OHIO AUDITOR OF STATE
KEITH FABER

LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2023

TABLE OF CONTENTS

LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2023

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

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

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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville City School District, Stark County, Ohio (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville City School District, Stark County, Ohio as of June 30, 2023, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 18, 2024

This page intentionally left blank.

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, 2023. 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 2023 are as follows:

- The School District unsuccessfully attempted to substitute and renew an expiring emergency operating levy, which generates $1,835,000 annually.

- In addition to traditional federal grants, the School District was able to secure and received $277,333 in Ohio Facilities Construction Commission safety grants, $35,059 in State Attorney General safety grants, and $33,400 in local grants.

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 2023?" 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 10. 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

All 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.

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 2023 compared to 2022.

Table 1
Net Position
Governmental Activities

	2023	2022	Change
Assets			
Current and Other Assets	$29,830,897	$29,911,989	($81,092)
Net OPEB Asset	2,777,075	2,205,541	571,534
Capital Assets, Net	56,886,025	58,133,061	(1,247,036)
Total Assets	89,493,997	90,250,591	(756,594)
Deferred Outflows of Resources			
Deferred Charge on Refunding	538,093	620,877	(82,784)
Pension	7,423,175	6,835,417	587,758
OPEB	640,658	761,339	(120,681)
Total Deferred Outflows of Resources	$8,601,926	$8,217,633	$384,293

(continued)

Table 1
Net Position
Governmental Activities (continued)

	2023	2022	Change
Liabilities			
Current Liabilities	$4,455,887	$4,880,571	$424,684
Long-Term Liabilities:			
Due Within One Year	1,916,878	1,877,738	(39,140)
Due in More Than One Year:			
Net Pension Liability	30,182,150	17,670,284	(12,511,866)
Net OPEB Liability	1,686,603	2,272,797	586,194
Other Amounts	18,869,132	20,867,275	1,998,143
Total Liabilities	57,110,650	47,568,665	(9,541,985)
Deferred Inflows of Resources			
Property Taxes	14,361,538	15,089,573	728,035
Pension	2,613,990	14,146,625	11,532,635
OPEB	4,329,992	4,061,091	(268,901)
Total Deferred Inflows of Resources	21,305,520	33,297,289	11,991,769
Net Position			
Net Investment in Capital Assets	37,126,140	36,142,412	983,728
Restricted	4,860,487	4,306,090	554,397
Unrestricted (Deficit)	(22,306,874)	(22,846,232)	539,358
Total Net Position	$19,679,753	$17,602,270	$2,077,483

The net pension liability is the largest single liability reported by the School District at June 30, 2023. Governmental Accounting Standards Board (GASB) notes that pension and Other Postemployment Benefits (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 improved, as evidenced by the increase in net position. This is largely because of paydown of long-term debt.

The vast majority of revenue supporting all governmental activities is general revenue. The most significant portions of the general revenue are local property tax and grants and entitlements, which is primarily State foundation funding. The remaining significant revenues for the School District are 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 2023 and 2022.

Table 2
Changes in Net Position
Governmental Activities

	2023	2022	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	$2,076,187	$1,608,320	$467,867
Operating Grants, Contributions and Interest	6,125,730	6,661,033	(535,303)
Capital Grants and Contributions	13,200	28,496	(15,296)
Total Program Revenues	8,215,117	8,297,849	(82,732)
General Revenues:			
Property Taxes	15,921,596	14,848,627	1,072,969
Grants and Entitlements	15,786,440	15,498,021	288,419
Unrestricted Contributions	32,545	10,511	22,034
Investment Earnings	236,841	(174,260)	411,101
Miscellaneous	70,111	178,689	(108,578)
Total General Revenues	32,047,533	30,361,588	1,685,945
Total Revenues	$40,262,650	$38,659,437	$1,603,213

(continued)

Table 2
Changes in Net Position
Governmental Activities (continued)

	2023	2022	Change
Program Expenses			
Instruction:			
Regular	$14,261,878	$11,516,195	($2,745,683)
Special	5,434,976	4,177,555	(1,257,421)
Vocational	420,014	315,580	(104,434)
Adult/Continuing	0	1,278	1,278
Student Intervention Services	1,058,248	911,671	(146,577)
Support Services:			
Pupils	1,887,611	1,583,323	(304,288)
Instructional Staff	1,912,005	1,743,841	(168,164)
Board of Education	76,385	121,798	45,413
Administration	2,589,925	2,046,922	(543,003)
Fiscal	813,787	656,697	(157,090)
Business	50,356	44,342	(6,014)
Operation and Maintenance of Plant	3,994,122	3,640,551	(353,571)
Pupil Transportation	1,671,198	1,574,226	(96,972)
Central	170,323	175,239	4,916
Operation of Non-Instructional Services	1,856,423	1,719,072	(137,351)
Extracurricular Activities	1,528,869	1,352,815	(176,054)
Interest and Fiscal Charges	459,047	474,786	15,739
Total Program Expenses	38,185,167	32,055,891	(6,129,276)
Increase (Decrease) in Net Position	2,077,483	6,603,546	(4,526,063)
Net Position Beginning of Year	17,602,270	10,998,724	6,603,546
Net Position End of Year	$19,679,753	$17,602,270	$2,077,483

The largest component of the increase in program expenses resulted from increases in expenses related primarily to instruction expenses. There was an increase in total instructional expenses mainly because of changes in assumptions and benefit terms of pension plans.

Program revenues decreased overall, primarily due to operating grants, contributions and interest related to a decrease in Federal grants with the main driver being the elementary and secondary emergency relief funding reductions.

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 over the prior fiscal year. This was primarily due to the $2,562,000 five-year emergency operating levy that began collection in the second half of fiscal year 2022.

The majority of the School District's expenses are for instruction. Additional supporting services for operation and maintenance of plant, administration, and instructional staff are the next three largest areas of expenses. The remaining amount of program expenses are to facilitate other obligations of the School District and for interest and fiscal charges.

