,645	177,183
Interest	240,000	278,555	38,555
Tuition and Fees	188,600	135,797	(52,803)
Extracurricular Activities	2,300	1,544	(756)
Customer Services	47,796	47,796	0
Contributions and Donations	600	13,120	12,520
Rentals	38,000	20,655	(17,345)
Miscellaneous	45,200	35,804	(9,396)
<i>Total Revenues</i>	<u>15,634,307</u>	<u>15,927,171</u>	<u>292,864</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	8,202,803	8,177,507	25,296
Special	1,603,609	1,587,908	15,701
Vocational	324,864	322,194	2,670
Support Services:			
Pupils	706,686	687,501	19,185
Instructional Staff	554,880	518,519	36,361
Board of Education	91,861	88,606	3,255
Administration	1,205,710	1,184,919	20,791
Fiscal	358,417	338,084	20,333
Business	52,900	45,696	7,204
Operation and Maintenance of Plant	1,309,593	1,228,586	81,007
Pupil Transportation	806,921	792,622	14,299
Central	3,214	3,214	0
Operation of Non-Instructional Services	68,047	54,107	13,940
Extracurricular Activities	354,864	349,291	5,573
Capital Outlay	369,589	366,328	3,261
<i>Total Expenditures</i>	<u>16,013,958</u>	<u>15,745,082</u>	<u>268,876</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(379,651)</u>	<u>182,089</u>	<u>561,740</u>
<b>Other Financing Sources (Uses)</b>			
Other Financing Sources	0	0	0
Proceeds from Sale of Energy Conservation Bonds	0	0	0
Sale of Fixed Assets	2,800	1,069	(1,731)
Advances In	17,006	17,006	0
Advances Out	(20,000)	0	20,000
<i>Total Other Financing Sources (Uses)</i>	<u>(194)</u>	<u>18,075</u>	<u>18,269</u>
<i>Excess of Revenues and Other Financing Sources</i> <i>Over (Under) Expenditures and Other Financing Uses</i>	<u>(379,845)</u>	<u>200,164</u>	<u>580,009</u>
<i>Fund Balances Beginning of Year</i>	2,124,676	2,124,676	0
Prior Year Encumbrances Appropriated	<u>330,664</u>	<u>330,664</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$2,075,495</u>	<u>\$2,655,504</u>	<u>\$580,009</u>

(continued)

**Louisville City School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types (continued)  
For the Fiscal Year Ended June 30, 2000*

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Property and Other Local Taxes	\$0	\$0	\$0
Intergovernmental	2,223,793	1,989,986	(233,807)
Interest	0	12,507	12,507
Tuition and Fees	0	0	0
Extracurricular Activities	326,781	326,138	(643)
Customer Services	0	0	0
Contributions and Donations	15,299	12,299	(3,000)
Rentals	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>2,565,873</u>	<u>2,340,930</u>	<u>(224,943)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	457,460	188,330	269,130
Special	371,438	330,640	40,798
Vocational	0	0	0
Support Services:			
Pupils	261,567	211,681	49,886
Instructional Staff	705,322	474,848	230,474
Board of Education	0	0	0
Administration	596,977	492,282	104,695
Fiscal	69,333	35,269	34,064
Business	0	0	0
Operation and Maintenance of Plant	34,353	32,110	2,243
Pupil Transportation	0	0	0
Central	3,705	2,999	706
Operation of Non-Instructional Services	498,822	388,335	110,487
Extracurricular Activities	160,386	154,345	6,041
Capital Outlay	10,808	10,808	0
<i>Total Expenditures</i>	<u>3,170,171</u>	<u>2,321,647</u>	<u>848,524</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(604,298)</u>	<u>19,283</u>	<u>623,581</u>
<b>Other Financing Sources (Uses)</b>			
Other Financing Sources	0	0	0
Proceeds from Sale of Energy Conservation Bonds	0	0	0
Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Advances Out	(5,000)	(5,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(609,298)</u>	<u>14,283</u>	<u>623,581</u>
<i>Fund Balances Beginning of Year</i>	403,860	403,860	0
Prior Year Encumbrances Appropriated	279,691	279,691	0
<i>Fund Balances End of Year</i>	<u>\$74,253</u>	<u>\$697,834</u>	<u>\$623,581</u>

Debt Service			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$359,865	\$364,241	\$4,376
0	0	0	178,799	61,933	(116,866)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	538,664	426,174	(112,490)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	1,804,681	1,359,344	445,337
0	0	0	1,804,681	1,359,344	445,337
0	0	0	(1,266,017)	(933,170)	332,847
1,228	1,228	0	0	0	0
0	0	0	552,563	552,563	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	(12,006)	(12,006)	0
1,228	1,228	0	540,557	540,557	0
1,228	1,228	0	(725,460)	(392,613)	332,847
12,837	12,837	0	594,934	594,934	0
0	0	0	137,304	137,304	0
\$14,065	\$14,065	\$0	\$6,778	\$339,625	\$332,847

(continued)

**Louisville City School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types (continued)  
For the Fiscal Year Ended June 30, 2000*

