OHIO AUDITOR OF STATE
KEITH FABER

LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2020

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LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2019

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OHIO AUDITOR OF STATE
KEITH FABER

Conference Center, Suite 154
6000 Frank Ave. NW
North Canton, OH 44720
EastRegion@ohioauditor.gov
(800) 443-9272

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville City School District, Stark County, Ohio (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 25 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

February 8, 2021

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The management's discussion and analysis of Louisville City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for fiscal year 2020 are as follows:

- State funding was frozen for the most part during fiscal year 2020, the first year in Governor DeWine's new biennium budget. However, the Governor did propose, and ultimately provided, additional non-general fund resources through his Student Wellness and Success program.

- Due to the need shown in the School District's five-year forecast, the Board of Education placed a new $2,815,000 five year emergency operating levy ballot on the November 2019 ballot. When it failed, the Board of Education decided to put it on again on the March 2020 ballot; however, it failed again.

- Due to the levy failure, the School District implemented a round of cuts at the end of the 2019-20 school year which included the reduction of thirty-six positions, reducing busing to State minimums, and increasing fees to participate in extracurricular activities.

- As with every other public school district in the State of Ohio, the School District closed down in mid-March based on the State's shut-down order; however, the School District continued to provide educational and support services for the rest of the school year virtually.

- Due to State revenue declines due to the pandemic, State funding to all Ohio schools was cut for fiscal year 2020. The reduction for Louisville City School District was $488,216.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes pertaining to those statements. The statements are organized so the reader can understand the Louisville City School District as a financial whole, or complete operating entity.

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Louisville City School District, the general fund and the bond retirement debt service fund are the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The statement of net position and statement of activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that net position. The amount of net position, the difference between all other elements in the statement of net position, is one measure of the School District's financial health, or financial position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. Assessing the overall health of the School District involves many factors. Non-financial factors may include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency and fiscal capacity.

In the statement of net position and the statement of activities, all of the School District's non-fiduciary activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation of food service, operation of non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement debt service fund.

Governmental Funds

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2020 compared to 2019.

Table 1
Net Position
Governmental Activities

	2020	2019	Change
Assets			
Current and Other Assets	$21,404,059	$20,058,424	$1,345,635
Capital Assets, Net	59,804,930	61,207,980	(1,403,050)
Net OPEB Asset	1,729,633	1,686,312	43,321
Total Assets	82,938,622	82,952,716	(14,094)
Deferred Outflows of Resources			
Deferred Charge on Refunding	1,076,250	1,164,460	(88,210)
Pension	5,468,227	7,576,037	(2,107,810)
OPEB	647,301	407,239	240,062
Total Deferred Outflows of Resources	7,191,778	9,147,736	(1,955,958)
Liabilities			
Current Liabilities	3,533,984	3,515,942	(18,042)
Long-Term Liabilities:			
Due Within One Year	1,688,827	1,407,308	(281,519)
Due in More Than One Year:			
Net Pension Liability	30,184,131	29,811,952	(372,179)
Net OPEB Liability	3,061,848	3,322,309	260,461
Other Amounts	24,001,375	25,911,429	1,910,054
Total Liabilities	62,470,165	63,968,940	1,498,775
Deferred Inflows of Resources			
Property Taxes	11,942,408	10,711,349	(1,231,059)
Pension	2,631,634	3,631,906	1,000,272
OPEB	3,263,979	3,335,127	71,148
Total Deferred Inflows of Resources	17,838,021	17,678,382	(159,639)
Net Position			
Net Investment in Capital Assets	36,140,911	37,294,094	(1,153,183)
Restricted	2,269,963	2,103,252	166,711
Unrestricted (Deficit)	(28,588,660)	(28,944,216)	355,556
Total Net Position	$9,822,214	$10,453,130	($630,916)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Overall, the position of the School District worsened slightly, as evidenced by the decrease in net position. This is largely because of a decrease to net investment in capital assets, resulting mostly from annual depreciation expense and capital asset deletions exceeding capital asset additions.

The vast majority of revenue supporting all governmental activities is general revenue. The most significant portions of the general revenue are grants and entitlements, which is primarily State foundation funding and local property tax. The remaining revenue was program revenues, which consist of charges for services provided by the School District, State and Federal grants, and contributions for capital improvement.

Table 2 shows the changes in net position for fiscal years 2020 and 2019.

Table 2
Changes in Net Position
Governmental Activities

	2020	2019	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	$2,294,619	$2,690,824	($396,205)
Operating Grants, Contributions and Interest	2,843,038	3,603,231	(760,193)
Capital Grants and Contributions	47,500	336,375	(288,875)
Total Program Revenues	$5,185,157	$6,630,430	($1,445,273)

(continued)

Table 2
Changes in Net Position
Governmental Activities (continued)

	2020	2019	Change
General Revenues:			
Property Taxes	$11,749,899	$10,925,485	$824,414
Grants and Entitlements	15,832,887	15,174,470	658,417
Unrestricted Contributions	12,202	3,300	8,902
Payments in Lieu of Taxes	18,596	28,533	(9,937)
Investment Earnings	210,680	218,358	(7,678)
Miscellaneous	163,100	126,397	36,703
Total General Revenues	27,987,364	26,476,543	1,510,821
Total Revenues	33,172,521	33,106,973	65,548
Program Expenses			
Instruction:			
Regular	11,899,221	9,054,858	(2,844,363)
Special	4,416,946	3,328,988	(1,087,958)
Vocational	357,096	280,480	(76,616)
Student Intervention Services	1,846,261	1,831,701	(14,560)
Support Services:			
Pupils	1,589,137	1,152,459	(436,678)
Instructional Staff	1,360,313	1,392,364	32,051
Board of Education	100,244	82,104	(18,140)
Administration	2,329,174	2,011,776	(317,398)
Fiscal	764,653	670,540	(94,113)
Business	40,700	39,051	(1,649)
Operation and Maintenance of Plant	3,529,310	3,702,300	172,990
Pupil Transportation	1,470,753	1,552,310	81,557
Central	157,343	132,679	(24,664)
Operation of Non-Instructional Services	1,700,586	1,646,464	(54,122)
Extracurricular Activities	1,154,664	1,151,427	(3,237)
Interest and Fiscal Charges	1,087,036	1,070,654	(16,382)
Total Program Expenses	33,803,437	29,100,155	(4,703,282)
Increase (Decrease) in Net Position	(630,916)	4,006,818	(4,637,734)
Net Position Beginning of Year	10,453,130	6,446,312	4,006,818
Net Position End of Year	$9,822,214	$10,453,130	($630,916)

The largest component of the increase in program expenses results from an increase in expenses related to pension. In fiscal year 2020, pension expense increased to $3,757,899 from $2,163,487 in fiscal year 2019.

Program revenues decreased across the board. Charges for services and sales decreased primarily due to decreases in tuition and fees related to the shut-down. Operating grants, contributions, and interest decreased primarily due to decreases in intergovernmental grants from the Ohio Department of Education. Capital grants and contributions decreased, mainly due to a one time donation of baseball stadium improvements during fiscal year 2019.

Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs. Property taxes increased from the prior fiscal year. This was due to an increase in assessed values of property within the School District.

The majority of the School District's expenses are for instruction. Additional supporting services for pupils, staff, administration, operation and maintenance of plant, and pupil transportation are the next largest area of expenses. The remaining amount of program expenses are to facilitate other obligations of the School District such as interest and fiscal charges, the food service program and numerous extracurricular activities.

The statement of activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
Governmental Activities:				
Instruction:				
Regular	$11,899,221	$11,290,584	$9,054,858	$8,364,890
Special	4,416,946	3,101,406	3,328,988	709,361
Vocational	357,096	342,302	280,480	151,746
Student Intervention Services	1,846,261	1,764,316	1,831,701	1,750,450
Support Services:				
Pupils	1,589,137	1,247,097	1,152,459	1,059,369
Instructional Staff	1,360,313	1,295,644	1,392,364	1,330,392
Board of Education	100,244	95,795	82,104	78,462
Administration	2,329,174	2,068,760	2,011,776	1,881,116
Fiscal	764,653	733,497	670,540	642,459
Business	40,700	38,893	39,051	37,319
Operation and Maintenance of Plant	3,529,310	3,341,676	3,702,300	3,535,051
Pupil Transportation	1,470,753	1,392,806	1,552,310	1,491,448
Central	157,343	150,359	132,679	126,794
Operation of Non-Instructional Services	1,700,586	65,098	1,646,464	140,924
Extracurricular Activities	1,154,664	603,011	1,151,427	99,290
Interest and Fiscal Charges	1,087,036	1,087,036	1,070,654	1,070,654
Total	$33,803,437	$28,618,280	$29,100,155	$22,469,725

As one can see, the vast majority of program expenses are not covered by program revenues. Instead, the reliance upon general revenues, including local tax revenues and grants and entitlements for governmental activities, is crucial.