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 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Governmental Activities:				
Instruction:				
Regular	$14,261,878	($13,388,460)	$11,516,195	($10,438,008)
Special	5,434,976	(3,122,749)	4,177,555	(2,061,156)
Vocational	420,014	(325,844)	315,580	(215,025)
Adult/Continuing	0	0	1,278	547
Student Intervention Services	1,058,248	(1,048,959)	911,671	(895,380)
Support Services:				
Pupils	1,887,611	(1,769,493)	1,583,323	(1,420,147)
Instructional Staff	1,912,005	(1,521,365)	1,743,841	(1,121,651)
Board of Education	76,385	(75,713)	121,798	(119,609)
Administration	2,589,925	(2,373,062)	2,046,922	(1,825,299)
Fiscal	813,787	(806,301)	656,697	(642,466)
Business	50,356	(49,914)	44,342	(43,550)
Operation and Maintenance of Plant	3,994,122	(3,098,418)	3,640,551	(3,392,011)
Pupil Transportation	1,671,198	(1,395,063)	1,574,226	(1,370,637)
Central	170,323	(168,828)	175,239	(172,107)
Operation of Non-Instructional Services	1,856,423	99,501	1,719,072	862,032
Extracurricular Activities	1,528,869	(466,335)	1,352,815	(428,789)
Interest and Fiscal Charges	459,047	(459,047)	474,786	(474,786)
Total	$38,185,167	($29,970,050)	$32,055,891	($23,758,042)

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, which increased from the $2,562,000 five-year emergency operating levy that began collection in the second half of fiscal year 2022. The bond retirement fund balance decreased due to bond payments exceeding bond levy collections.

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 2023, the School District amended its general fund budget throughout. 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 property taxes and intergovernmental revenues. Final budget basis appropriations for expenditures increased 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 program expenditure line items.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land, are reported net of depreciation. During fiscal year 2023, there was a decrease in capital assets due to annual depreciation/amortization and deletions outpacing capital outlay, which mainly consisted of school flooring replacements, building automation upgrades, boilers, buses, a van, and various other equipment purchases. More detailed information is presented in Note 10 to the basic financial statements.

Debt Administration

The 2016 general obligation refunding bonds were issued in subsequent years to partially refund the 2009 school facilities bonds. The 2020 general obligation refunding bonds were issued to refund the 2011 school facilities refunding bonds.

During fiscal year 2023, there was a decrease in the previously mentioned 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 $26,883,265 with an unvoted debt margin of $482,338 as of June 30, 2023.

Current Issues Affecting Financial Condition

The School District has a five year $1,835,000 emergency operating levy set to expire at the end of tax year 2022 and collection year 2023. Voters rejected a request for a continuous substitute levy in November of 2022 and a five year renewal emergency operating levy in May of 2023. November of 2023 is the final opportunity for this revenue source to be voted upon; the Board has decided to seek a five year substitute levy.

Current inflation rates continue to impact many expenditures of the School District. Food costs for the School District's cafeterias have increased significantly, as well as the costs of instructional, custodial, and maintenance supplies and equipment. In addition to this, the lead times on receiving many items has extended considerably.

The School District continues to show fiscal responsibility. The fiscal year 2022 district profile report (latest available) from the Ohio Department of Education continues to show that on a per-pupil basis, the School District is in the lowest five percent in total revenue received and total 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.

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, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$12,359,216
Accounts Receivable	12,762
Accrued Interest Receivable	23,001
Intergovernmental Receivable	733,691
Inventory Held for Resale	11,815
Materials and Supplies Inventory	6,966
Property Taxes Receivable	16,629,644
Prepaid Items	53,802
Net OPEB Asset (See Note 13)	2,777,075
Nondepreciable Capital Assets	653,255
Depreciable Capital Assets, Net	56,232,770
Total Assets	89,493,997
Deferred Outflows of Resources	
Deferred Charge on Refunding	538,093
Pension	7,423,175
OPEB	640,658
Total Deferred Outflows of Resources	8,601,926
Liabilities	
Accounts Payable	116,274
Contracts Payable	151,230
Accrued Wages Payable	3,223,239
Matured Compensated Absences Payable	91,331
Intergovernmental Payable	822,144
Accrued Interest Payable	51,669
Long-Term Liabilities:	
Due Within One Year	1,916,878
Due In More Than One Year:	
Net Pension Liability (See Note 12)	30,182,150
Net OPEB Liability (See Note 13)	1,686,603
Other Amounts	18,869,132
Total Liabilities	57,110,650
Deferred Inflows of Resources	
Property Taxes	14,361,538
Pension	2,613,990
OPEB	4,329,992
Total Deferred Inflows of Resources	21,305,520
Net Position	
Net Investment in Capital Assets	37,126,140
Restricted for:	
Debt Service	1,570,559
Capital Projects	551,992
Food Services	1,025,565
Classroom Facilities Maintenance	677,553
Student Activities	114,164
Athletics and Music	185,466
Local Grants	26,505
State Grants	30,363
Federal Grants	126,632
Unclaimed Monies	21,639
OPEB Plan	530,049
Unrestricted (Deficit)	(22,306,874)
Total Net Position	$19,679,753

See accompanying notes to the basic financial statements

Louisville City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$14,261,878	$368,340	$505,078	$0	($13,388,460)
Special	5,434,976	169,562	2,142,665	0	(3,122,749)
Vocational	420,014	3,549	90,621	0	(325,844)
Adult/Continuing	0	0	0	0	0
Student Intervention Services	1,058,248	9,289	0	0	(1,048,959)
Support Services:					
Pupils	1,887,611	15,217	102,901	0	(1,769,493)
Instructional Staff	1,912,005	13,561	377,079	0	(1,521,365)
Board of Education	76,385	672	0	0	(75,713)
Administration	2,589,925	19,356	197,507	0	(2,373,062)
Fiscal	813,787	7,486	0	0	(806,301)
Business	50,356	442	0	0	(49,914)
Operation and Maintenance of Plant	3,994,122	21,306	874,398	0	(3,098,418)
Pupil Transportation	1,671,198	14,555	261,580	0	(1,395,063)
Central	170,323	1,495	0	0	(168,828)
Operation of Non-Instructional Services	1,856,423	585,457	1,370,467	0	99,501
Extracurricular Activities	1,528,869	845,900	203,434	13,200	(466,335)
Interest	459,047	0	0	0	(459,047)
Totals	$38,185,167	$2,076,187	$6,125,730	$13,200	(29,970,050)

General Revenues	
Property Taxes Levied for:	
General Purposes	13,669,972
Debt Service	1,835,357
Capital Outlay	256,171
Classroom Facilities Maintenance	160,096
Grants and Entitlements not Restricted to Specific Programs	15,786,440
Unrestricted Contributions	32,545
Investment Earnings and Other Interest	236,841
Miscellaneous	70,111
Total General Revenues	32,047,533
Change in Net Position	2,077,483
Net Position Beginning of Year	17,602,270
Net Position End of Year	$19,679,753