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Property and Other Local Taxes	\$6,439,214	\$6,588,496	\$149,282
Intergovernmental	11,395,054	11,221,564	(173,490)
Interest	240,000	291,062	51,062
Tuition and Fees	188,600	135,797	(52,803)
Extracurricular Activities	329,081	327,682	(1,399)
Customer Services	47,796	47,796	0
Contributions and Donations	15,899	25,419	9,520
Rentals	38,000	20,655	(17,345)
Miscellaneous	45,200	35,804	(9,396)
<i>Total Revenues</i>	<u>18,738,844</u>	<u>18,694,275</u>	<u>(44,569)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	8,660,263	8,365,837	294,426
Special	1,975,047	1,918,548	56,499
Vocational	324,864	322,194	2,670
Support Services:			
Pupils	968,253	899,182	69,071
Instructional Staff	1,260,202	993,367	266,835
Board of Education	91,861	88,606	3,255
Administration	1,802,687	1,677,201	125,486
Fiscal	427,750	373,353	54,397
Business	52,900	45,696	7,204
Operation and Maintenance of Plant	1,343,946	1,260,696	83,250
Pupil Transportation	806,921	792,622	14,299
Central	6,919	6,213	706
Operation of Non-Instructional Services	566,869	442,442	124,427
Extracurricular Activities	515,250	503,636	11,614
Capital Outlay	2,185,078	1,736,480	448,598
<i>Total Expenditures</i>	<u>20,988,810</u>	<u>19,426,073</u>	<u>1,562,737</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,249,966)</u>	<u>(731,798)</u>	<u>1,518,168</u>
<b>Other Financing Sources (Uses)</b>			
Other Financing Sources	1,228	1,228	0
Proceeds from Sale of Energy Conservation Bonds	552,563	552,563	0
Sale of Fixed Assets	2,800	1,069	(1,731)
Advances In	17,006	17,006	0
Advances Out	(37,006)	(17,006)	20,000
<i>Total Other Financing Sources (Uses)</i>	<u>536,591</u>	<u>554,860</u>	<u>18,269</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(1,713,375)</u>	<u>(176,938)</u>	<u>1,536,437</u>
<i>Fund Balances Beginning of Year</i>	3,136,307	3,136,307	0
Prior Year Encumbrances Appropriated	747,659	747,659	0
<i>Fund Balances End of Year</i>	<u>\$2,170,591</u>	<u>\$3,707,028</u>	<u>\$1,536,437</u>

See accompanying notes to the general purpose financial statements



**Louisville City School District**  
*Combined Statement of Revenues, Expenses  
and Changes in Retained Earnings  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2000*

	Enterprise	Internal Service	Totals (Memorandum Only)
<b>Operating Revenues</b>			
Tuition	\$11,935	\$0	\$11,935
Sales	681,186	0	681,186
Charges for Services	0	1,452,511	1,452,511
<i>Total Operating Revenues</i>	<u>693,121</u>	<u>1,452,511</u>	<u>2,145,632</u>
<b>Operating Expenses</b>			
Salaries and Wages	295,332	0	295,332
Fringe Benefits	123,537	0	123,537
Purchased Services	28,510	161,703	190,213
Materials and Supplies	106,956	0	106,956
Cost of Sales	387,075	0	387,075
Depreciation	12,982	0	12,982
Claims	0	1,212,885	1,212,885
<i>Total Operating Expenses</i>	<u>954,392</u>	<u>1,374,588</u>	<u>2,328,980</u>
<i>Operating Income (Loss)</i>	<u>(261,271)</u>	<u>77,923</u>	<u>(183,348)</u>
<b>Non-Operating Revenues</b>			
Federal Donated Commodities	72,221	0	72,221
Operating Grants	218,961	0	218,961
Interest	9,308	0	9,308
<i>Total Non-Operating Revenues</i>	<u>300,490</u>	<u>0</u>	<u>300,490</u>
<i>Net Income</i>	39,219	77,923	117,142
<i>Retained Earnings Beginning of Year</i>	<u>341,188</u>	<u>285,100</u>	<u>626,288</u>
<i>Retained Earnings End of Year</i>	<u><u>\$380,407</u></u>	<u><u>\$363,023</u></u>	<u><u>\$743,430</u></u>

See accompanying notes to the general purpose financial statements

**Louisville City School District**  
*Combined Statement of Revenues, Expenses and  
Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2000*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Tuition	\$19,000	\$11,815	(\$7,185)
Sales	651,900	681,186	29,286
Charges for Services	0	0	0
Operating Grants	193,100	240,449	47,349
Interest	6,000	9,308	3,308
<i>Total Revenues</i>	<u>870,000</u>	<u>942,758</u>	<u>72,758</u>
<b>Expenses</b>			
Salaries	325,489	324,898	591
Fringe Benefits	107,880	107,325	555
Purchased Services	35,274	28,510	6,764
Materials and Supplies	445,063	435,810	9,253
<i>Total Expenses</i>	<u>913,706</u>	<u>896,543</u>	<u>17,163</u>
<i>Excess of Revenues Over (Under) Expenses</i>	<b>(43,706)</b>	46,215	89,921
<i>Fund Equity Beginning of Year</i>	250,033	250,033	0
Prior Year Encumbrances Appropriated	<u>12,706</u>	<u>12,706</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$219,033</u>	<u>\$308,954</u>	<u>\$89,921</u>