School District's Funds

Information regarding the School District's major funds can be found beginning on page 16. These funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues outpacing expenditures. The general fund balance increase was largely due to increased property tax revenues. The bond retirement fund balance increase was also due to property tax revenue.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal year 2020, the School District amended its general fund budget numerous times. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenditures but provide flexibility for program based decision and management.

For the general fund, the final budget basis estimated revenue was higher than the original estimate, and actual revenues were lower than the final estimates. The difference between actual and final estimated revenues is mainly due to lower than expected intergovernmental revenues. Final budget basis appropriations for expenditures decreased compared to the original estimate, and actual expenditures were lower than the final appropriations. The difference between actual expenditures and final appropriations is due to effective cost control across many program expenditure line items.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land, are reported net of depreciation. During fiscal year 2020, there was a decrease in capital assets due to annual depreciation and deletions outpacing capital outlay, which mainly consisted of several school busses and other various equipment purchases. More detailed information is presented in Note 9 to the basic financial statements.

Debt Administration

The 2009 school facilities bonds were issued to retire notes that were issued to construct one elementary school to replace three existing elementary schools and to do additional renovations at the Louisville High School. This local money was used in conjunction with funding from the Ohio School Facilities Commission (OSFC). The 2011 school facilities refunding bonds and 2016 general obligation refunding bonds were both issued in subsequent years to partially refund the 2009 school facilities bonds.

During fiscal year 2020, there was a decrease in debt due to debt being paid down. More detailed information is presented in Note 11 to the basic financial statements.

The School District's overall legal debt margin was $14,546,355 with an unvoted debt margin of $422,802 as of June 30, 2020.

Current Issues Affecting Financial Condition

The School District is in need of additional funding to be able to provide the same level of services that have traditionally been provided. State revenue losses over the past decade have been significant resulting in the District receiving $980,874 less from the State in fiscal year 2020 that was received back in fiscal year 2009. A recap of the School District's State revenue history is shown in the chart that follows:

	Funding Type	Unrestricted Aid	Restricted Aid	Federal Stimulus*	Total	Year over Year Increase/ (Decrease)	If Held at FY2009 Funding Level
FY2009	Formula	$15,050,615	$163,812	-	$15,214,427		
FY2010	Guarantee	$14,000,538	$153,109	$945,630	$15,099,277	($115,150)	($115,150)
FY2011	Guarantee	$13,535,755	$84,714	$1,199,246	$14,819,715	($279,562)	($394,712)
FY2012	Bridge	$14,106,855	$73,301	$770,644	$14,950,800	$131,085	($263,627)
FY2013	Bridge	$14,008,367	$70,176	-	$14,078,543	($872,257)	($1,135,884)
FY2014	Guarantee	$14,029,822	$239,555	-	$14,269,377	$190,834	($945,050)
FY2015	Formula	$14,162,557	$321,905	-	$14,484,462	$215,085	($729,965)
FY2016	Formula	$14,378,114	$244,341	-	$14,622,455	$137,993	($591,972)
FY2017	Formula	$14,278,460	$283,406	-	$14,561,866	($60,589)	($652,561)
FY2018	Guarantee	$14,437,415	$320,099	-	$14,757,514	$195,648	($456,913)
FY2019	Guarantee	$14,426,720	$270,252	-	$14,696,972	($60,542)	($517,455)
FY2020	Guarantee	$13,951,414	$282,139	-	$14,233,553	($463,419)	($980,874)
Note:	FY2020 Total	$14,233,553				Total	($6,784,163)
	FY2009 Total	$15,214,427					
	difference	($980,874)	**FY2020 Actual is significantly below FY2009 funding level.**				

* Federal Funds (School Finance Stabilization Fund) were received in FY2010 and FY2011 to help offset the reduction of State revenue. In FY2012, Federal Funds (Education Jobs) were received to again assist on final year to offset State revenue reductions. In FY2013, no additional federal funds were received and the true impact of the reduced State funds was fully realized.

In addition to being impacted by the recession, the State changed their funding formula several times during the last 10+ years:

FY2009 and Prior:	SF-3 State Funding Formula
FY2010 and FY2011:	PASS State Funding Formula
FY2012 and FY2013:	Bridge State Funding Formula
FY2014 to FY2019:	SFPR State Funding Formula
Current:	Frozen

The School District continues to show fiscal responsibility. The fiscal year 2019 district profile report (latest available) from the Ohio Department of Education shows that on a per-pupil basis, the School District is in the lowest five percent in revenue received and amount spent. This shows that over 95 percent of the other 607 Ohio school districts reported receive more per pupil and spend more per pupil.

The School District is seeking additional tax revenue through an emergency operating levy. After two failed attempts during fiscal year 2020, the Board is placing the same request of a $2,815,000 five year emergency operating levy on the November 3, 2020 ballot. Securing these additional funds would enable the School District restore some of the cuts that were implemented, protect against a second round of cuts, and enhance some of the School District's educational programs.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Derek Nottingham, Treasurer, at Louisville City School District, 407 East Main Street, Louisville, Ohio 44641, or email at derek.nottingham@lepapps.org.

Basic Financial Statements

Louisville City School District
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$8,305,221
Accounts Receivable	2,493
Accrued Interest Receivable	39,467
Intergovernmental Receivable	508,120
Inventory Held for Resale	15,296
Materials and Supplies Inventory	6,098
Property Taxes Receivable	12,478,300
Prepaid Items	49,064
Nondepreciable Capital Assets	672,926
Depreciable Capital Assets, Net	59,132,004
Net OPEB Asset (See Note 14)	1,729,633
Total Assets	82,938,622
Deferred Outflows of Resources	
Deferred Charge on Refunding	1,076,250
Pension	5,468,227
OPEB	647,301
Total Deferred Outflows of Resources	7,191,778
Liabilities	
Accounts Payable	141,890
Accrued Wages Payable	2,751,449
Matured Compensated Absences Payable	2,993
Intergovernmental Payable	502,916
Accrued Interest Payable	134,736
Long-Term Liabilities:	
Due Within One Year	1,688,827
Due In More Than One Year:	
Net Pension Liability (See Note 13)	30,184,131
Net OPEB Liability (See Note 14)	3,061,848
Other Amounts	24,001,375
Total Liabilities	62,470,165
Deferred Inflows of Resources	
Property Taxes	11,942,408
Pension	2,631,634
OPEB	3,263,979
Total Deferred Inflows of Resources	17,838,021
Net Position	
Net Investment in Capital Assets	36,140,911
Restricted for:	
Capital Projects	216,161
Debt Service	1,315,951
Classroom Facilities Maintenance	520,758
District Managed Student Activities	27,444
Student Wellness and Success	84,203
Other Purposes	105,446
Unrestricted (Deficit)	(28,588,660)
Total Net Position	$9,822,214

See accompanying notes to the basic financial statements

Louisville City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$11,899,221	$597,033	$11,604	$0	($11,290,584)
Special	4,416,946	140,276	1,175,264	0	(3,101,406)
Vocational	357,096	14,794	0	0	(342,302)
Student Intervention Services	1,846,261	81,945	0	0	(1,764,316)
Support Services:					
Pupils	1,589,137	57,399	284,641	0	(1,247,097)
Instructional Staff	1,360,313	57,729	6,940	0	(1,295,644)
Board of Education	100,244	4,449	0	0	(95,795)
Administration	2,329,174	85,067	175,347	0	(2,068,760)
Fiscal	764,653	31,156	0	0	(733,497)
Business	40,700	1,807	0	0	(38,893)
Operation and Maintenance of Plant	3,529,310	94,766	45,368	47,500	(3,341,676)
Pupil Transportation	1,470,753	57,716	20,231	0	(1,392,806)
Central	157,343	6,984	0	0	(150,359)
Operation of Non-Instructional Services	1,700,586	519,576	1,115,912	0	(65,098)
Extracurricular Activities	1,154,664	543,922	7,731	0	(603,011)
Interest and Fiscal Charges	1,087,036	0	0	0	(1,087,036)
Totals	$33,803,437	$2,294,619	$2,843,038	$47,500	(28,618,280)