See accompanying notes to the basic financial statements

Louisville City School District

Balance Sheet

Governmental Funds

June 30, 2023

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$8,117,359	$1,415,734	$2,804,484	$12,337,577
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	21,639	0	0	21,639
Accounts Receivable	4,058	0	8,704	12,762
Accrued Interest Receivable	20,108	0	2,893	23,001
Interfund Receivable	107,659	0	0	107,659
Intergovernmental Receivable	156,604	0	577,087	733,691
Inventory Held for Resale	0	0	11,815	11,815
Materials and Supplies Inventory	0	0	6,966	6,966
Prepaid Items	52,892	0	910	53,802
Taxes Receivable	14,212,367	1,968,230	449,047	16,629,644
Total Assets	$22,692,686	$3,383,964	$3,861,906	$29,938,556
Liabilities				
Accounts Payable	$60,683	$0	$55,591	$116,274
Contracts Payable	2,335	0	148,895	151,230
Accrued Wages Payable	2,859,648	0	363,591	3,223,239
Interfund Payable	0	0	107,659	107,659
Matured Compensated Absences Payable	89,709	0	1,622	91,331
Intergovernmental Payable	727,726	0	94,418	822,144
Total Liabilities	3,740,101	0	771,776	4,511,877
Deferred Inflows of Resources				
Property Taxes	12,204,429	1,761,736	395,373	14,361,538
Unavailable Revenue	1,734,919	154,396	110,197	1,999,512
Total Deferred Inflows of Resources	13,939,348	1,916,132	505,570	16,361,050
Fund Balances				
Nonspendable	74,531	0	7,876	82,407
Restricted	0	1,467,832	2,645,639	4,113,471
Assigned	2,424,567	0	0	2,424,567
Unassigned (Deficit)	2,514,139	0	(68,955)	2,445,184
Total Fund Balances	5,013,237	1,467,832	2,584,560	9,065,629
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$22,692,686	$3,383,964	$3,861,906	$29,938,556

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, 2023

Total Governmental Funds Balances		$9,065,629
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.		56,886,025
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	1,788,585	
Intergovernmental	68,955	
Tuition and Fees	141,972	
Total		1,999,512
In the statement of activities, interest is accrued on outstanding bonds and financed purchases, whereas in governmental funds, an interest expenditure is reported when due.		(51,669)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding Bonds	(19,766,027)	
Deferred Charge on Refunding	538,093	
Financed Purchases	(296,806)	
Leases	(166,127)	
Compensated Absences	(557,050)	
Total		(20,247,917)
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	2,777,075	
Deferred Outflows - Pension	7,423,175	
Deferred Outflows - OPEB	640,658	
Net Pension Liability	(30,182,150)	
Net OPEB Liability	(1,686,603)	
Deferred Inflows - Pension	(2,613,990)	
Deferred Inflows - OPEB	(4,329,992)	
Total		(27,971,827)
Net Position of Governmental Activities		$19,679,753

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, 2023

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$13,218,670	$1,794,682	$404,549	$15,417,901
Intergovernmental	16,795,438	258,619	4,828,087	21,882,144
Investment Earnings and Other Interest	236,181	0	11,012	247,193
Tuition and Fees	478,392	0	2,572	480,964
Extracurricular Activities	276,960	0	501,271	778,231
Contributions and Donations	39,884	0	209,295	249,179
Customer Sales and Services	29,111	0	641,349	670,460
Rentals	4,560	0	0	4,560
Miscellaneous	58,699	0	11,412	70,111
Total Revenues	31,137,895	2,053,301	6,609,547	39,800,743
Expenditures				
Current:				
Instruction:				
Regular	13,028,591	0	440,573	13,469,164
Special	4,441,352	0	999,232	5,440,584
Vocational	404,309	0	0	404,309
Student Intervention Services	1,058,384	0	0	1,058,384
Support Services:				
Pupils	1,738,831	0	133,618	1,872,449
Instructional Staff	1,548,318	0	448,872	1,997,190
Board of Education	76,621	0	0	76,621
Administration	2,372,405	0	198,138	2,570,543
Fiscal	851,298	15,938	6,441	873,677
Business	50,356	0	0	50,356
Operation and Maintenance of Plant	2,433,013	0	857,917	3,290,930
Pupil Transportation	1,662,979	0	167,111	1,830,090
Central	170,323	0	0	170,323
Operation of Non-Instructional Services	12,226	0	1,856,581	1,868,807
Extracurricular Activities	816,080	0	745,145	1,561,225
Capital Outlay	167,541	0	203,885	371,426
Debt Service:				
Principal Retirement	134,680	1,515,000	46,799	1,696,479
Interest	5,003	581,031	7,584	593,618
Total Expenditures	30,972,310	2,111,969	6,111,896	39,196,175
Excess of Revenues Over (Under) Expenditures	165,585	(58,668)	497,651	604,568
Other Financing Sources (Uses)				
Transfers In	0	0	70,000	70,000
Transfers Out	(70,000)	0	0	(70,000)
Total Other Financing Sources (Uses)	(70,000)	0	70,000	0
Net Change in Fund Balances	95,585	(58,668)	567,651	604,568
Fund Balances Beginning of Year	4,917,652	1,526,500	2,016,909	8,461,061
Fund Balances End of Year	$5,013,237	$1,467,832	$2,584,560	$9,065,629

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, 2023

Net Change in Fund Balances - Total Governmental Funds		$604,568
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/amortization expense. This is the amount by which depreciation/amortization expense exceeded capital outlay in the current period:		
Capital Outlay	1,078,663	
Current Year Depreciation/Amortization	(2,321,865)	
Total		(1,243,202)
Governmental funds report proceeds from the sale of capital assets, while the statement of activities reports the related gain or loss on disposal.		(3,834)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	503,695	
Intergovernmental	(183,760)	
Tuition and Fees	141,972	
Total		461,907
Repayment of bond principal, financed purchases principal, and leases principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		1,696,479
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	5,152	
Amortization of Premium	212,203	
Amortization of Deferred Charge on Refunding	(82,784)	
Total		134,571
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.		50,321
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	2,753,093	
OPEB	85,680	
Total		2,838,773
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	(3,144,566)	
OPEB	682,466	
Total		(2,462,100)
Change in Net Position of Governmental Activities		$2,077,483