Internal Service Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$19,000	\$11,815	(\$7,185)
0	0	0	651,900	681,186	29,286
1,300,000	1,452,511	152,511	1,300,000	1,452,511	152,511
0	0	0	193,100	240,449	47,349
0	0	0	6,000	9,308	3,308
<u>1,300,000</u>	<u>1,452,511</u>	<u>152,511</u>	<u>2,170,000</u>	<u>2,395,269</u>	<u>225,269</u>
0	0	0	325,489	324,898	591
1,159,590	1,159,590	0	1,267,470	1,266,915	555
161,703	161,703	0	196,977	190,213	6,764
0	0	0	445,063	435,810	9,253
<u>1,321,293</u>	<u>1,321,293</u>	<u>0</u>	<u>2,234,999</u>	<u>2,217,836</u>	<u>17,163</u>
(21,293)	131,218	152,511	(64,999)	177,433	242,432
380,149	380,149	0	630,182	630,182	0
0	0	0	12,706	12,706	0
<u>\$358,856</u>	<u>\$511,367</u>	<u>\$152,511</u>	<u>\$577,889</u>	<u>\$820,321</u>	<u>\$242,432</u>

See accompanying notes to the general purpose financial statements

**Louisville City School District**  
*Combined Statement of Cash Flows*  
*All Proprietary Fund Types*  
*For the Fiscal Year Ended June 30, 2000*

	Enterprise	Internal Service	Totals (Memorandum Only)
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$693,001	\$0	\$693,001
Cash Received from Quasi-External Transactions with Other Funds	0	1,452,511	1,452,511
Cash Received from Other			
Cash Payments to Employees for Services	(324,898)	0	(324,898)
Cash Payments for Employee Benefits	(107,325)	0	(107,325)
Cash Payments for Goods and Services	(451,218)	(161,703)	(612,921)
Cash Payments for Claims	0	(1,159,590)	(1,159,590)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(190,440)	131,218	(59,222)
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Grants Received	240,449	0	240,449
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	9,308	0	9,308
<i>Net Increase in Cash and Cash Equivalents</i>	59,317	131,218	190,535
<i>Cash and Cash Equivalents Beginning of Year</i>	262,739	380,149	642,888
<i>Cash and Cash Equivalents End of Year</i>	\$322,056	\$511,367	\$833,423
<b><i>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</i></b>			
<i>Operating Income (Loss)</i>	(\$261,271)	\$77,923	(\$183,348)
<b>Adjustments</b>			
Depreciation	12,982	0	12,982
Donated Commodities Used During Year	72,221	0	72,221
Increase in Assets:			
Accounts Receivable	(120)	0	(120)
Inventory Held for Resale	(436)	0	(436)
Materials and Supplies Inventory	(266)	0	(266)
Decrease in Liabilities:			
Accounts Payable	(196)	0	(196)
Accrued Wages and Benefits Payable	(3,291)	0	(3,291)
Compensated Absences Payable	(2,336)	0	(2,336)
Intergovernmental Payable	(7,727)	0	(7,727)
Claims Payable	0	53,295	53,295
<i>Total Adjustments</i>	70,831	53,295	124,126
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$190,440)	\$131,218	(\$59,222)

See accompanying notes to the general purpose financial statements

***Louisville City School District***  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**Note 1 - Description of the School District and Reporting Entity**

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

The School District is located in Stark County and encompasses the entire City of Louisville, and a portion of Nimishillen Township. It controls the School District's 7 instructional facilities, 1 bus garage, and 1 administrative facility, staffed by 135 classified employees and 217 certificated employees who provide services to 3,187 students and other community members.

*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 School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Louisville City School District, this includes general operations, food service, and student related activities of the School District.

Within the School District boundaries, St. Thomas Aquinas High School, St. Louis Elementary and Sacred Heart Elementary are operated as non-public schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the School District, as directed by the schools. The activity of these State monies is reflected in a special revenue fund by the School District for financial reporting purposes.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Louisville City School District does not have any component units.

The School District is associated with Stark/Portage Area Computer Consortium and the R.G. Drage Career Center, jointly governed organizations; the Louisville Public Library, a related organization; and the Ohio School Board's Association Workers' Compensation Group Rating Program, an insurance purchasing pool. The School District is also the fiscal agent for the Lincoln Way Special Education Regional Resource Center. These organizations are presented in Notes 17, 18, 19 and 20 to the general purpose financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School 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 standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided that they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**A. Basis Of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

*Governmental Fund Types*

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

*General Fund* - The general fund is the operating fund of the School 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 School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Special Revenue Funds* - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

*Debt Service Fund* - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

*Capital Projects Funds* - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

*Proprietary Fund Types*

Proprietary funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector. Following are the School District's proprietary fund types:

*Enterprise Funds* - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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*Internal Service Fund* – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

*Fiduciary Fund Types*

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. There are two types of fiduciary funds, trust and agency. The School District has no trust funds. The School District's agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

*Account Groups*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

*General Fixed Assets Account Group* - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

*General Long-Term Obligations Account Group* - This account group is established to account for all long-term obligations of the School District, except those accounted for in the proprietary funds.