General Revenues	
Property Taxes Levied for:	
General Purposes	9,421,958
Debt Service	1,940,531
Capital Outlay	238,411
Classroom Facilities Maintenance	148,999
Grants and Entitlements not Restricted to Specific Programs	15,832,887
Unrestricted Contributions	12,202
Payments in Lieu of Taxes	18,596
Investment Earnings	210,680
Miscellaneous	163,100
Total General Revenues	27,987,364
Change in Net Position	(630,916)
Net Position Beginning of Year	10,453,130
Net Position End of Year	$9,822,214

See accompanying notes to the basic financial statements

Louisville City School District

Balance Sheet
Governmental Funds
June 30, 2020

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$5,717,653	$1,383,845	$1,196,160	$8,297,658
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	7,563	0	0	7,563
Accounts Receivable	2,493	0	0	2,493
Accrued Interest Receivable	39,467	0	0	39,467
Interfund Receivable	594,216	0	0	594,216
Intergovernmental Receivable	108,363	0	399,757	508,120
Inventory Held for Resale	0	0	15,296	15,296
Materials and Supplies Inventory	0	0	6,098	6,098
Prepaid Items	49,064	0	0	49,064
Taxes Receivable	10,006,050	2,067,063	405,187	12,478,300
Total Assets	$16,524,869	$3,450,908	$2,022,498	$21,998,275
Liabilities				
Accounts Payable	$60,093	$0	$81,797	$141,890
Accrued Wages Payable	2,461,917	0	289,532	2,751,449
Interfund Payable	0	0	594,216	594,216
Matured Compensated Absences Payable	2,993	0	0	2,993
Intergovernmental Payable	445,642	0	57,274	502,916
Total Liabilities	2,970,645	0	1,022,819	3,993,464
Deferred Inflows of Resources				
Property Taxes	9,580,406	1,974,846	387,156	11,942,408
Unavailable Revenue	289,771	41,844	132,882	464,497
Total Deferred Inflows of Resources	9,870,177	2,016,690	520,038	12,406,905
Fund Balances				
Nonspendable	56,627	0	6,098	62,725
Restricted	0	1,434,218	960,008	2,394,226
Assigned	570,716	0	0	570,716
Unassigned (Deficit)	3,056,704	0	(486,465)	2,570,239
Total Fund Balances	3,684,047	1,434,218	479,641	5,597,906
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$16,524,869	$3,450,908	$2,022,498	$21,998,275

See accompanying notes to the basic financial statements

Louisville City School District

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2020

Total Governmental Funds Balances		$5,597,906
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		59,804,930
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	246,757	
Intergovernmental	217,740	
Total		464,497
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(134,736)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
OSFC Bonds	(330,553)	
Refunding Bonds	(24,609,454)	
Deferred Charge on Refunding	1,076,250	
Capital Leases	(110,815)	
Compensated Absences	(639,380)	
Total		(24,613,952)
The net pension/OPEB asset/liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	1,729,633	
Deferred Outflows - Pension	5,468,227	
Deferred Outflows - OPEB	647,301	
Net Pension Liability	(30,184,131)	
Net OPEB Liability	(3,061,848)	
Deferred Inflows - Pension	(2,631,634)	
Deferred Inflows - OPEB	(3,263,979)	
Total		(31,296,431)
Net Position of Governmental Activities		$9,822,214

See accompanying notes to the basic financial statements

Louisville City School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2020

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$9,660,691	$1,976,455	$397,754	$12,034,900
Intergovernmental	15,700,658	289,149	2,774,220	18,764,027
Interest	209,458	0	1,222	210,680
Tuition and Fees	1,338,766	0	0	1,338,766
Extracurricular Activities	193,066	0	320,832	513,898
Contributions and Donations	27,177	0	31,456	58,633
Customer Sales and Services	19,229	0	541,060	560,289
Rentals	9,256	0	0	9,256
Payments in Lieu of Taxes	18,596	0	0	18,596
Miscellaneous	146,391	0	16,709	163,100
Total Revenues	27,323,288	2,265,604	4,083,253	33,672,145
Expenditures				
Current:				
Instruction:				
Regular	11,195,642	0	17,787	11,213,429
Special	3,273,145	0	942,270	4,215,415
Vocational	342,222	0	0	342,222
Student Intervention Services	1,846,261	0	0	1,846,261
Support Services:				
Pupils	1,327,127	0	176,391	1,503,518
Instructional Staff	1,353,103	0	10,482	1,363,585
Board of Education	100,244	0	0	100,244
Administration	2,038,746	0	177,521	2,216,267
Fiscal	724,993	32,235	6,463	763,691
Business	40,700	0	0	40,700
Operation and Maintenance of Plant	2,159,376	0	258,353	2,417,729
Pupil Transportation	1,343,801	0	327,187	1,670,988
Central	157,343	0	0	157,343
Operation of Non-Instructional Services	11,614	0	1,546,317	1,557,931
Extracurricular Activities	685,584	0	458,473	1,144,057
Capital Outlay	154,010	0	15,257	169,267
Debt Service:				
Principal Retirement	80,156	135,000	0	215,156
Interest and Fiscal Charges	4,789	865,810	0	870,599
Capital Appreciation Bonds Interest	0	1,205,000	0	1,205,000
Total Expenditures	26,838,856	2,238,045	3,936,501	33,013,402
Excess of Revenues Over Expenditures	484,432	27,559	146,752	658,743
Other Financing Sources (Uses)				
Transfers In	0	0	10,953	10,953
Transfers Out	(10,953)	0	0	(10,953)
Total Other Financing Sources (Uses)	(10,953)	0	10,953	0
Net Change in Fund Balances	473,479	27,559	157,705	658,743
Fund Balances Beginning of Year	3,210,568	1,406,659	321,936	4,939,163
Fund Balances End of Year	$3,684,047	$1,434,218	$479,641	$5,597,906

See accompanying notes to the basic financial statements

Louisville City School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds		$658,743
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period:		
Capital Outlay	693,057	
Current Year Depreciation	(2,078,060)	
Total		(1,385,003)
Governmental funds report proceeds from the sale of capital assets, while the statement of activities reports the related gain or loss on disposal.		(18,047)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	(285,001)	
Intergovernmental	(109,033)	
Tuition and Fees	(105,590)	
Total		(499,624)
Repayment of bond principal and capital lease is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Principal Retirement	135,000	
Capital Lease	80,156	
Capital Appreciation Bonds Interest	1,205,000	
Total		1,420,156
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued Interest on Bonds	(62,585)	
Amortization of Premium	135,610	
Amortization of Deferred Charge on Refunding	(88,210)	
Bond Accretion	(201,252)	
Total		(216,437)
Compensated Absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		274,021
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	2,278,182	
OPEB	81,628	
Total		2,359,810
Except for amounts reported deferred inflows/outflows, changes in the net pension/OPEB asset/liabilities are reported as pension expense in the statement of activities:		
Pension	(3,757,899)	
OPEB	533,364	
Total		(3,224,535)
Change in Net Position of Governmental Activities		($630,916)