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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property Taxes	$13,540,828	$13,504,631	$13,224,463	($280,168)
Intergovernmental	16,646,642	16,941,665	16,786,487	(155,178)
Interest	58,953	60,000	244,245	184,245
Tuition and Fees	338,978	378,458	467,216	88,758
Extracurricular Activities	180,297	183,500	83,354	(100,146)
Contributions and Donations	5,502	6,100	32,545	26,445
Customer Sales and Services	37,000	37,000	29,219	(7,781)
Rentals	0	0	4,560	4,560
Miscellaneous	34,482	35,958	65,490	29,532
Total Revenues	30,842,682	31,147,312	30,937,579	(209,733)
Expenditures				
Current:				
Instruction:				
Regular	13,376,136	13,005,530	12,996,544	8,986
Special	4,329,803	4,516,670	4,514,641	2,029
Vocational	389,178	418,513	414,600	3,913
Student Intervention Services	1,031,064	1,136,649	1,136,649	0
Support Services:				
Pupils	1,793,234	1,729,894	1,726,381	3,513
Instructional Staff	1,599,736	1,717,942	1,710,868	7,074
Board of Education	98,366	83,058	77,782	5,276
Administration	2,200,400	2,204,155	2,200,387	3,768
Fiscal	1,126,146	949,234	946,054	3,180
Business	49,276	58,128	52,528	5,600
Operation and Maintenance of Plant	2,465,857	2,495,248	2,459,434	35,814
Pupil Transportation	1,614,890	1,969,173	1,949,649	19,524
Central	193,207	196,311	170,323	25,988
Operation of Non-Instructional Services	17,151	17,912	12,942	4,970
Extracurricular Activities	772,788	915,062	812,100	102,962
Capital Outlay	298,830	194,544	188,841	5,703
Debt Service:				
Principal	134,680	134,680	134,680	0
Interest	5,003	5,003	5,003	0
Total Expenditures	31,495,745	31,747,706	31,509,406	238,300
Excess of Revenues Under Expenditures	(653,063)	(600,394)	(571,827)	28,567
Other Financing Uses				
Transfers Out	0	(75,708)	(75,708)	0
Net Change in Fund Balance	(653,063)	(676,102)	(647,535)	28,567
Fund Balance Beginning of Year	7,558,294	7,558,294	7,558,294	0
Prior Year Encumbrances Appropriated	651,790	651,790	651,790	0
Fund Balance End of Year	$7,557,021	$7,533,982	$7,562,549	$28,567

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 204 certificated employees who provide services to 2,883 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 17, 18 and 19 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. 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 investment earnings and other 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.

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 only governmental funds.

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.

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. 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 8). 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, investment earnings and other interest, tuition, grants, and fees.

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 assets 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 12 and 13.

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 assets 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, unavailable revenue, and pension and OPEB plans. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow 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 12 and 13).

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. Investment earnings and other interest in the pool is presented as "equity in pooled cash and cash equivalents."

During fiscal year 2023, investments were limited to commercial papers, STAR Ohio (the State Treasurer's Investment Pool), a money market account, federal agriculture mortgage corporation securities, federal farm credit bank securities, federal home loan bank securities, federal home loan mortgage corporation securities, federal national mortgage association securities, United States treasury notes, and negotiable certificates of deposit. Investments are reported at fair value except for commercial paper 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.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of $100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to $250 million per day.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings and other interest. Investment earnings and other interest revenue credited to the general fund during fiscal year 2023 amounted to $236,181, of which $73,395 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, 2023, 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 (except for intangible right-to-use lease assets, which are discussed below) 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 and amortization 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
Intangible Right to Use Lease - Equipment	5 years

The School District is reporting intangible right to use assets related to lease assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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, 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 pension/OPEB plans' fiduciary net position are not sufficient for payment of those benefits. Bonds, financed purchases from direct borrowings, and 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 also assigned fund balance to cover a gap between fiscal year 2024's estimated revenue and appropriated budget and for public school support, rotary, and adult education.
>
> ***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. Restricted net position for OPEB plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows. 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 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.

Leases

The School District serves as lessee in various noncancellable leases. At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Note 3 – Changes in Accounting Principles

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* and GASB Statement No. 99, *Omnibus 2022*.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The School District did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The School District did not have any material contracts that met the GASB 96 definition of a SBITA, other than short-term SBITAs.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified previously.

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

5. 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	$95,585
Net Adjustment for Revenue Accruals	(440,021)
Beginning Fair Value Adjustments for Investments	(199,207)
Ending Fair Value Adjustments for Investments	218,277
Net Adjustment for Expenditure Accruals	439,614
Perspective Differences:	
Public School Support	11,903
Rotary	(2,020)
Summer School	700
Encumbrances	(772,366)
Budget Basis	($647,535)

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, 2023, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Amortized Cost:				
Commercial Papers	$746,227	Less Than One Year	N/A	6.62 %
Net Asset Value Per Share:				
STAR Ohio	4,094,756	Less Than One Year	AAAm	36.31
Fair Value - Level 1 Input:				
Money Market Account	122,195	Less Than One Year	AAAm	1.08
Fair Value - Level 2 Input:				
Federal Agriculture Mortgage Corporation Securities	90,197	Less Than Four Years	N/A	0.80
Federal Farm Credit Bank Securities	1,238,787	Less Than Five Years	AA+	10.98
Federal Home Loan Bank Securities	1,373,561	Less Than Four Years	AA+	12.18
Federal Home Loan Mortgage Corporation Securities	189,914	Less Than Two Years	AA+	1.69
Federal National Mortgage Association Securities	530,378	Less Than Three Years	AA+	4.70
United States Treasury Notes	2,682,341	Less Than Five Years	N/A	23.78
Negotiable Certificates of Deposit	209,947	Less Than Five Years	N/A	1.86
Total Investments	$11,278,303			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, 2023. The money market account is measured at fair value and is valued using quoted market prices (Level 1 inputs). 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. The negotiable certificates of deposit are not rated.

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

Note 6 – Receivables

Receivables at June 30, 2023, consisted of taxes, accounts (student fees, extracurricular activities, and refunds/rebates), investment earnings and other 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:	
Elementary and Secondary School Emergency Relief	$276,452
School Foundation Adjustments	140,947
Title VI-B Grant	116,943
School Bus Purchase Program	94,500
Title I Grant	67,843
Class Size Reduction Grant	12,144
Medicaid Reimbursements	11,569
IDEA Early Childhood Grant	3,514
Ohio Department of Education Refund	3,473
Local Grant Programs	3,000
Expanding Opportunities Grant	1,982
Title IV-A Grant	709
BWC Refund	615
Total Governmental Activities	$733,691

Note 7 – Tax Abatements

School District property taxes were reduced by $12,531 for fiscal year 2023 under enterprise zone agreements entered into by Nimishillen Township.