**B. *Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into retained earnings. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants and student fees.

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. *Budgetary Process***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriations Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year, with the legal restriction that appropriations cannot exceed estimated resources, as certified by the County Auditor.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control, as defined by the local Board, is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board.

*Tax Budget*

Prior to January 15, the Superintendent and Treasurer submit to the Board a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Stark County Budget Commission for rate determination.

*Estimated Resources*

Prior to April 1, the Board accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during the fiscal year.



**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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*Appropriations*

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certification saying no new certificate is necessary, the annual Appropriation Resolution must be legally enacted by the Board at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation must be approved by the Board.

The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

*Encumbrances*

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

*Lapsing of Appropriations*

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During the fiscal year, investments were limited to STAR Ohio, repurchase agreements, and certificates of deposits. Repurchase agreements and certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on the balance sheet date.

***Louisville City School District***  
***Notes to the General Purpose Financial Statements***  
***For the Fiscal Year Ended June 30, 2000***

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Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the fiscal year amounted to \$278,555, which includes \$125,366 assigned from other School District funds.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the School District treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

***E. Interfund Assets/Liabilities***

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due From/To Other Funds" on the combined balance sheet.

***F. Inventory***

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, non-food supplies and school supplies held for resale and are expensed when used.

***G. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, amounts required by State statute to be set aside for the purchase of textbooks and instructional materials and to establish a budget reserve. See Note 21 for the calculation of the fiscal year-end restricted asset balance and the corresponding fund balance reserves.

***H. Fixed Assets and Depreciation***

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School 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. Interest incurred during the construction of general fixed assets is also not capitalized.

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of ten years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**I. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

*General Fund*

- State Foundation Program
- School Bus Purchase
- State Property Tax Relief

Non-Reimbursable Grants

*Special Revenue Funds*

- Auxiliary Services
- Professional Development
- Educational Management Information System
- Head Start
- School Net Plus
- School Net Professional Development
- Ohio Reads
- Character Education
- Safe School Help Line
- Eisenhower Math/Science
- Title VIB
- Title I
- Title VI
- Drug Free Schools
- Preschool
- Title VI-R

Reimbursable Grants

*Capital Projects Funds*

- School-To-Work Technology
- Scrap Tire (Track)

*Proprietary Funds*

- National School Breakfast Program
- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to 59 percent of the School District's governmental fund type revenue during the fiscal year.

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**J.      *Compensated Absences***

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for 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 School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for eligible employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future, which are those within three years of retirement system requirements. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits/calculations specified in the negotiated contracts.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**K.      *Accrued Liabilities and Long-Term Obligations***

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year-end are generally considered not to have been paid with current available financial resources. Bonds are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt retirement fund must be created and used for the payment of tax anticipation bonds. Generally accepted accounting principles require the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**L.      *Interfund Transactions***

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
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**M. Fund Balance Reserves and Designation**

The School District records reservations for portions of fund equity, which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation for expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, debt service, unclaimed monies, property taxes, budget stabilization, and bus purchase.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set-aside by State statute to protect against cyclical changes in revenues and expenditures. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five-year period is presented as reserved.

The School District records designations of fund equity for money set aside in anticipation of meeting the statutory requirements of HB412. The amount set aside in excess of the current fiscal year requirement is presented as designated.

**N. Estimates**

The preparation of the 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.

**O. Totals Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Note 3 - Restatement of Prior Fiscal Year Balances**

For fiscal year 2000, the fund structure was re-evaluated. The effect of these changes on the excess of revenues and other financing sources over (under) expenditures and other financing uses as previously reported for the fiscal year ended June 30, 1999, is as follows:

	General	Special Revenue	Capital Projects	Expendable Trust
Excess as Previously Reported	\$203,064	\$521,641	(\$382,536)	\$1,571
Fund Restructure	1,571	(1,201)	1,201	(1,571)
Restated Amounts at June 30, 1999	<u>\$204,635</u>	<u>\$520,440</u>	<u>(\$381,335)</u>	<u>\$ 0</u>

These changes also had the following effect on fund balance as it was previously reported as of June 30, 1999:

	General	Special Revenue	Capital Projects	Expendable Trust
Fund Balance at June 30, 1999	\$852,878	\$545,930	\$751,138	\$5,563
Fund Restructure	5,563	(1,201)	1,201	(5,563)
Restated Fund Balance at July 1, 1999	<u>\$858,441</u>	<u>\$544,729</u>	<u>\$752,339</u>	<u>\$ 0</u>

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 4 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, All Proprietary Fund Types are 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/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$422,668	\$221,266	\$1,228	\$359,569
Net Adjustment for Revenue Accruals	60,980	(\$101,896)	0	13,656
Cash on Hand	(4,350)	0	0	0
Advances In	17,006	0	0	0
Net Adjustment for Expenditure Accruals	183,941	39,876	0	188,170
Advances Out	0	(5,000)	0	(12,006)
Adjustment for Encumbrances	(480,081)	(139,963)	0	(942,002)
Budget Basis	<u>\$200,164</u>	<u>\$14,283</u>	<u>\$1,228</u>	<u>(\$392,613)</u>

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
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Net Income/Excess of Revenues Over Expenses  
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$ 39,219	\$ 77,923
Net Adjustment for Revenue Accruals	21,368	0
Net Adjustment for Expense Accruals	(14,252)	53,295
Depreciation Expense	12,982	0
Adjustment for Encumbrances	( 13,102)	0
Budget Basis	\$ 46,215	\$ 131,218

**Note 5 - Deposits and Investments**

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure repayment of all public monies deposited with the institution.