See accompanying notes to the basic financial statements

Louisville City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$9,211,869	$9,559,438	$9,569,836	$10,398
Intergovernmental	16,202,711	15,989,096	15,741,732	(247,364)
Interest	135,000	135,000	140,666	5,666
Tuition and Fees	1,117,000	1,025,347	1,208,265	182,918
Extracurricular Activities	87,000	87,000	68,018	(18,982)
Contributions and Donations	1,500	3,101	12,202	9,101
Customer Sales and Services	32,000	19,500	19,229	(271)
Rentals	10,000	10,000	9,256	(744)
Payments in Lieu of Taxes	10,000	10,000	18,596	8,596
Miscellaneous	76,472	200,955	148,098	(52,857)
Total Revenues	26,883,552	27,039,437	26,935,898	(103,539)
Expenditures				
Current:				
Instruction:				
Regular	11,828,698	11,167,858	11,160,536	7,322
Special	3,292,914	3,350,214	3,344,400	5,814
Vocational	350,717	345,009	342,637	2,372
Student Intervention Services	1,825,197	1,918,922	1,918,639	283
Support Services:				
Pupils	1,535,050	1,403,145	1,397,169	5,976
Instructional Staff	1,379,694	1,427,319	1,408,318	19,001
Board of Education	59,229	106,862	106,682	180
Administration	1,943,380	1,916,035	1,909,057	6,978
Fiscal	919,091	814,063	809,117	4,946
Business	43,650	45,534	44,634	900
Operation and Maintenance of Plant	2,425,387	2,385,771	2,359,565	26,206
Pupil Transportation	1,403,328	1,382,382	1,363,906	18,476
Central	162,376	172,595	171,158	1,437
Operation of Non-Instructional Services	12,173	14,867	13,795	1,072
Extracurricular Activities	652,210	686,625	682,921	3,704
Capital Outlay	40,000	154,010	154,010	0
Debt Service:				
Principal	80,156	80,156	80,156	0
Interest	4,789	4,789	4,789	0
Total Expenditures	27,958,039	27,376,156	27,271,489	104,667
Excess of Revenues Under Expenditures	(1,074,487)	(336,719)	(335,591)	1,128
Other Financing Sources (Uses)				
Advance In	42,500	57,500	27,500	(30,000)
Advances Out	0	(334,897)	(334,897)	0
Transfers Out	(35,000)	(32,953)	(32,953)	0
Total Other Financing Sources (Uses)	7,500	(310,350)	(340,350)	(30,000)
Net Change in Fund Balance	(1,066,987)	(647,069)	(675,941)	(28,872)
Fund Balance Beginning of Year	5,307,060	5,307,060	5,307,060	0
Prior Year Encumbrances Appropriated	431,070	431,070	431,070	0
Fund Balance End of Year	$4,671,143	$5,091,061	$5,062,189	($28,872)

See accompanying notes to the basic financial statements

Louisville City School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2020

Assets	
Equity in Pooled Cash and Cash Equivalents	$104,979
Liabilities	
Due to Students	$104,979

See accompanying notes to the basic financial statements

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 Federal guidelines.

The School District is located in Stark County and encompasses the entire City of Louisville, and a portion of Nimishillen Township. The School District has 4 instructional facilities, 1 bus garage, and 1 administrative facility, staffed by 160 classified employees and 178 certificated employees who provide services to 2,903 students and other community members.

Reporting Entity

A reporting entity is composed 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 the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

> *Non-Public Schools* Within the School District boundaries, St. Thomas Aquinas High School and St. Louis 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 non-public schools by the Treasurer of the School District, as directed by the non-public schools. These transactions are reported in a special revenue fund as a governmental activity of the School District.

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 the 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, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government. The School District has no component units.

The School District is associated with the Stark County Schools Council of Government Workers' Compensation Group Rating Program, an insurance purchasing pool; Stark/Portage Area Computer Consortium, the R.G. Drage Career Center and the Stark County Tax Incentive Review Council, jointly governed organizations; and the Louisville Public Library, a related organization. These organizations are presented in Notes 18, 19 and 20 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Louisville City 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 more significant of the School District's accounting policies are described as follows.

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

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

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

The following are the School District's major governmental funds:

General Fund The general fund is the operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for or reported 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.

Bond Retirement Debt Service Fund The bond retirement debt service fund is used to account for and report the accumulation of property tax revenue restricted for the payment of general obligation bonds.

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

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (e.g., revenues and other financing sources) and uses (e.g., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 13 and 14).

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

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 governmental funds.

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

Cash and Cash Equivalents

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

During fiscal year 2020, investments were limited to federal farm credit bureau notes, United States treasury notes, and negotiable certificates of deposit reported at fair value, commercial paper reported at amortized cost, and STAR Ohio. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of $100 million or more. STAR Ohio reserves the right to limit the transaction to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 amounted to $209,458, of which $64,225 was assigned from other School District funds.

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 presented on the financial statements as cash equivalents.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions. Restricted assets on the balance sheet represent cash and cash equivalents for unclaimed monies.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventories consist of donated and purchased food and supplies held for resale, and supplies held for consumption. Inventory is recorded at entitlement value for commodities.

Capital Assets

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received.

The School District maintains a capitalization threshold of five thousand 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.

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	40 years
Furniture, Fixtures and Equipment	10 - 20 years
Vehicles	15 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the statement of net position.

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 employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District had identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year-end, taking into consideration any limits specified in the School District’s termination policy. The School District records a liability for accumulated unused sick leave for all employees within three years of retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employee who has accumulated unpaid leave is paid.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds; however, claims and judgments and compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the penion/OPEB plans’ fiduciary net position are not sufficient for payment of those benefits. Bonds and capital leases are recognized as liabilities on the governmental fund financial statements when due.

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or by State statute. State statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The School District Board of Education has also assigned fund balance to cover a gap between fiscal year 2021's estimated revenue and appropriated budget and for public school support, rotary, adult education, and summer school.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Net Position

Net position represents the difference between all other elements in the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include class size reduction, auxiliary services and other grants.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates

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

Budgetary Data

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

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

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

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are receipted in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Note 3 – Changes in Accounting Principles

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The School District evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For fiscal year 2020, the School District implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the School District's 2020 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Budgetary Basis of Accounting

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

The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

5. Budgetary revenues and expenditures of the uniform school supplies, public school support, rotary and summer school funds are reclassified to the general fund for GAAP reporting.

6. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

Net Change in Fund Balance

GAAP Basis	$473,479
Net Adjustment for Revenue Accruals	(732,063)
Advances In	27,500
Beginning Fair Value Adjustments for Investments	(13,725)
Ending Fair Value Adjustments for Investments	66,066
Net Adjustment for Expenditure Accruals	(168,032)
Advances Out	(334,897)
Perspective Differences:	
Uniform School Supplies	298,035
Public School Support	275,151
Rotary	18,878
Summer School	5,026
Encumbrances	(591,359)
Budget Basis	($675,941)

Note 5 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of the 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, or by the financial institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed previously provided 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 the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio); and

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

As of June 30, 2020, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value:				
Federal Farm Credit Bureau Notes	$230,576	Less than two years	AA+	4.72 %
Federal Farm Credit Bureau Notes	237,468	Less than three years	AA+	4.86
Negotiable Certificates of Deposit	638,688	Less than one year	N/A	13.07
Negotiable Certificates of Deposit	699,692	Less than two years	N/A	14.32
Negotiable Certificates of Deposit	756,577	Less than three years	N/A	15.48
United States Treasury Notes	507,477	Less than one year	AA+	10.39
Amortized Cost:				
Commercial Paper	742,007	Less than one year	A-1	15.19
Net Asset Value Per Share:				
STAR Ohio	1,073,466	41.5 Days	AAAm	21.97
Total Investments	$4,885,951			100.00 %

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District’s recurring fair value measurements as of June 30, 2020. All of the School District’s investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer.

Note 6 – Fund Balance

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

Fund Balances	General Fund	Bond Retirement Fund	Other Governmental Funds	Total
Nonspendable:				
Inventory	$0	$0	$6,098	$6,098
Prepaid Items	49,064	0	0	49,064
Unclaimed Monies	7,563	0	0	7,563
Total Nonspendable	56,627	0	6,098	62,725
Restricted for:				
Capital Improvements	0	0	211,154	211,154
Debt Service Payments	0	1,434,218	0	1,434,218
Classroom Facilities Maintenance	0	0	517,628	517,628
District Managed Student Activites	0	0	27,444	27,444
Student Wellness and Success	0	0	102,797	102,797
Other Purposes	0	0	100,985	100,985
Total Restricted	0	1,434,218	960,008	2,394,226
Assigned to:				
Fiscal Year 2021 Operations	27,184	0	0	27,184
Public School Support	79,667	0	0	79,667
Rotary	17,051	0	0	17,051
Adult Education	3,663	0	0	3,663
Summer School	11,065	0	0	11,065
Purchases on Order:				
Instruction	157,042	0	0	157,042
Support Services	272,613	0	0	272,613
Non-Instructional Services	2,181	0	0	2,181
Extracurricular Activities	250	0	0	250
Total Assigned	570,716	0	0	570,716
Unassigned (Deficit)	3,056,704	0	(486,465)	2,570,239
Total Fund Balances	$3,684,047	$1,434,218	$479,641	$5,597,906

Note 7 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019, and are collected in calendar year 2020 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The 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, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2020, was $228,868 in the general fund, $50,373 in the bond retirement debt service fund, $6,089 in the permanent improvements capital projects fund, and $3,805 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2019, was $138,013 in the general fund, $35,012 in the bond retirement debt service fund, $3,455 in the permanent improvement capital projects fund, and $2,159 in the classroom facilities maintenance special revenue fund. The difference is in the timing and collection by the County Auditor.