Note 8 – 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 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022, and are collected in calendar year 2023 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The 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, 2023, are available to finance fiscal year 2023 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, 2023 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2023, was $414,991 in the general fund, $52,098 in the bond retirement debt service fund, $7,651 in the permanent improvements capital projects fund, and $4,781 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2022, was $420,784 in the general fund, $47,692 in the bond retirement debt service fund, $7,116 in the permanent improvement capital projects fund, and $4,447 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 2023 taxes were collected are:

	2022 Second-Half Collections		2023 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$449,814,620	93.85 %	$452,768,670	93.87 %
Public Utility Personal	29,471,120	6.15	29,569,470	6.13
Total	$479,285,740	100.00 %	$482,338,140	100.00 %
Tax rate per $1,000 of assessed valuation	$62.20		$62.10	

The School District's full tax rate decreased from the prior year due to keeping collection amounts consistent from the increase in assessed valuations.

Note 9 – Interfund Activities

Interfund Balances

Interfund balances at June 30, 2023, consisted of the following:

	Interfund Balances	
	Receivables	Payables
General	$107,659	$0
Other Governmental Funds:		
Miscellaneous State Grants	0	59,441
Elementary and Secondary School Emergency Relief	0	17,336
Title VI-B	0	20,234
Title I	0	10,648
Total Other Governmental Funds	0	107,659
Total Governmental Funds	$107,659	$107,659

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 $70,000 to the athletics and music special revenue fund to support its operations.

Note 10 – Capital Assets

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

	Balance 6/30/22	Additions	Deductions	Transfers	Balance 6/30/23
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	$653,255	$0	$0	$0	$653,255
Capital Assets, being Depreciated:					
Buildings and Improvements	81,114,206	473,977	0	0	81,588,183
Furniture, Fixtures and Equipment	6,639,961	355,074	(8,999)	140,346	7,126,382
Vehicles	2,211,225	249,612	(67,677)	(140,346)	2,252,814
Intangible Right to Use - Equipment	304,619	0	0	0	304,619
Total Capital Assets, being Depreciated	90,270,011	1,078,663	(76,676)	0	91,271,998
Less Accumulated Depreciation/Amortization:					
Buildings and Improvements	(27,248,550)	(1,885,132)	0	0	(29,133,682)
Furniture, Fixtures and Equipment	(4,742,550)	(232,604)	13,061	(127,183)	(5,089,276)
Vehicles	(730,303)	(134,439)	59,781	127,183	(677,778)
Intangible Right to Use - Equipment**	(68,802)	(69,690)	0	0	(138,492)
Total Accumulated Depreciation/Amortization	(32,790,205)	(2,321,865) *	72,842	0	(35,039,228)
Total Capital Assets, being Depreciated, Net	57,479,806	(1,243,202)	(3,834)	0	56,232,770
Governmental Activities Capital Assets, Net	$58,133,061	($1,243,202)	($3,834)	$0	$56,886,025

* Depreciation/amortization expense was charged to governmental functions as follows:

Instruction:	
Regular	$715,821
Special	46,123
Vocational	17,802
Adult/Continuing	64
Support Services:	
Pupils	36,851
Instructional Staff	44,110
Administration	42,195
Fiscal	2,306
Operation and Maintenance of Plant	1,203,861
Pupil Transportation	136,674
Operation of Non-Instructional Services	59,145
Extracurricular Activities	16,913
Total Depreciation/Amortation Expense	$2,321,865

** Of the current year depreciation/amortization total of $2,321,865, $56,186 is presented as regular instruction expense, $1,117 is presented as instructional staff support services expense, $9,496 is presented as administration support services expense, $1,676 is presented as fiscal support services expense, and $1,215 is presented as extracurricular activities expenses on the Statement of Activities related to the School District's intangible asset of district-wide copiers, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Note 11 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2023 were as follows:

	Amount Outstanding 6/30/22	Additions	Deletions	Amount Outstanding 6/30/23	Amounts Due in One Year
General Obligation Bonds:					
2016 General Obligation Refunding Bonds (2.00%-5.00%):					
Serial Bonds	$6,655,000	$0	$225,000	$6,430,000	$230,000
Premium	811,402	0	55,959	755,443	0
Total 2016 General Obligation Refunding Bonds	7,466,402	0	280,959	7,185,443	230,000
2020 General Obligation Refunding Bonds (1.00%-4.00%):					
Serial Bonds	12,855,000	0	1,290,000	11,565,000	1,365,000
Premium	1,171,828	0	156,244	1,015,584	0
Total 2020 General Obligation Refunding Bonds	14,026,828	0	1,446,244	12,580,584	1,365,000
Total General Obligation Bonds	21,493,230	0	1,727,203	19,766,027	1,595,000
Other Long-Term Obligations:					
Net Pension Liability:					
SERS	4,295,411	2,044,808	0	6,340,219	0
STRS	13,374,873	10,467,058	0	23,841,931	0
Total Net Pension Liability	17,670,284	12,511,866	0	30,182,150	0
Net OPEB Liability:					
SERS	2,272,797	0	586,194	1,686,603	0
Financed Purchases from Direct Borrowings:					
2020 School Buses (2.95%)	109,406	0	64,990	44,416	44,416
2020 Stadium Scoreboard (2.50%)	299,189	0	46,799	252,390	47,986
Total Financed Purchases from Direct Borrowings	408,595	0	111,789	296,806	92,402
Lease	235,817	0	69,690	166,127	70,589
Compensated Absences	607,371	130,938	181,259	557,050	158,887
Total Other Long-Term Obligations	21,194,864	12,642,804	948,932	32,888,736	321,878
Total Governmental Activities Long-Term Liabilities	$42,688,094	$12,642,804	$2,676,135	$52,654,763	$1,916,878

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, 2023, $6,750,000 of the defeased bonds are still outstanding.

On September 3, 2020, the School District issued $14,265,000 in refunding serial general obligation bonds. The bonds were issued for the purpose of advance refunding the remainder of the 2011 school facilities refunding bonds to take advantage of lower interest rates. The bonds were issued for a 10 year period with final maturity at December 1, 2029. The bonds will be retired through the general obligation bond retirement fund. Net proceeds of $15,519,599 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded bonds. As a result, $15,245,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the School District's financial statements. At June 30, 2023, $12,625,000 of the defeased bonds are still outstanding.

On February 19, 2020, the School District financed $253,722 to purchase three school buses through Consumers National Bank. The interest rate of this financed purchase is 2.95 percent, and the financed purchase matures on February 19, 2024.

On July 22, 2020, the School District financed $344,832 to purchase a football stadium scoreboard through Consumers National Bank. The interest rate of this financed purchase is 2.50 percent, and the financed purchase matured on July 22, 2027.

The School District has an outstanding agreement to lease district-wide copiers. Due to the implementation of GASB Statement 87, this lease has met the criteria of leases thus requiring it to be recorded by the School District. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease.