Interim monies may 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 obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
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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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any on time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of credit risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements."

*Cash on Hand:* At fiscal year-end, the School District had \$4,350 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

*Deposits:* At year-end, the carrying amount of the School District's deposits was \$352,677 and the bank balance was \$685,486. Of the bank balance, \$200,000 was covered by federal depository insurance, and \$485,486 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

*Investments:* The School District's investments are required to be categorized below to give an indication of the level of custodial credit risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.



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*Notes to the General Purpose Financial Statements*  
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	Category 3	Carrying Amount	Fair Value
Repurchase Agreement	\$1,060,000	\$1,060,000	\$1,060,000
STAR Ohio		4,745,138	4,745,138

The classification of cash and cash equivalents, and investments on the combined general purpose financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

Reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$6,162,165	\$ 0
Repurchase agreements which are part of a cash management pool	(1,060,000)	1,060,000
STAR Ohio	(4,745,138)	4,745,138
Cash on Hand	(4,350)	0
GASB Statement No. 3	\$ 352,677	\$5,805,138

**Note 6 - Property Taxes**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

	First Half Collections		Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$205,768,390	84.59%	\$212,150,450	84.39%
Public Utility Personal	11,512,480	4.73	11,827,110	4.70
Tangible Personal Property	25,971,715	10.68	27,417,662	10.91
Total	\$243,252,585	100.00%	\$251,395,222	100.00%
Tax rate per \$1,000 of assessed valuation	\$49.00		\$49.00	

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30 and are intended to finance the fiscal year in which they are paid. This year, the June tangible personal property tax settlement was received prior to June 30; therefore, there is no receivable.

The School District receives property taxes from Stark County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, are available to finance current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the School District as an advance at June 30 was \$295,940; \$277,490 in the general fund, and \$18,450 in the permanent improvements capital projects fund.

**Note 7 - Receivables**

Receivables at June 30 consisted of taxes, accounts (student fees) and intergovernmental (grants and tuition). 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 year guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

General Fund	<u>\$45,587</u>
Special Revenue Funds:	
Professional Development Block Grant	220
Ohio Reads Grant	<u>102,908</u>
Total Special Revenue Funds	<u>103,128</u>
Food Service Enterprise Fund	<u>29,011</u>
Grand Total	<u><u>\$177,726</u></u>

**Note 8 - Fixed Assets**

During fiscal year 2000, the school district's fixed assets were reappraised by a third party. Due to this reappraisal, the food service enterprise fund's fixed assets beginning balance/retained earnings were adjusted by \$98,129.

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
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A summary of the enterprise funds' reappraised fixed assets balance at June 30 follows:

Furniture and Equipment	\$509,592
Less accumulated depreciation	<u>(410,290)</u>
Net Fixed Assets	<u><u>\$ 99,302</u></u>

A summary of the changes in general fixed assets during the fiscal year follows:

	Balance 7/1/99	Reappraisal Adjustment	Additions	Deletions	Balance 6/30/00
Land, Buildings and Improvements	\$7,361,392	\$ 15,889	\$ 0	\$ 0	\$7,377,281
Furniture, Fixtures and Equipment	2,487,225	2,191,715	93,995	33,162	4,739,773
Vehicles	1,377,102	36,890	0	0	1,413,992
Textbooks and Library Books	1,434,925	112,738	154,602	6,241	1,696,024
<b>Total</b>	<u><u>\$12,660,644</u></u>	<u><u>\$2,357,232</u></u>	<u><u>\$248,597</u></u>	<u><u>\$39,403</u></u>	<u><u>\$15,227,070</u></u>

Prior to the reappraisal, computers were not included in fixed assets. There was no significant construction in progress at June 30.

**Note 9 - Risk Management**

The School 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 School District contracted with several companies for various types of insurance as follows:

**A. Property, Liability and Fleet Insurance**

<u>Company</u>	<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Nationwide Insurance	Liability	\$1,000,000/\$5,000,000	\$1,000
	Umbrella	\$2,000,000	None
	Fleet Insurance	\$500,000 person/ \$500,000 accident	\$150
	Property Insurance	\$45,730,900	\$1,000
	Inland Marine	\$423,361	\$1,800
	Crime	\$50,000	None
	Boiler and Machinery	\$14,973,200	\$1,000
Employee Blanket Bond	\$20,000	None	

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
For the Fiscal Year Ended June 30, 2000

**B. Workers' Compensation**

For the fiscal year, the School District participated in the Stark County Schools' Council of Governments Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement Inc. provides administrative, cost control and actuarial services to the GRP, and the firm of AultComp provides medical review analysis services to the GRP.