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

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second-Half Collections		2020 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$393,887,200	96.36 %	$396,285,540	93.73 %
Public Utility Personal	14,877,890	3.64	26,516,060	6.27
Total	$408,765,090	100.00 %	$422,801,600	100.00 %
Tax rate per $1,000 of assessed valuation	$58.20		$58.40	

The property tax rate changed due to the 2008 bond levy increasing and the 2013 emergency levy decreasing in order to collect their fixed amounts.

Note 8 – Receivables

Receivables at June 30, 2020, consisted of taxes, accounts (rent and student fees), interest and intergovernmental grants. 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. All receivables except for a portion of the delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities:	
Title VI-B Grant	$177,563
Title I Grant	99,581
School Foundation Adjustments	94,706
Food Service Grant	71,091
Title II-A Grant	31,466
Title IV-A Grant	15,031
Medicaid Reimbursement	13,474
IDEA Early Childhood Grant	5,025
State Employee's Retirement System Refund	126
Bureau of Workers' Compensation Reimbursement	57
Total Governmental Activities	$508,120

Note 9 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance 6/30/19	Additions	Deductions	Balance 6/30/20
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	$631,908	$41,018	$0	$672,926
Capital Assets, being Depreciated:				
Buildings and Improvements	80,649,352	59,182	0	80,708,534
Furniture, Fixtures and Equipment	5,270,895	124,895	0	5,395,790
Vehicles	1,389,619	467,962	(85,549)	1,772,032
Total Capital Assets, being Depreciated	87,309,866	652,039	(85,549)	87,876,356
Less Accumulated Depreciation:				
Buildings and Improvements	(21,646,840)	(1,868,821)	0	(23,515,661)
Furniture, Fixtures and Equipment	(4,509,537)	(112,180)	0	(4,621,717)
Vehicles	(577,417)	(97,059)	67,502	(606,974)
Total Accumulated Depreciation	(26,733,794)	(2,078,060) *	67,502	(28,744,352)
Total Capital Assets, being Depreciated, Net	60,576,072	(1,426,021)	(18,047)	59,132,004
Governmental Activities Capital Assets, Net	$61,207,980	($1,385,003)	($18,047)	$59,804,930

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$624,213
Special	42,869
Vocational	8,267
Support Services:	
Pupils	28,905
Instructional Staff	21,469
Administration	33,074
Fiscal	630
Operation and Maintenance of Plant	1,154,202
Pupil Transportation	96,372
Operation of Non-Instructional Services	53,574
Extracurricular Activities	14,485
Total Depreciation Expense	$2,078,060

Note 10 – Capital Leases

In prior fiscal years, the School District entered into lease agreements for school buses. These lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements. The payments for these capital leases are shown on a GAAP basis as debt service expenditures in the general fund.

	Governmental Activities
Asset:	
Vehicles	$646,627
Less: Accumulated depreciation	(195,082)
Current Book Value	$451,545

The following is a schedule of the future long-term minimum lease payments required under the capital leases and present value of the minimum lease payments:

	Governmental Activities
2021	$84,946
2022	28,315
Total Minimum Lease Payment	113,261
Less: Amount Representing Interest	(2,446)
Present Value of Minimum Lease Payments	$110,815

Note 11 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2020 were as follows:

	Amount Outstanding 6/30/19	Additions	Deletions	Amount Outstanding 6/30/20	Amounts Due in One Year
General Obligation Bonds:					
2009 School Facilities Commission Bonds (2.00%-5.00%):					
Capital Appreciation Bonds	$30,000	$0	$10,000	$20,000	$10,000
Accretion on Capital Appreciation Bonds	401,099	94,079	210,000	285,178	205,000
Premium	38,064	0	12,689	25,375	0
Total 2009 School Facilities Commission Bonds	469,163	94,079	232,689	330,553	215,000
2011 Ohio School Facilities Commission Refunding Bonds (0.70%-4.00%):					
Serial Bonds	12,155,000	0	0	12,155,000	1,150,000
Term Bonds	4,240,000	0	0	4,240,000	0
Capital Appreciation Bonds	125,000	0	125,000	0	0
Accretion on Capital Appreciation Bonds	887,827	107,173	995,000	0	0
Premium	703,097	0	66,962	636,135	0
Total 2011 Ohio School Facilities Commission Refunding Bonds	18,110,924	107,173	1,186,962	17,031,135	1,150,000
2016 General Obligation Refunding Bonds (2.00%-4.00%):					
Serial Bonds	6,655,000	0	0	6,655,000	0
Premium	979,278	0	55,959	923,319	0
Total 2016 General Obligation Refunding Bonds	7,634,278	0	55,959	7,578,319	0
Total General Obligation Bonds	26,214,365	201,252	1,475,610	24,940,007	1,365,000
Other Long-Term Obligations:					
Net Pension Liability:					
SERS	6,737,558	352,205	0	7,089,763	0
STRS	23,074,394	19,974	0	23,094,368	0
Total Net Pension Liability	29,811,952	372,179	0	30,184,131	0
Net OPEB Liability:					
SERS	3,322,309	0	260,461	3,061,848	0
Capital Leases	190,971	0	80,156	110,815	82,682
Compensated Absences	913,401	15,760	289,781	639,380	241,145
Total Other Long-Term Obligations	34,238,633	387,939	630,398	33,996,174	323,827
Total Governmental Activities Long-Term Liabilities	$60,452,998	$589,191	$2,106,008	$58,936,181	$1,688,827

On August 27, 2009, the School District issued $8,500,000 in Ohio School Facilities Commission bonds which included serial, term and capital appreciation bonds in the amounts of $2,660,000, $5,810,000 and $30,000, respectively. The bonds were issued to construct one elementary school, to replace three existing elementary schools, and to do additional renovations at the Louisville High School. The bonds were issued at an interest rate of 2 to 5 percent for a 27 year period with a maturity date at December 1, 2036. The capital appreciation bonds remained outstanding at June 30, 2020. Interest on the capital appreciation bonds will be accreted annually until the point of maturity of the capital appreciation bonds which is 2020 through 2022. The final maturity amount of outstanding capital appreciation bonds at June 30, 2020, is $370,000. The accretion recorded for 2020 was $94,079, for a total outstanding bond liability of $305,178.

On December 2, 2010, the School District issued $21,970,000 in general obligation bonds to refund a portion of the Ohio School Facilities Commission general obligation serial bonds in order to take advantage of lower interest rates. The bonds included serial, term and capital appreciation (deep discount) bonds in the amount of $17,455,000, $4,240,000 and $275,000, respectively. The bonds were issued for a twenty year period with a final maturity at December 1, 2029. The bonds were sold at a premium of $1,272,270. The final maturity amount of outstanding capital appreciation bonds at June 30, 2020, was $1,120,000. The accretion recorded for fiscal year 2020 was $107,173 for a total outstanding bond liability of $1,120,000. Net proceeds of $22,999,308 were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2020, $16,555,000 of the defeased bonds are still outstanding.

The Ohio School Facilities Commission Refunding term bonds maturing on December 1, 2029 are subject to mandatory sinking fund. The mandatory redemption is to occur in December 2028 (with the remaining principal amount of $2,185,000 to be paid at stated maturity on December 1, 2029) at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, according to the following schedule:

Year	Amount
2028	$2,055,000

On May 12, 2016, the School District issued $6,840,000 in refunding serial general obligation bonds. The bonds were issued for the purpose of advance refunding a portion of the 2009 school facilities bonds to take advantage of lower interest rates. The bonds were issued for a 21 year period with final maturity at December 1, 2036. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. At June 30, 2020, $6,980,000 of the defeased bonds are still outstanding.