The bonds will be paid from the debt service fund. The financed purchases from direct borrowings will be paid from general fund and permanent improvement capital projects fund. The lease will be paid from the general 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, student activities, athletics and music, auxiliary services, elementary and secondary school emergency relief, title VI-B, title I, and preschool grant special revenue funds. For additional information related to the net pension and OPEB liabilities, see Notes 12 and 13, respectively. Compensated absences are to be paid from the general fund and food service, title VI-B, and title I special revenue funds.

The overall debt margin of the School District as of June 30, 2023, was $26,883,265 with an unvoted debt margin of $482,338.

Principal and interest requirements to retire serial general obligation bonds, financed purchases from direct borrowings, and lease outstanding at June 30, 2023 are as follows:

	General Obligation Bonds - Serial		Financed Purchases from Direct Borrowings		Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$1,595,000	$536,656	$92,402	$6,899	$70,589	$1,717
2025	1,660,000	498,106	49,188	5,195	71,500	806
2026	1,840,000	464,057	50,449	3,934	24,038	64
2027	1,910,000	419,006	51,728	2,656	0	0
2028	2,015,000	373,928	53,039	1,345	0	0
2029-2033	6,245,000	978,700	0	0	0	0
2034-2037	2,730,000	223,400	0	0	0	0
Total	$17,995,000	$3,493,853	$296,806	$20,029	$166,127	$2,587

Note 12 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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 is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

The Ohio Revised Code limits the School District's obligation for this liability 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 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also include pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide 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 liability* 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 13 for the required OPEB disclosures.

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, 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 on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit; or 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. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

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

The School District's contractually required contribution to SERS was $638,184 for fiscal year 2023. Of this amount, $86,571 is reported as an *intergovernmental payable*.

State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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 upon a determination by its actuary that it was necessary 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. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be 5 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 5 years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

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

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

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

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

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

The School District's contractually required contribution to STRS was $2,114,909 for fiscal year 2023. Of this amount, $372,587 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, 2022, 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:			
Current Measurement Date	0.11722090%	0.10725055%	
Prior Measurement Date	0.11641590%	0.10460644%	
Change in Proportionate Share	0.00080500%	0.00264411%	
Proportionate Share of the Net Pension Liability	$6,340,219	$23,841,931	$30,182,150
Pension Expense	$293,177	$2,851,389	$3,144,566

At June 30, 2023, 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	$256,784	$305,207	$561,991
Changes of assumptions	62,560	2,853,163	2,915,723
Net difference between projected and actual earnings on pension plan investments	0	829,647	829,647
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	34,126	328,595	362,721
School District contributions subsequent to the measurement date	638,184	2,114,909	2,753,093
Total Deferred Outflows of Resources	$991,654	$6,431,521	$7,423,175
Deferred Inflows of Resources			
Differences between expected and actual experience	$41,622	$91,203	$132,825
Net difference between projected and actual earnings on pension plan investments	221,245	2,147,612	2,368,857
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	26,430	85,878	112,308
Total Deferred Inflows of Resources	$289,297	$2,324,693	$2,613,990

$2,753,093 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 fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$17,111	$120,318	$137,429
2025	(4,557)	11,895	7,338
2026	(316,053)	(558,251)	(874,304)
2027	367,672	2,417,957	2,785,629
Total	$64,173	$1,991,919	$2,056,092

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented as follows:

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The long-term return expectation for the 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	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the 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 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$9,332,498	$6,340,219	$3,819,263

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented as follows:

	June 30, 2022
Inflation	2.50 percent
Salary Increases	Varies by service from 2.50 percent to 8.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost of Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

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

For 2021, post-retirement 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. 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 June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

* Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.
** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and are net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$36,016,480	$23,841,931	$13,546,034

Note 13 – Defined Benefit OPEB Plans

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

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $85,680.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $85,680 for fiscal year 2023, which is reported as an *intergovernmental payable*.

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to postemployment health care.

OPEB Liability (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, 2022, and the total OPEB liability (asset) 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):			
Current Measurement Date	0.12012760%	0.10725055%	
Prior Measurement Date	0.12008970%	0.10460644%	
Change in Proportionate Share	0.00003790%	0.00264411%	
Proportionate Share of the:			
Net OPEB Liability	$1,686,603	$0	$1,686,603
Net OPEB (Asset)	$0	($2,777,075)	($2,777,075)
OPEB Expense	($111,993)	($570,473)	($682,466)

At June 30, 2023, 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	$14,178	$40,257	$54,435
Changes of assumptions	268,276	118,294	386,570
Net difference between projected and actual earnings on OPEB plan investments	8,766	48,342	57,108
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	48,845	8,020	56,865
School District contributions subsequent to the measurement date	85,680	0	85,680
Total Deferred Outflows of Resources	$425,745	$214,913	$640,658
Deferred Inflows of Resources			
Differences between expected and actual experience	$1,078,876	$417,063	$1,495,939
Changes of assumptions	692,364	1,969,212	2,661,576
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	96,813	75,664	172,477
Total Deferred Inflows of Resources	$1,868,053	$2,461,939	$4,329,992

$85,680 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 or an increase to the net OPEB asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($335,991)	($706,971)	($1,042,962)
2025	(337,208)	(625,288)	(962,496)
2026	(304,448)	(298,635)	(603,083)
2027	(206,956)	(124,215)	(331,171)
2028	(139,113)	(162,620)	(301,733)
Thereafter	(204,272)	(329,297)	(533,569)
Total	($1,527,988)	($2,247,026)	($3,775,014)

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 dated June 30, 2022, are presented as follows:

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate:	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

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

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

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

The 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 12.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022, and 1.92 percent at June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	$2,094,788	$1,686,603	$1,357,089

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$1,300,674	$1,686,603	$2,190,691

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021, actuarial valuation are presented as follows:

	June 30, 2022	June 30, 2021
Projected Salary Increases	Varies by service from 2.50 percent to 8.50 percent	Varies by age from 2.50 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4.00 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4.00 percent ultimate
Prescription Drug:		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4.00 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4.00 percent ultimate

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

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

For 2021, healthy retirees mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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 12.

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	($2,567,331)	($2,777,075)	($2,956,736)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	($2,880,501)	($2,777,075)	($2,646,522)

Note 14 – 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 15 – 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 2023, 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	2,500
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	107,100,908	5,000
Inland Marine	9,646,670	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 2023. 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 16 – 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 Balance as of June 30, 2022	$0
Current Year Set-aside Requirement	608,897
Current Year Offsets	(403,680)
Qualifying Disbursements	(513,685)
Totals	($308,468)
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set-aside Balance as of June 30, 2023	$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 17 – 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, Incorporated 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 18 – 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 $285,938 to SPARCC during fiscal year 2023 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 2023. 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 19 – 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 20 – 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, 2023, 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 2023 adjustment resulted in a receivable to the School District in the amount of $480.