**C. Employee Medical and Dental Benefits**

The School District offers health and dental insurance to all eligible employees through a self-insurance fund. The School District has a third party administrator, Klais and Company, review and administer the claims activity. The claims liability of \$148,344 reported in the internal service fund at June 30, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the fiscal year is as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claims Payments	Balance at End of Fiscal Year
1999	\$191,659	\$1,248,070	\$1,344,680	\$95,049
2000	95,049	1,212,885	1,159,590	148,344

**Note 10 - Defined Benefit Pension Plans**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate; 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.50 percent of covered payroll was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were

**Louisville City School District**  
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\$125,860, \$163,229, and \$180,938, respectively; 50.25 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$62,613 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1999, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$557,151, \$917,543 and \$866,103, respectively; 82.98 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$94,855 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 11 - Postemployment Benefits**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care costs in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, the STRS Board allocated employer contributions equal 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$742,867 for the fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

***Louisville City School District***  
***Notes to the General Purpose Financial Statements***  
***For the Fiscal Year Ended June 30, 2000***

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 2.2 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the fiscal year equaled \$235,966.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

## **Note 12 - Other Employee Benefits**

### ***A. Compensated Absences***

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Eligible employees earn three days of personal leave per year, which may not be accumulated. Full-time classified employees earn five to twenty days of vacation per year, depending upon length of service; part-time 12-month employees earn vacation on a prorated basis. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers 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 with a maximum of 268 days. Upon retirement of a classified employee, payment is made for one-fourth of the first 180 days of total sick leave accumulation, and 10 percent of any remaining days, for a maximum payment of 50 days. Upon retirement of a certified employee, payment is made for one-fourth of accumulated but unused sick leave credit to a maximum of 61 days. Employees receiving such payment must meet the retirement provisions set by STRS or SERS.

### ***B. Early Notification of Retirement Incentive***

Any employee giving notice of retirement no later than February 1, will receive double severance pay up to a maximum of \$10,000 for the doubled portion. The Board does not limit the number of employees participating in the plan in any one year. The doubled portion is paid on July 15, following the next school year. These expenditures are reflected in the fund that paid their salary and severance.

### ***C. Life Insurance and Accidental Death and Dismemberment Insurance***

The School District provides life insurance through Boston Mutual Life Insurance Company and accidental death and dismemberment insurance through AIG Life Insurance Company, to eligible employees. The School District has elected to provide employee medical/surgical benefits through Ohio Health Choice. The Board pays the entire cost of the monthly premiums for eligible employees, including administration fee, to Klais and Company. The premium cost at June 30, was \$464.31 family/\$174.84 single for medical insurance and \$55.86 for dental insurance.

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
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**D. Longevity**

The Board pays a longevity allowance to classified personnel, at 8 years, 12 years, 16 years, and 20 years of continuous service in the School District. The allowance amount is based on contract length, and is described in the negotiated agreement.

**Note 13 - Long-Term Obligations**

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

	Outstanding 6/30/99	Additions	Reductions	Outstanding 6/30/00
Compensated Absences	\$618,875	\$390,717	\$234,317	\$775,275
Intergovernmental Payable	143,480	175,156	143,480	175,156
Energy Conservation Bonds (6.125%)	0	555,000	0	555,000
<b>Total General Long-Term Obligations</b>	<b>\$762,355</b>	<b>\$1,120,873</b>	<b>\$377,797</b>	<b>\$1,505,431</b>

The School District's overall legal debt margin was \$22,639,635 with an unvoted debt margin of \$251,395 at June 30.

Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents pension obligations paid outside the available period and will be paid from the fund from which the person is paid. Energy conservation bonds will be paid from property taxes. Principal and interest requirements to retire energy conservation bonds outstanding at June 30, are as follows:

Fiscal Year Ending June 30,	Energy Conservation
2001	\$ 57,672
2002	57,462
2003	55,931
2004	59,400
2005	57,563
2006-2010	288,106
2011-2015	286,244
Total Principal and Interest	862,378
Less: Interest	(307,378)
Total Principal	<b>\$ 555,000</b>

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**Note 14 - State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, the School District received \$6,565,736 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision on February 26, 1999, determined that they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision; however, it found seven "...major areas warrant[ing] further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the State's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**Note 15 - Contingencies**

**A. Grants**

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditures of funds received under these programs generally require 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30.

**B. Litigation**

The Louisville City School District is not party to legal proceedings.



**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

**Note 16 - Segment Information for Enterprise Funds**

The School District maintains four enterprise funds to account for the operations of food service, uniform school supplies, adult education, and summer school. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30.