The school facilities bonds will be paid from the debt service fund. There is no repayment schedule for the net pension and OPEB liabilities; however, employer pension contributions are made from the general fund and food service, title VI-B, and title I special revenue funds. For additional information related to the net pension and OPEB liabilities, see Notes 13 and 14, respectively. Compensated absences are to be paid from the general fund and food service, title VI-B, title I, and preschool grant special revenue funds. Capital leases will be paid from the permanent improvement capital projects fund.

The overall debt margin of the School District as of June 30, 2020, was $14,546,355 with an unvoted debt margin of $422,802.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2020 are as follows:

	General Obligation Bonds					
	Serial		Term		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	$1,150,000	$848,560	$0	$0	$10,000	$205,000
2022	1,270,000	810,990	0	0	10,000	145,000
2023	1,575,000	762,770	0	0	0	0
2024	1,660,000	704,810	0	0	0	0
2025	1,745,000	642,938	0	0	0	0
2026-2030	6,895,000	1,879,769	4,240,000	172,200	0	0
2031-2035	3,100,000	602,800	0	0	0	0
2036-2037	1,415,000	57,100	0	0	0	0
Total	$18,810,000	$6,309,737	$4,240,000	$172,200	$20,000	$350,000

Note 12 – Tax Abatements

School District property taxes were reduced by $31,368 for fiscal year 2020 under enterprise zone agreements entered into by Nimishillen Township.

Note 13 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions/OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liabilities* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The School District's contractually required contribution to SERS was $563,131 for fiscal year 2020. Of this amount, $48,967 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $1,715,051 for fiscal year 2020. Of this amount, $250,185 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.11764170%	0.10494202%	
Current Measurement Date	0.11849500%	0.10443136%	
Change in Proportionate Share	0.00085330%	-0.00051066%	
Proportionate Share of the Net Pension Liability	$7,089,763	$23,094,368	$30,184,131
Pension Expense	$1,110,705	$2,647,194	$3,757,899

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$179,781	$188,027	$367,808
Changes of assumptions	0	2,712,879	2,712,879
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	54,590	54,768	109,358
School District contributions subsequent to the measurement date	563,131	1,715,051	2,278,182
Total Deferred Outflows of Resources	$797,502	$4,670,725	$5,468,227
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$99,971	$99,971
Net difference between projected and actual earnings on pension plan investments	91,006	1,128,727	1,219,733
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	72,736	1,239,194	1,311,930
Total Deferred Inflows of Resources	$163,742	$2,467,892	$2,631,634

$2,278,182 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	$172,633	$857,976	$1,030,609
2022	(147,559)	(298,407)	(445,966)
2023	(6,057)	(176,515)	(182,572)
2024	51,612	104,728	156,340
Total	$70,629	$487,782	$558,411

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented as follows:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$9,935,293	$7,089,763	$4,703,431

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented as follows:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

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

Actuarial assumptions used in the July 1, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

* Target weights will be phased in over a 24-month period concluding on July1, 2019.
** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the

School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	$33,749,845	$23,094,368	$14,073,960

Note 14 – Defined Benefit OPEB Plans

See Note 13 for a description of the net OPEB liability (asset).

Plan Description – School Employees Retirement System (SERS)

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was $19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For fiscal year 2020, the School District's surcharge obligation was $81,628, which is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Prior Measurement Date	0.11975430%	0.10494202%	
Current Measurement Date	0.12175360%	0.10443136%	
Change in Proportionate Share	0.00199930%	-0.00051066%	
Proportionate Share of the:			
Net OPEB Liability	$3,061,848	$0	$3,061,848
Net OPEB (Asset)	$0	$1,729,633	$1,729,633
OPEB Expense	$67,079	($600,443)	($533,364)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$44,945	$156,804	$201,749
Changes of assumptions	223,633	36,357	259,990
Net difference between projected and actual earnings on OPEB plan investments	7,350	0	7,350
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	77,701	18,883	96,584
School District contributions subsequent to the measurement date	81,628	0	81,628
Total Deferred Outflows of Resources	$435,257	$212,044	$647,301
Deferred Inflows of Resources			
Differences between expected and actual experience	$672,667	$87,997	$760,664
Changes of assumptions	171,576	1,896,341	2,067,917
Net difference between projected and actual earnings on OPEB plan investments	0	108,634	108,634
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	35,887	290,877	326,764
Total Deferred Inflows of Resources	$880,130	$2,383,849	$3,263,979

$81,628 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	($196,200)	($483,775)	($679,975)
2022	(74,931)	(483,776)	(558,707)
2023	(72,774)	(440,238)	(513,012)
2024	(73,125)	(424,963)	(498,088)
2025	(74,302)	(343,538)	(417,840)
Thereafter	(35,169)	4,485	(30,684)
Total	($526,501)	($2,171,805)	($2,698,306)

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented as follows:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	$3,716,502	$3,061,848	$2,541,320

	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	$2,453,160	$3,061,848	$3,869,428

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented as follows:

Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 percent initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	$1,475,898	$1,729,633	$1,942,966

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	$1,961,325	$1,729,633	$1,445,868

Note 15 – Other Employee Benefits

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 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 325 days for certified employees, 330 days for classified employees and unlimited for administrators. Upon retirement of a classified employee, payment is made for one-fourth of total sick leave accumulation, for a maximum payment of 80 days. Upon retirement of a certified employee, payment is made for one-fourth of accumulated but unused sick leave credit to a maximum of 76 days. Upon retirement of administrators, payment is made for one-fourth of total sick leave accumulation, for limited amounts of days for various contracts. Employees receiving such payment must meet the retirement provisions set by STRS or SERS.

Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance through Consumer’s Life, to eligible employees.

Longevity

The Board pays a longevity allowance to classified personnel at 5 years, 10 years, 15 years, 20 years, 25 years, 27 years, and 30 years of continuous service in the School District. The allowance amount is based on contract length, and is described in the negotiated agreement.

Insurance Benefits

The School District also provides medical/surgical insurance, prescription drug, vision and dental insurance through the Stark County Schools Council of Governments to all eligible employees. Employees have the option of choosing a traditional comprehensive plan with 80 percent co-payment of major medical expenses after deductibles or a Preferred Provider Organization (Medical Mutual or Aultcare) plan with a 90 percent co-pay of major medical expenses after deductibles.

Note 16 – Risk Management

Property and Liability

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 fiscal year 2020, the School District contracted with Liberty Mutual Insurance for the following coverage:

Type of Coverage	Coverage	Deductible
Liability	$1,000,000/$2,000,000	$0
School Leaders Errors/Ommissions	1,000,000/1,000,000	2,500
Law Enforcement Liability	1,000,000/1,000,000	2,500
Sexual Misconduct/Molestation	1,000,000/1,000,000	0
Employers Stop Gap Liability	1,000,000/2,000,000	0
Employee Benefits Liability	1,000,000/3,000,000	1,000
Excess Liability/Umbrella	10,000,0000/10,000,000	0
Fleet Insurance	1,000,000 liability	250/500
Property Insurance	102,638,578	5,000
Inland Marine	2,624,313	500
Crime	500,000/1,000,000	1,000/5,000
Employee Dishonesty	1,000,000	10,000
Coverage According to the Terrorism Risk Insurance Act (TRIA) of 2002 and 2005	N/A	N/A

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

Workers' Compensation

The School District participates in a workers compensation program jointly sponsored by the Ohio Association of School Business Officials (OASBO) and the Ohio School Board Association (OSBA), known as SchoolComp. CompManagement, Incorporated (CMI) is the program's third party administrator. SchoolComp serves to group its members' risks for the purpose of obtaining a favorable experience rating to determine its premium liability to the Ohio Bureau of Workers' Compensation (OBWC) and the Ohio Workers' Compensation Fund. This may be accomplished through participation in a group rating program or through group retrospective rating. The School District has chosen to participate in the group rating program for fiscal year 2020. Participation in SchoolComp is restricted to members who meet enrollment criteria and are jointly in good standing with OASBO and OSBA. OASBO and OSBA are certified sponsors recognized by OBWC.

Note 17 – Set-Asides

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 acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purpose in future years.