Litigation

The School District is not party to legal proceedings.

Note 21 – 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	$6,966	$6,966
Prepaid Items	52,892	0	910	53,802
Unclaimed Monies	21,639	0	0	21,639
Total Nonspendable	74,531	0	7,876	82,407
Restricted for:				
Debt Service	0	1,467,832	0	1,467,832
Capital Projects	0	0	480,612	480,612
Food Services	0	0	1,043,390	1,043,390
Classroom Facilities Maintenance	0	0	661,691	661,691
Student Activities	0	0	114,156	114,156
Athletics and Music	0	0	185,423	185,423
Local Grants	0	0	26,505	26,505
State Grants	0	0	30,248	30,248
Federal Grants	0	0	103,614	103,614
Total Restricted	0	1,467,832	2,645,639	4,113,471
Assigned to:				
Fiscal Year 2024 Operations	1,763,034	0	0	1,763,034
Public School Support	113,933	0	0	113,933
Rotary	11,191	0	0	11,191
Adult Education	4,895	0	0	4,895
Purchases on Order:				
Instruction	65,687	0	0	65,687
Support Services	465,827	0	0	465,827
Total Assigned	2,424,567	0	0	2,424,567
Unassigned (Deficit)	2,514,139	0	(68,955)	2,445,184
Total Fund Balances	$5,013,237	$1,467,832	$2,584,560	$9,065,629

Note 22 – 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	$772,366
Other Governmental Funds	415,217
Total Governmental Funds	$1,187,583

Note 23 – Accountability

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

	Amount
Other Governmental Funds:	
Elementary and Secondary School Emergency Relief	$62,546
Title VI-B	2,238
Title I	1,040
Preschool Grant	703
Class Size Reduction	2,428

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 24 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency ended in April of 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 25 – Subsequent Event

On November 7, 2023, voters of the School District approved the substitute of an existing emergency levy. The levy was first approved in 2013 and collects $1,835,000 annually for the operations of the School District.

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 Ten Fiscal Years **

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.11722090%	0.11641590%	0.11849530%	0.11849500%
School District's Proportionate Share of the Net Pension Liability	$6,340,219	$4,295,411	$7,837,529	$7,089,763
School District's Covered Payroll	$4,435,443	$4,112,843	$4,022,364	$4,094,830
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	142.94%	104.44%	194.85%	173.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

*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.

2019	2018	2017	2016	2015	2014
0.11764170%	0.11541910%	0.12130600%	0.11887310%	0.11483100%	0.11483100%
$6,737,558	$6,896,037	$8,878,480	$6,783,015	$5,811,531	$6,828,631
$3,873,563	$3,795,279	$3,777,643	$3,719,214	$3,325,420	$3,443,366
173.94%	181.70%	235.03%	182.38%	174.76%	198.31%
71.36%	69.50%	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 Pension Liability

State Teachers Retirement System of Ohio

*Last Ten Fiscal Years **

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.10725055%	0.10460644%	0.10493141%	0.10443136%
School District's Proportionate Share of the Net Pension Liability	$23,841,931	$13,374,873	$25,389,668	$23,094,368
School District's Covered Payroll	$14,166,371	$13,410,357	$12,250,364	$12,097,914
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	168.30%	99.74%	207.26%	190.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

*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.

2019	2018	2017	2016	2015	2014
0.10494202%	0.10430616%	0.11372811%	0.11359327%	0.11459449%	0.11459449%
$23,074,394	$24,778,152	$38,068,227	$31,393,856	$27,873,345	$33,202,547
$11,997,507	$11,472,886	$12,083,907	$11,879,393	$11,750,469	$11,974,638
192.33%	215.97%	315.03%	264.27%	237.21%	277.27%
77.31%	75.30%	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

School Employees Retirement System of Ohio

*Last Seven Fiscal Years (1) **

	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.12012760%	0.12008970%	0.12345270%
School District's Proportionate Share of the Net OPEB Liability	$1,686,603	$2,272,797	$2,683,031
School District's Covered Payroll	$4,435,443	$4,112,843	$4,022,364
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.03%	55.26%	66.70%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

(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.

2020	2019	2018	2017
0.12175360%	0.11975430%	0.11709860%	0.12289170%
$3,061,848	$3,322,309	$3,142,619	$3,502,868
$4,094,830	$3,873,563	$3,795,279	$3,777,643
74.77%	85.77%	82.80%	92.73%
15.57%	13.57%	12.46%	11.49%

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 Seven Fiscal Years (1) **

	2023	2022	2021
School District's Proportion of the Net OPEB Liability (Asset)	0.10725055%	0.10460644%	0.10493141%
School District's Proportionate Share of the Net OPEB Liability (Asset)	($2,777,075)	($2,205,541)	($1,844,167)
School District's Covered Payroll	$14,166,371	$13,410,357	$12,250,364
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-19.60%	-16.45%	-15.05%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.13%

(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.

2020	2019	2018	2017
0.10443136%	0.10494202%	0.10430616%	0.11372811%
($1,729,633)	($1,686,312)	$4,069,641	$6,082,209
$12,097,914	$11,997,507	$11,472,886	$12,083,907
-14.30%	-14.06%	35.47%	50.33%
174.74%	176.00%	47.10%	37.30%

Louisville City School District, Ohio

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

	2023	2022	2021
Net Pension Liability			
Contractually Required Contribution	$638,184	$620,962	$575,798
Contributions in Relation to the Contractually Required Contribution	(638,184)	(620,962)	(575,798)
Contribution Deficiency (Excess)	$0	$0	$0
School District Covered Payroll (1)	$4,558,457	$4,435,443	$4,112,843
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%
Net OPEB Liability			
Contractually Required Contribution (2)	$85,680	$79,822	$77,376
Contributions in Relation to the Contractually Required Contribution	(85,680)	(79,822)	(77,376)
Contribution Deficiency (Excess)	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.88%	1.80%	1.88%
Total Contributions as a Percentage of Covered Payroll (2)	15.88%	15.80%	15.88%

(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.