	Food Service	Uniform School Supplies	Adult Education	Summer School	Total Enterprise Funds
Operating Revenues	\$ 591,790	\$89,516	\$0	\$ 11,815	\$ 693,121
Depreciation	12,982	0	0	0	12,982
Operating Income (Loss)	(270,133)	9,641	0	(779)	(261,271)
Donated Commodities	72,221	0	0	0	72,221
Operating Grants	218,961	0	0	0	218,961
Net Income (Loss)	30,357	9,641	0	(779)	39,219
Long-Term					
Compensated Absences	23,939	0	0	0	23,939
Net Working Capital	185,366	92,551	3,664	23,463	305,044
Total Assets	361,525	94,086	3,664	23,463	482,738
Total Equity	260,729	92,551	3,664	23,463	380,407
June 30 Encumbrances	0	13,102	0	0	13,102

**Note 17 - Jointly Governed Organizations**

***Stark/Portage Area Computer Consortium (SPARCC)*** The School District is a member of the SPARCC, a jointly governed computer service to school districts within the boundaries of Stark, Portage and Carroll Counties. The primary function of SPARCC is to provide data services, including accounting, payroll, inventory, career guidance, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school district is represented on the SPARCC Board by its Superintendent. The Stark County Educational Service Center serves as the fiscal agent of SPARCC. Each school district supports SPARCC based on a per pupil charge dependent on the software packages used. SPARCC is primarily governed by a five-member executive Board, which is made up of two representatives from Stark County, two representatives from Portage County, and the Stark County Educational Service Center Superintendent. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 2100 38<sup>th</sup> Street N.W., Canton, Ohio 44709-2312.

***R.G. Drage Career Center*** The Stark County Area Vocational School (R.G.Drage) is a distinct political subdivision, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. R.G.Drage's Board is comprised of representatives appointed by the Board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Louisville City School District students may attend the vocational school. Each school district's control is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at 6805 Richville Drive S.W., Massillon, Ohio 44646.

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**Note 18 – Related Organization**

**Louisville Public Library (Library)** The School District’s Board appoints the trustees to the Library’s Board; however, the School District’s Board cannot influence the Library’s operation, not does the Library represent a potential financial benefit or burden to the School District. The Library may issue debt and determine its own budget. The School District serves in a ministerial capacity as the taxing authority for the Library. Financial information can be obtained at the Louisville Public Library, 700 Lincoln, Louisville, Ohio 44641.

**Note 19 - Insurance Purchasing Pool**

**Stark County Schools’ Council of Governments Workers’ Compensation Group Rating Program (GRP)** The School District participates in the GRP, an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts 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. Total savings are then calculated and each participant’s individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the “Equity Pooling Fund.” This “equity pooling” arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP, and the firm of AultComp provides medical review analysis services to the GRP.

**Note 20 – Fiscal Agent**

**Lincoln Way Special Education Service Center (SERRC)** During the fiscal year, the School District served as the fiscal agent for the SERRC, which was created by the Ohio Department of Education to serve school districts in Stark, Wayne and Columbiana Counties. The SERRC was formed to assist local schools with the initiation and expansion of programs and services for handicapped children through joint planning and cooperation, as well as, to provide resources designed to improve the quality of instruction for handicapped children through teacher training. The activity of the SERRC is accounted for in the School District’s Title VIB, Preschool and Early Childhood Development Special Revenue Funds.

**Note 21 – Statutory Reserves**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount 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 and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

**Louisville City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

The following cash basis information describes the change in the fiscal year set-aside amounts for textbooks and instructional materials, capital acquisitions and improvements, and budget stabilization:

	Textbooks	Capital Acquisitions	Budget Stabilization	Totals
Set-Aside Cash Balance as of June 30, 1999	\$ 0	\$ 0	\$ 212,348	\$212,348
Current Fiscal Year Set-Aside Requirement	366,340	366,340	11,896	744,576
Current Fiscal Year Additional Set-Asides	147,777	173,283	110,669	431,729
Current Fiscal Year Offsets	0	( 405,451)	0	( 405,451)
Qualifying Disbursements	( 361,820)	( 281,484)	0	( 643,304)
Totals	<u>\$ 152,297</u>	<u>\$ 173,283</u>	<u>\$ 334,913</u>	
Cash Balance Carried Forward	<u>\$ 152,297</u>	<u>\$ 173,283</u>	<u>\$ 216,425</u>	
Amount Restricted for:				
Budget Stabilization				224,244
Textbooks and Instructional Materials				4,520
Set-Aside Reserved Balance as of June 30				228,764
Amount Restricted for Bus Purchases				19,069
Total Restricted Assets				<u><u>\$247,833</u></u>

The School District made contributions in excess of statutory requirements for the reserves, which are reported as designations of fund balance on the combined balance sheet. In addition, an amount of \$4,520 remained unspent in the textbook reserve, which is included within the restricted cash and cash equivalents on the combined balance sheet. Although the School District had qualifying disbursements that reduced the set-aside amount to below zero for the capital maintenance set-aside, this amount may not be used to reduce the set-aside amount for future years. The School District had an excess of \$216,425, comprised of \$93,860 at June 30, 1999, and \$122,565 at June 30, 2000, in the budget stabilization reserve that may be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$228,764. The general fund balance includes \$431,729 that has been designated for the amount of set-asides in excess of requirements.