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

	Capital Acquisition
Set-aside Balances as of June 30, 2019	$0
Current Year Set-aside Requirement	509,200
Current Year Offsets	(393,474)
Qualifying Disbursements	(262,322)
Totals	($146,596)
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set-aside Balance as of June 30, 2020	$0

Although the School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 18 – Insurance Purchasing Pool

The Stark County Schools Council of Government Workers’ Compensation Group Rating Program has created a group insurance pool for the purpose of creating a group rating plan for workers’ compensation. The governing body is comprised of the superintendents and representatives who have been appointed by the respective governing body of each member.

The intent of the pool is to achieve a reduced rate for the School District by the group with other members of the group. The injury claim history of all participating members is used to calculate a common rate for the group. An annual fee is paid to Comp Management, Incoporated to administer the group and to manage any injury claims. Premium savings created by the group are prorated to each member entity annually based on the percentage created by comparing its payroll to the total payroll of the group.

Note 19 – Jointly Governed Organizations

Stark/Portage Area Computer Consortium The Stark/Portage Area Computer Consortium (SPARCC) is a jointly governed organization created as a regional council of governments pursuant to State statutes made up of public school districts and educational service centers from Stark, Portage, and Carroll Counties. The primary function of SPARCC is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by SPARCC include student scheduling, registration, grade reporting, and test scoring. Each member district pays an annual fee for the services provided by SPARCC.

SPARCC is governed by a board of directors comprised of each Superintendent within SPARCC. The Stark County Educational Service Center serves as the fiscal agent of SPARCC and receives funding from the State Department of Education. The Board exercises total control over the operations of SPARCC including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. Louisville City School District paid $149,732 to SPARCC during fiscal year 2020 for services. Financial information can be obtained by writing the Stark/Portage Area Computer Consortium, 6057 Strip Ave. NW, North Canton, Ohio 44720.

R.G. Drage Career Center The Stark County Area Vocational School (R.G. Drage) is a joint vocational school which is a jointly governed organization among six school districts. It is operated under the direction of a seven member Board consisting of one representative from each of the six participating school district's boards and one board member that rotates from each participating district. The Board exercises total control over the operations of R.G. Drage including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. R.G. Drage offers vocational education. The Board has its own budgeting and taxing authority. The School District did not pay R.G. Drage for services during fiscal year 2020. Financial information can be obtained by writing the R.G. Drage Career Center, 6805 Richville Drive S.W., Massillon, Ohio 44646.

Stark County Tax Incentive Review Council The Stark County Tax Incentive Review Council (TIRC) is a jointly governed organization, created as an advisory council pursuant to State statutes. TIRC has 24 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, ten members appointed by township trustees, one member from the county auditor's office and six members appointed by boards of education located within the enterprise zones of Stark County. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The TIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this Council.

Note 20 – Related Organization

The Louisville Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Louisville City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Louisville Public Library, 700 Lincoln Avenue, Louisville, Ohio 44641.

Note 21 – Accountability

At June 30, 2020, the following funds had deficit fund balances:

	Amount
Other Governmental Funds:	
Food Service	$128,353
State Grants	256,379
Emergency Relief	6,782
Title VI-B	38,080
Title I	32,497
Preschool Grant	3,052
Class Size Reduction	9,942
Miscellaneous Federal Grants	5,282

The deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficits in these funds and provides transfers when cash is required, rather than when accruals occur.

Note 22 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2020, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The fiscal year 2020 adjustment resulted in a receivable to the School District in the amount of $16,182.

Litigation

The School District is not party to legal proceedings.

Note 23 – Interfund Balances

Interfund Balances

Interfund balances at June 30, 2020, consisted of the following:

	Interfund Balances June 30, 2020	
	Receivables	Payables
General	$594,216	$0
Other Governmental Funds:		
Food Service	0	99,000
District Managed Student Activities	0	61,500
Miscellaneous State Grants	0	256,536
Emergency Relief	0	12,861
Title VI-B	0	66,918
Title I	0	25,101
Preschool Grant	0	1,341
Class Size Reduction	0	10,652
Miscellaneous Federal Grants	0	5,308
Permanent Improvement	0	54,999
Total Other Governmental Funds	0	594,216
Total Governmental Funds	$594,216	$594,216

The advances from the general fund to the other governmental funds were made to cover negative cash balances. The balances are anticipated to be repaid in one year.

Interfund Transfers

The general fund transferred $10,953 to the miscellaneous state grants special revenue fund to cover negative cash balances.

Note 24 – Significant Commitments

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	$591,359
Other Governmental Funds	208,418
Total Governmental Funds	$799,777

Note 25 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 26 – Subsequent Event

The School District placed a five-year emergency operating levy expected to generate approximately $2,815,000 on the November 3, 2020 ballot. The levy failed to pass.

Louisville City School District, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

*Last Seven Fiscal Years (1) **

	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.11849500%	0.11764170%	0.11541910%
School District's Proportionate Share of the Net Pension Liability	$7,089,763	$6,737,558	$6,896,037
School District's Covered Payroll	$4,094,830	$3,873,563	$3,795,279
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	173.14%	173.94%	181.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the Required Supplementary Information

2017	2016	2015	2014
0.12130600%	0.11887310%	0.11483100%	0.11483100%
$8,878,480	$6,783,015	$5,811,531	$6,828,631
$3,777,643	$3,719,214	$3,325,420	$3,443,366
235.03%	182.38%	174.76%	198.31%
62.98%	69.16%	71.70%	65.52%

Louisville City School District, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

*Last Four Fiscal Years (1) **

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.12175360%	0.11975430%	0.11709860%	0.12289170%
School District's Proportionate Share of the Net OPEB Liability	$3,061,848	$3,322,309	$3,142,619	$3,502,868
School District's Covered Payroll	$4,094,830	$3,873,563	$3,795,279	$3,777,643
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	74.77%	85.77%	82.80%	92.73%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the Required Supplementary Information

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Louisville City School District, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

*Last Seven Fiscal Years (1) **

	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.10443136%	0.10494202%	0.10430616%
School District's Proportionate Share of the Net Pension Liability	$23,094,368	$23,074,394	$24,778,152
School District's Covered Payroll	$12,097,914	$11,997,507	$11,472,886
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.90%	192.33%	215.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.31%	75.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the Required Supplementary Information

2017	2016	2015	2014
0.11372811%	0.11359327%	0.11459449%	0.11459449%
$38,068,227	$31,393,856	$27,873,345	$33,202,547
$12,083,907	$11,879,393	$11,750,469	$11,974,638
315.03%	264.27%	237.21%	277.27%
66.80%	72.10%	74.70%	69.30%

Louisville City School District, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)

State Teachers Retirement System of Ohio

*Last Four Fiscal Years (1) **

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability (Asset)	0.10443136%	0.10494202%	0.10430616%	0.11372811%
School District's Proportionate Share of the Net OPEB Liability (Asset)	($1,729,633)	($1,686,312)	$4,069,641	$6,082,209
School District's Covered Payroll	$12,097,914	$11,997,507	$11,472,886	$12,083,907
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.30%	-14.06%	35.47%	50.33%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.74%	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the Required Supplementary Information

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Louisville City School District, Ohio

Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017
Net Pension Liability:				
Contractually Required Contribution	$563,131	$552,802	$522,931	$531,339
Contributions in Relation to the Contractually Required Contribution	(563,131)	(552,802)	(522,931)	(531,339)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$4,022,364	$4,094,830	$3,873,563	$3,795,279
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%	14.00%
Net OPEB Liability:				
Contractually Required Contribution (2)	$81,628	$96,286	$85,871	$63,705
Contributions in Relation to the Contractually Required Contribution	(81,628)	(96,286)	(85,871)	(63,705)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	2.03%	2.35%	2.22%	1.68%
Total Contributions as a Percentage of Covered Payroll (2)	16.03%	15.85%	15.72%	15.68%

(1) The School District's covered payroll is the same for Pension and OPEB.
(2) Includes Surcharge

See accompanying notes to the Required Supplementary Information

2016	2015	2014	2013	2012	2011
$528,870	$490,192	$460,903	$476,562	$463,528	$423,086
(528,870)	(490,192)	(460,903)	(476,562)	(463,528)	(423,086)
$0	$0	$0	$0	$0	$0
$3,777,643	$3,719,214	$3,325,420	$3,443,366	$3,446,291	$3,365,843
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
$62,018	$93,177	$71,433	$74,688	$89,000	$101,756
(62,018)	(93,177)	(71,433)	(74,688)	(89,000)	(101,756)
$0	$0	$0	$0	$0	$0
1.64%	2.51%	2.15%	2.17%	2.58%	3.02%
15.64%	15.69%	16.01%	16.01%	16.03%	15.59%