2020	2019	2018	2017	2016	2015	2014
$563,131	$552,802	$522,931	$531,339	$528,870	$490,192	$460,903
(563,131)	(552,802)	(522,931)	(531,339)	(528,870)	(490,192)	(460,903)
$0	$0	$0	$0	$0	$0	$0
$4,022,364	$4,094,830	$3,873,563	$3,795,279	$3,777,643	$3,719,214	$3,325,420
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
$81,628	$96,286	$85,871	$63,705	$62,018	$93,177	$71,433
(81,628)	(96,286)	(85,871)	(63,705)	(62,018)	(93,177)	(71,433)
$0	$0	$0	$0	$0	$0	$0
2.03%	2.35%	2.22%	1.68%	1.64%	2.51%	2.15%
16.03%	15.85%	15.72%	15.68%	15.64%	15.69%	16.01%

Louisville City School District, Ohio

Required Supplementary Information

Schedule of the School District's Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2023	2022	2021
Net Pension Liability			
Contractually Required Contribution	$2,114,909	$1,983,292	$1,877,450
Contributions in Relation to the Contractually Required Contribution	(2,114,909)	(1,983,292)	(1,877,450)
Contribution Deficiency (Excess)	$0	$0	$0
School District Covered Payroll (1)	$15,106,493	$14,166,371	$13,410,357
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%
Net OPEB Liability (Asset)			
Contractually Required Contribution	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	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.

2020	2019	2018	2017	2016	2015	2014
$1,715,051	$1,693,708	$1,679,651	$1,606,204	$1,691,747	$1,663,115	$1,527,561
(1,715,051)	(1,693,708)	(1,679,651)	(1,606,204)	(1,691,747)	(1,663,115)	(1,527,561)
$0	$0	$0	$0	$0	$0	$0
$12,250,364	$12,097,914	$11,997,507	$11,472,886	$12,083,907	$11,879,393	$11,750,469
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$0	$0	$117,505
0	0	0	0	0	0	(117,505)
$0	$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0.00 percent nor greater than 2.50 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3.00 percent was used.

Amounts reported in 2022 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 prior years are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.40 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.00 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.30 percent for males and set forward 3 years and adjusted 106.80 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts reported for 2017 through 2021 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 2022, 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 years 2018-2021 and fiscal year 2017 and prior are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected Salary Increases	Varies by service from 2.50 percent to 8.50 percent	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	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.00 percent	3.50 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017	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 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were 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.

Changes in Benefit Terms – STRS

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented as follows:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Municipal Bond Index Rate:	
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

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 percent.

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

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent.)

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 1, 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.

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

(This Page Intentionally Left Blank)

LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Provided to Subrecipients**	**Total Federal Expenditures**	**Total Non-Cash Expenditures**
U.S. DEPARTMENT OF AGRICULTURE					
Passed Through Ohio Department of Education					
School Breakfast Program	10.553	049874-3L70-2023		$284,700	
National School Lunch Program	10.555	049874-3L60-2022		593,175	
National School Lunch Program	10.555	049874-3L60-2023		443,462	126,018
COVID-19 National School Lunch Program	10.555	049874-3L60-2023		71,252	
Special Milk Program for Children	10.556	049874-3L60-2023		555	
Total Child Nutrition Cluster				1,393,144	126,018
COVID-19 State Pandemic Electronic Benefit Transfer Administrative Cost Grants	10.649	049874-3HF0-2023		628	
Total U.S. Department of Agriculture				**1,393,772**	**126,018**
U.S. DEPARTMENT OF TREASURY					
Passed Through Ohio Facilities Construction Commission					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	049874-5CV3-2023		70,893	
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	049874-5CV3-2023		102,826	
Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds				173,719	
Total U.S. Department of Treasury				**173,719**	
U.S. DEPARTMENT OF EDUCATION					
Passed Through Ohio Department of Education					
Title I Grants to Local Educational Agencies	84.010	049874-3M00-2022		71,176	
Title I Grants to Local Educational Agencies	84.010	049874-3M00-2023		383,618	
Title I Grants to Local Educational Agencies - Expanding Opportunities	84.010	049874-3M00-2023		2,282	
Total Title I Grants to Local Educational Agencies				457,076	
Special Education Grants to States	84.027	049874-3M20-2022		116,463	
Special Education Grants to States	84.027	049874-3M20-2023		589,949	
COVID-19 Special Education Grants to States	84.027	049874-3IA0-2022		24,774	
COVID-19 Special Education Grants to States	84.027	049874-3IA0-2023		7,441	
Special Education Preschool Grants	84.173	049874-3C50-2022		3,288	
Special Education Preschool Grants	84.173	049874-3C50-2023		16,390	
COVID-19 Special Education Preschool Grants	84.173	049874-3IA0-2022		2,084	
Total Special Education Cluster				760,389	
English Language Acquisition State Grants	84.365A	049874-3Y70-2023	$2,324	2,324	
Supporting Effective Instruction State Grants	84.367	049874-3Y60-2022		12,785	
Supporting Effective Instruction State Grants	84.367	049874-3Y60-2023		52,659	
Total Supporting Effective Instruction State Grants				65,444	
Student Support and Academic Enrichment Program	84.424	049874-3HI0-2022		4,844	
Student Support and Academic Enrichment Program	84.424	049874-3HI0-2023		19,457	
Total Student Support and Academic Enrichment Program				24,301	
COVID-19 Education Stabilization Fund	84.425D	049874-3HS0-2022		562,678	
COVID-19 Education Stabilization Fund - ARP	84.425U	049874-3HS0-2023		1,317,364	
Total COVID-19 Education Stabilization Fund				1,880,042	
Total U.S. Department of Education			**2,324**	**3,189,576**	
Total Expenditures of Federal Awards			**2,324**	**4,757,067**	**126,018**

The accompanying notes are an integral part of this schedule.

LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

EFA

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, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position 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 - SUBRECIPIENTS

The District passes certain federal awards received from the Ohio Department of Education (ODE) to the Stark County Educational Service Center. As Note B describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a pass-through entity, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award’s performance goals.

NOTE E - 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 F – FOOD DONATION PROGRAM

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

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2023 to 2024 programs:

Program Title	AL Number	Amount Transferred
Title I Grants to Local Educational Agencies	84.010	$65
Special Education Grants to States	84.027	$34,418
Special Education Preschool Grants	84.173	$1,231
Supporting Effective Instruction State Grants	84.367	$16,882
Student Support and Academic Enrichment Program	84.424	$16,309
COVID-19 Education Stabilization Fund - ARP	84.425	$1,201,624

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

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

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 18, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 18, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Louisville City School District's, Stark County, (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Louisville City School District's major federal program for the year ended June 30, 2023. Louisville City School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Louisville City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 18, 2024

This page intentionally left blank.

LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.

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.

Certified for Release 3/28/2024

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

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