**Note 22 - Subsequent Event**

The SERRC's governing Board voted to change fiscal agents for the new grant year beginning September 1, 2000. For payroll purposes, the effective date is September 1, 2000, and for budgetary purposes, the effective date is September 30, 2000 (in order to comply with the grants spending timeline). During the fiscal year, the SERRC's revenues and expenditures accounted for approximately 37 percent and 36 percent, respectively, of total special revenue funds activity.

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LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2000

Pass Through Grantor/Federal Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>(Passed Through Ohio Department of Education)</i>						
Title I Grants to Local Educational Agencies	049874C1S199	84.010	\$28,000	\$0	\$51,969	\$0
	049874C1S100		<u>205,289</u>	<u>0</u>	<u>169,474</u>	<u>0</u>
Total Title I Grants to Local Educational Agencies			233,289	0	221,443	0
<b>Special Education Cluster:</b>						
Special Education - Grants to States	0498746BSF99P	84.027	20,000	0	74,656	0
	0498746BSI99P		51,385	0	241,028	0
	0498746BSF00P		164,606	0	143,978	0
	0498746BSI00P		<u>767,377</u>	<u>0</u>	<u>485,591</u>	<u>0</u>
Total Special Education - Grants to States			1,003,368	0	945,253	0
Special Education - Preschool Grants	049874PGS199P	84.173	0	0	1,657	0
	049874PGS399P		(1,048)	0	20,854	0
	049874PGS100P		17,387	0	15,027	0
	049874PGS300P		68,038	0	49,706	0
	049874PGS700		11,250	0	3,037	0
	049874PGS799		(3,048)	0	4,188	0
	ORCLISH PILOT (1)		<u>(175)</u>	<u>0</u>	<u>2,740</u>	<u>0</u>
Total Special Education - Preschool Grants			92,404	0	97,209	0
Total Special Education Cluster			1,095,772	0	1,042,462	0
Special Education - Personnel Development and Parent Training	049874PDA199	84.029	0	0	157	0
Secondary Education and Transitional Services for Youths with Disabilities	049874PFS199P	84.158	17,191	0	20,104	0
Safe and Drug - Free Schools and Communities - State Grants	049874DRS100	84.186	15,305	0	13,369	0
	049874DRS199		<u>0</u>	<u>0</u>	<u>8,888</u>	<u>0</u>
Total Safe and Drug - Free Schools and Communities - State Grants			15,305	0	22,257	0
Goals 2000 - State and Local Education Systemic Improvement	049874G2S299	84.276	0	0	10,000	0
Eisenhower Professional Development State Grants	049874MSS100P	84.281	10,417	0	7,142	0
	049874MSS100		<u>10,628</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Eisenhower Professional Development State Grants			21,045	0	7,142	0
Innovative Education Program Strategies	049874C2S100	84.298	17,516	0	14,285	0
	049874C2S199C		<u>2,598</u>	<u>0</u>	<u>6,004</u>	<u>0</u>
Total Innovative Education Program Strategies			20,114	0	20,289	0
Class Size Reduction Subsidy	049874CRS100	84.340	<u>29,272</u>	<u>0</u>	<u>16,618</u>	<u>0</u>
<i>Total U.S. Department of Education</i>			1,431,988	0	1,360,472	0
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>(Passed Through Ohio Department of Education)</i>						
<b>Child Nutrition Cluster</b>						
Food Distribution Program	N/A	10.550	0	63,415	0	64,452
National School Breakfast Program	N/A	10.553	20,322	0	0	0
National School Lunch Program	N/A	10.555	<u>210,143</u>	<u>0</u>	<u>230,465</u>	<u>0</u>
<i>Total U.S. Department of Agriculture/ Child Nutrition Cluster</i>			230,465	63,415	230,465	64,452
<b>Total Federal Assistance</b>			<u>\$1,662,453</u>	<u>\$63,415</u>	<u>\$1,590,937</u>	<u>\$64,452</u>

(1) - Passed through Franklin County Educational Service Center

See accompanying notes to Schedule of Receipts and Expenditures of Federal Awards

**NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (Schedule) is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

**NOTE C - SPECIAL EDUCATION REGIONAL RESOURCE CENTER (SERCC)**

During fiscal year 2000, the District was the fiscal agent for the Lincoln Way SERCC. The majority of the Special Education Cluster grants are applied for and received by the District on behalf of the Lincoln Way SERCC.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Louisville City School District  
Stark County  
418 East Main Street  
Louisville, Ohio 44641

To the Board of Education:

We have audited the general purpose financial statements of the Louisville City School District, Stark County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 30, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the District in a separate letter dated November 30, 2000.

Louisville City School District  
Stark County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

November 30, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Louisville City School District  
Stark County  
418 East Main Street  
Louisville, Ohio 44641

To the Board of Education:

**Compliance**

We have audited the compliance of the Louisville City School District, Stark County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program cluster for the year ended June 30, 2000. The District's major federal program cluster is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program cluster is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program cluster for the year ended June 30, 2000.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

November 30, 2000

**LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**JUNE 30, 2000**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title VI - CFDA #84.027 & CFDA 84.173
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$ 300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**LOUISVILLE CITY SCHOOL DISTRICT**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 09, 2001**