Louisville City School District, Ohio

Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017
Net Pension Liability:				
Contractually Required Contribution	$1,715,051	$1,693,708	$1,679,651	$1,606,204
Contributions in Relation to the Contractually Required Contribution	(1,715,051)	(1,693,708)	(1,679,651)	(1,606,204)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$12,250,364	$12,097,914	$11,997,507	$11,472,886
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability:				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the Required Supplementary Information

2016	2015	2014	2013	2012	2011
$1,691,747	$1,663,115	$1,527,561	$1,556,703	$1,757,194	$1,727,819
(1,691,747)	(1,663,115)	(1,527,561)	(1,556,703)	(1,757,194)	(1,727,819)
$0	$0	$0	$0	$0	$0
$12,083,907	$11,879,393	$11,750,469	$11,974,638	$13,516,877	$13,290,915
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%
$0	$0	$117,505	$119,746	$135,169	$132,909
0	0	(117,505)	(119,746)	(135,169)	(132,909)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investment expenses, including inflation	7.75 percent net of investment expenses, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented as follows:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.50 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017	2.00 percent simple applied as follows: for members retiring before August 1, 2013, 2.00 percent per year; for members retiring August 1, 2013, or later, 2.00 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022 – Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long-term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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

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

LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**	**Total Non-Cash Expenditures**
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
School Breakfast Program	10.553	049874-3L70-2020	$143,110	
COVID-19 School Breakfast Program	10.553	049874-3L70-2020	$79,773	
National School Lunch Program	10.555	049874-3L60-2020	298,324	$129,547
COVID-19 National School Lunch Program	10.555	049874-3L60-2020	132,398	
Special Milk Program for Children	10.556	049874-3L60-2020	390	
COVID-19 Special Milk Program for Children	10.556	049874-3L60-2020	35	
Total Child Nutrition Cluster			654,030	129,547
Total U.S. Department of Agriculture			**654,030**	**129,547**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Title I Grants to Local Educational Agencies	84.010	049874-3M00-2019	60,182	
Title I Grants to Local Educational Agencies	84.010	049874-3M00-2020	296,489	
Total Title I Grants to Local Educational Agencies			356,671	
Special Education Grants to States	84.027	049874-3M20-2019	117,988	
Special Education Grants to States	84.027	049874-3M20-2020	595,010	
Special Education Preschool Grants	84.173	049874-3C50-2019	4,133	
Special Education Preschool Grants	84.173	049874-3C50-2020	17,129	
Total Special Education Cluster			734,260	
Supporting Effective Instruction State Grants	84.367	049874-3Y60-2019	15,040	
Supporting Effective Instruction State Grants	84.367	049874-3Y60-2020	64,766	
Total Supporting Effective Instruction State Grants			79,806	
Student Support and Academic Enrichment Program	84.424	049874-3HI0-2019	3,746	
Student Support and Academic Enrichment Program	84.424	049874-3HI0-2020	15,264	
Total Student Support and Academic Enrichment Program			19,010	
COVID-19 Education Stabilization Fund (ESSER)	84.425	049874-3HS0-2020	1,282	
Total U.S. Department of Education			**1,191,029**	
Total Expenditures of Federal Awards			**$1,845,059**	**$129,547**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2020 to 2021 programs:

Program Title	CFDA Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$41,816
Special Education Grants to States	84.027	$57,362
Special Education Preschool Grants	84.173	$466
Supporting Effective Instruction State Grants	84.367	$2,309
Student Support and Academic Enrichment Program	84.424	$4,199

OHIO AUDITOR OF STATE
KEITH FABER

Conference Center, Suite 154
6000 Frank Ave. NW
North Canton, OH 44720
EastRegion@ohioauditor.gov
(800) 443-9272

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville City School District, Stark County, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 8, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2020-001 to be a significant deficiency.

Compliance and Other Matters

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

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

February 8, 2021

OHIO AUDITOR OF STATE
KEITH FABER

Conference Center, Suite 154
6000 Frank Ave. NW
North Canton, OH 44720
EastRegion@ohioauditor.gov
(800) 443-9272

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

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

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited the Louisville City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Louisville City School District's major federal programs for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on each Major Federal Program

In our opinion, the Louisville City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

February 8, 2021

LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Nutrition Cluster (10.553, 10.555 and 10.556) Supporting Effective Instruction State Grants (84.367)
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

FINDING NUMBER 2020-001

SIGNIFICANT DEFICIENCY

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Sound financial reporting is the responsibility of the Treasurer and the Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The District did not have policies and procedures in place for certain financial statement accounts, which led to the following proposed reclassifications and adjustments to the financial statements:

- The financial statements reported $258,353, $327,187 and $0 of operation and maintenance of plant, pupil transportation and central expenditures, respectively, paid from other governmental funds, as pupil transportation and central expenditures of $258,353 and $327,187, respectively. The financial statements were updated to reflect this reclassification.
- The major general fund original and final budgeted revenues were overstated by $128,100. The amounts improperly included original and final budgeted revenues from a District agency fund. The financial statements were updated to reflect this adjustment.
- The major general fund original budgeted expenditures were overstated by $131,100. The amounts improperly included original budgeted expenditures from a District agency fund. The financial statements were updated to reflect this adjustment.
- The major general fund final budgeted expenditures were overstated by $132,750. The amounts improperly included final budgeted expenditures from a District agency fund. The financial statements were updated to reflect this adjustment.
- A capital lease for buses was entered into in a prior fiscal year and the buses have been recorded as capital assets. However, the outstanding principal of the lease as of June 30, 2020 of $35,035 was not included in the financial statements as a long-term liability. In addition, the financial statements reported $66,488 and $2,660 of principal retirement and interest and fiscal charges, respectively, related to the lease and paid from the general fund as support services - pupil transportation. The financial statements were not updated to reflect these adjustments and reclassifications.
- A capital lease for buses was entered into during fiscal year 2020. An inception of capital lease in the amount of $253,722 should have been reported in the major general fund. The outstanding principal of the lease as of June 30, 2020 of $233,705 was not included in the financial statements as a long-term liability. In addition, the financial statements reported $20,019 and $2,440 of principal retirement and interest and fiscal charges, respectively, as support services - pupil transportation. The financial statements were not updated to reflect these adjustments and reclassifications.

FINDING NUMBER 2020-001(Continued)

- A capital lease for audio-visual equipment was entered into during fiscal year 2020. An inception of capital lease in the amount of $90,872 should have been reported in the major general fund. The outstanding principal of the lease as of June 30, 2020 of $45,436 was not included in the financial statements as a long-term liability. In addition, the financial statements reported $45,436 and $346 of principal retirement and interest and fiscal charges, respectively, as instruction - vocational. The financial statements were not updated to reflect these adjustments and reclassifications.
- The July 3, 2020 pay was improperly excluded from accrued wages payable. As a result, accrued wages payable and various expenditures/expenses were understated by $508,426, $58,040, and $566,466 in the major general fund, other governmental funds and governmental activities, respectively. The financial statements were updated to reflect this adjustment.

To help ensure the District's financial statements are complete and accurate, the District should adopt policies and procedures to identify and correct errors and omissions. In addition, the District should review the financial statements and notes prior to submission for audit.

Official’s Response:
Listed deficiencies are all related to GAAP reporting which is contracted through the Ohio Auditor of State's Office and have been corrected. They have no bearing or relation to the day-to-day financial operations of the school district.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Louisville City School District
407 E. Main St. • Louisville, OH 44641 • 330.875.1666

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2020

Finding Number: 2020-001
Planned Corrective Action: Listed deficiencies are all related to GAAP reporting which is contracted through the Ohio Auditor of State's Office and have been corrected. They have no bearing or relation to the day-to-day financial operations of the school district.

Anticipated Completion Date: 2/8/2021
Responsible Contact Person: Derek Nottingham

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OHIO AUDITOR OF STATE
KEITH FABER

LOUISVILLE CITY SCHOOL DISTRICT

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

THE SEAL OF THE AUDITOR OF STATE OF OHIO

Certified for Release 3/4/2021

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